

Plan to Replace Golden State Water

**A Project of the
Foothill Communities Association**

A Presentation to the Community – Nov. 2013

Contact for Further Information: Richard Nelson 714-730-7810 rnelson@FCAhome.org

Stop the Rip-Off Golden State Water Meeting

Agenda

Introduction: John Sears, Committee Co-Chair.

FCA Plan: Rick Nelson, President, Foothill Communities Association.

Our plan, progress and next steps.

Ojai Plan & Status: Richard Hajas

How the Ojai organization formed, won an election and is engaged in a legal battle to remove GSW from the Ojai community.

Q & A Panel will follow with:

Richard Hajas, Ojai.

Lisa Ohlund, General Manager; East Orange County Water District Board
Vice Chairman of The Urban Water Institute, Inc.

Jeffery M. Oderman, Rutan & Tucker Law firm in Newport Beach.

Currently representing the community of Ojai

Successfully represented the community of Felton, CA.

John Sears, Co-Chair, Stop the Rip-Off Committee

Golden State Water Committee

Co-Chairs

John Sears

Bruce Junor

Members

Joneal Daw

Robert Seat

Denise Durham

Angela Stoecker

Carl Perkins

Linda Cross

Rick Nelson

Solving the High Cost of Golden State Water

November 19, 2013

Richard Nelson

The Problem & The Plan



THERE ARE 3 MAIN PROBLEMS

1. You Have No Control With GSW
2. Prices are too High With GSW
3. The Golden State Escalator

We Have a Plan to Solve These Problems

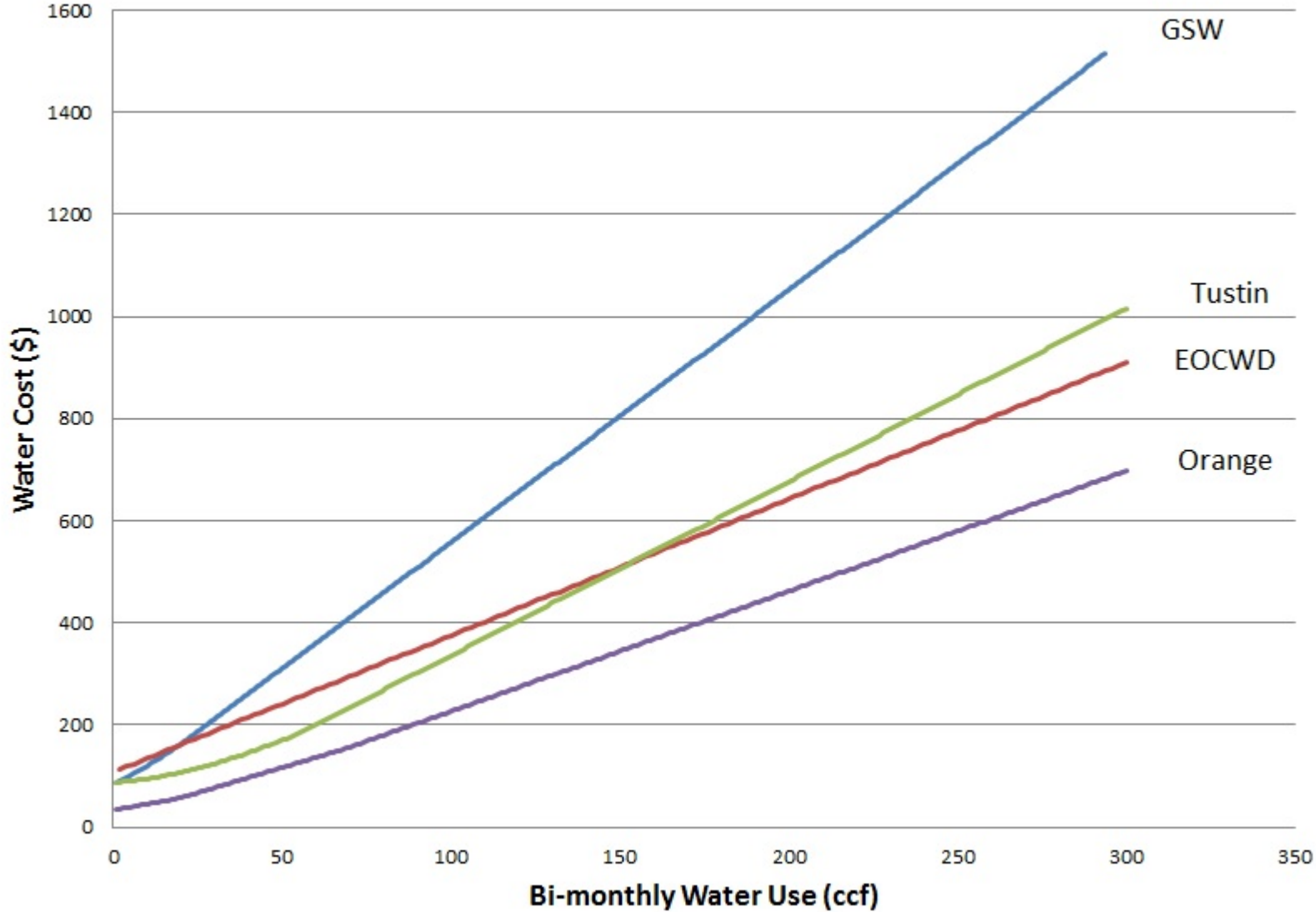
YOU HAVE ZERO CONTROL

All Local Water Companies Except GSW are Public Water Agencies

- Public Water Agencies
 - Rate Increase Decision Makers Can Be Fired At The Ballot Box
 - Agency Policy Set By a Board and Can Be Fired
- Private Water Companies
 - Rate Increase Decision Makers (CPUC) are Appointed by the CA Governor
 - Company Policy Set by Company CEO

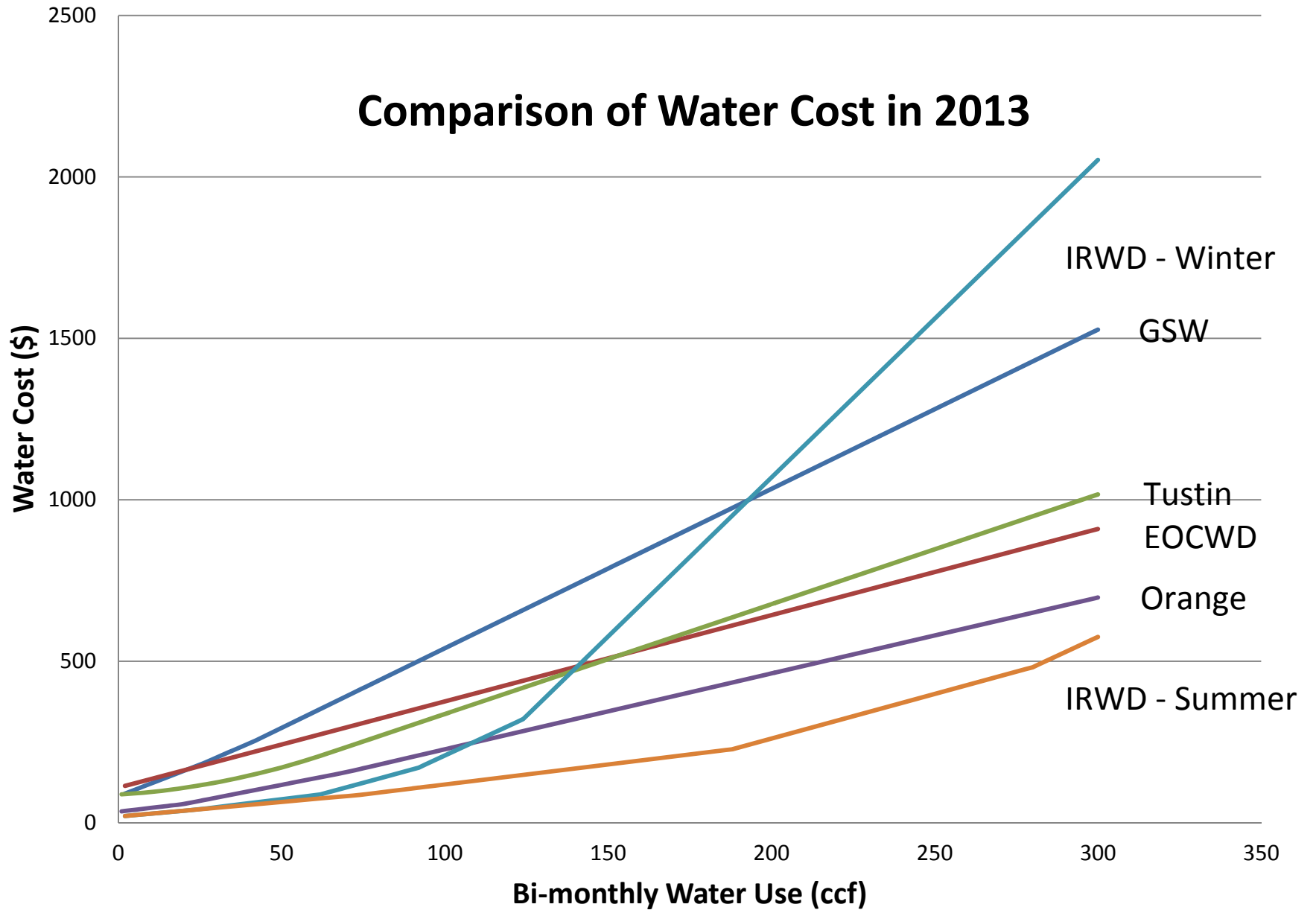
**Switching to a Public Water Agency Gives Us
Some Control Over Our Future**

Water Cost June 2013



Golden State East Orange CWD Tustin Orange

Comparison of Water Cost in 2013



Golden State East Orange CWD Tustin Orange IRWD-DEC IRWD - Aug

COMPARISON OF ES MAY-JULY 2012 STATEMENT

MAY – JULY STATEMENT = \$2,584

	<u>GSW</u> <u>(2013)</u>	<u>Tustin</u>	<u>EOCWD</u>	<u>City of</u> <u>Orange</u>	<u>Irvine</u> <u>Ranch</u>
Calculated 2013 Period Statement	2,912	2,061	1,679	1,421	748
Savings over 2013 GSW	0	845	1,233	1,491	2,164
Savings (%)	0	29%	42%	51%	74%
Tier (actual/max)	3/3	7/7	NA	3/3	2/5

Assumptions: 3 acre property with 112,680 irrigable space, 546 ccf, 4 or fewer people

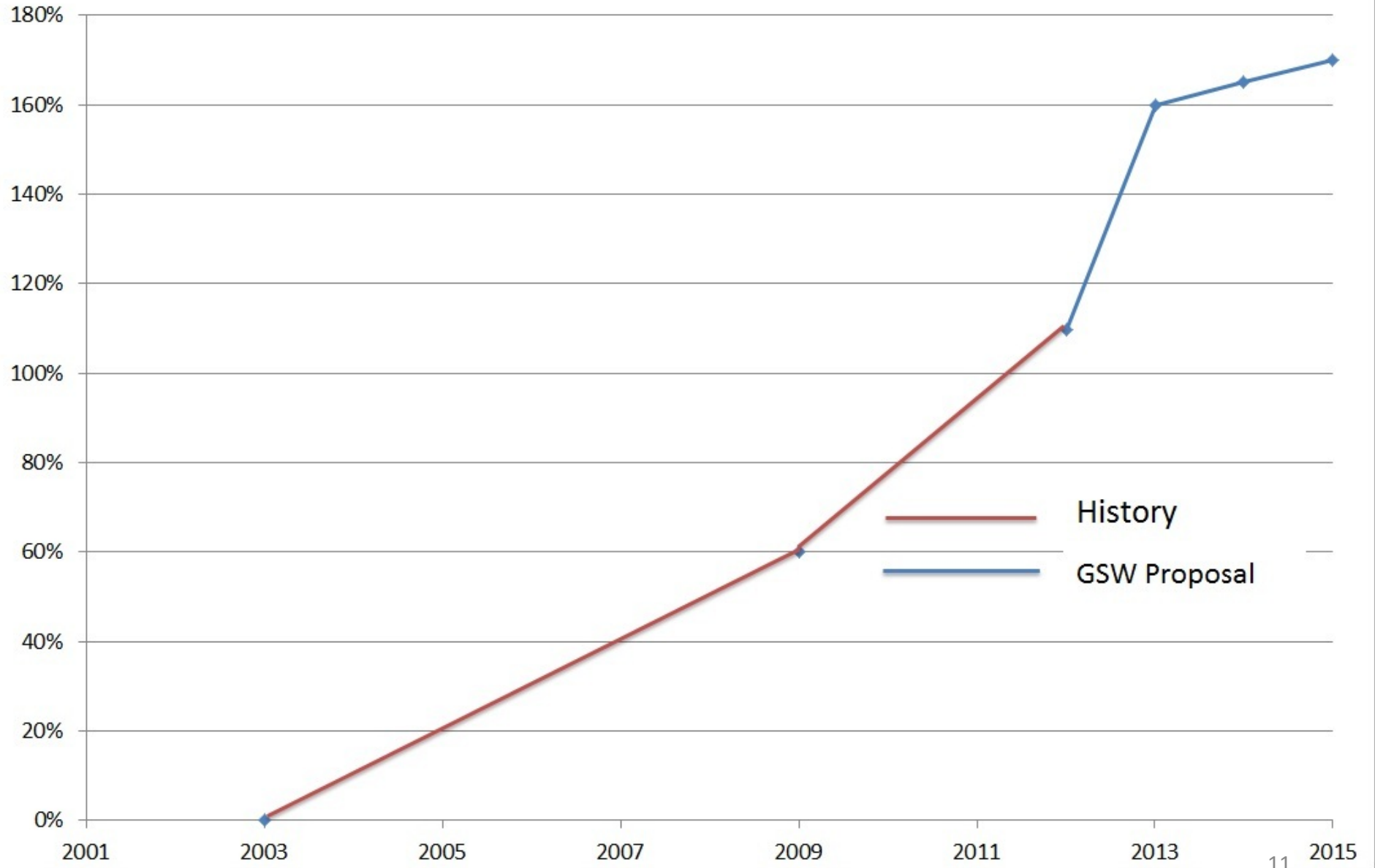
IRWD COST MODEL FOR JUNIOR BILLS

	GSW COST (1)	IRWD COST MODEL (2)	% REDUCTION
WATER COST	\$929	\$277	70%
OTHER COSTS (3)	\$540	\$105	
TOTAL FOR 12 MONTHS	\$1,469	\$382	74%

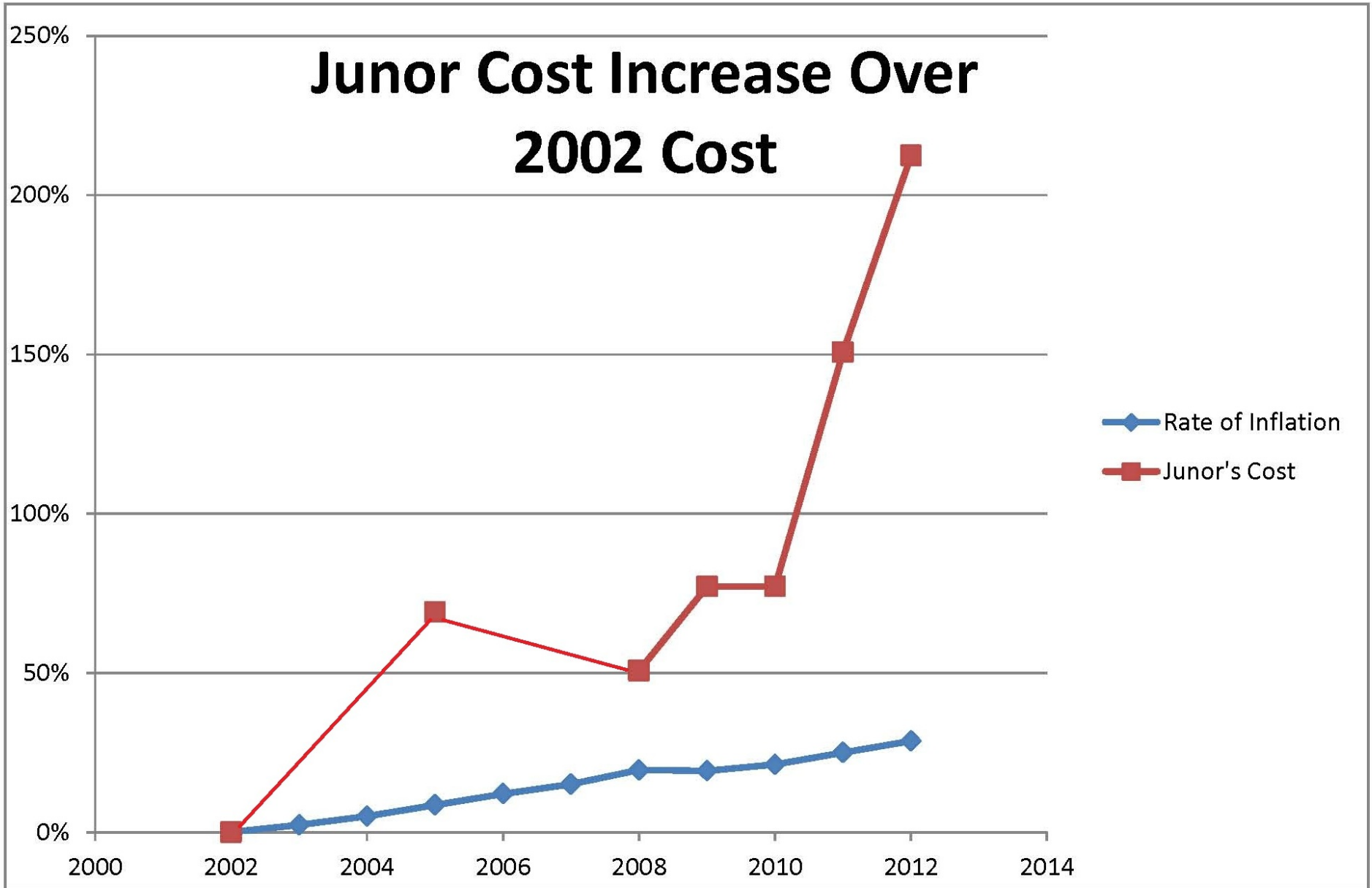
- (1) Sum of Actual Invoices
- (2) Includes IRWD Cost Structure
- (3) Service and pipe charges



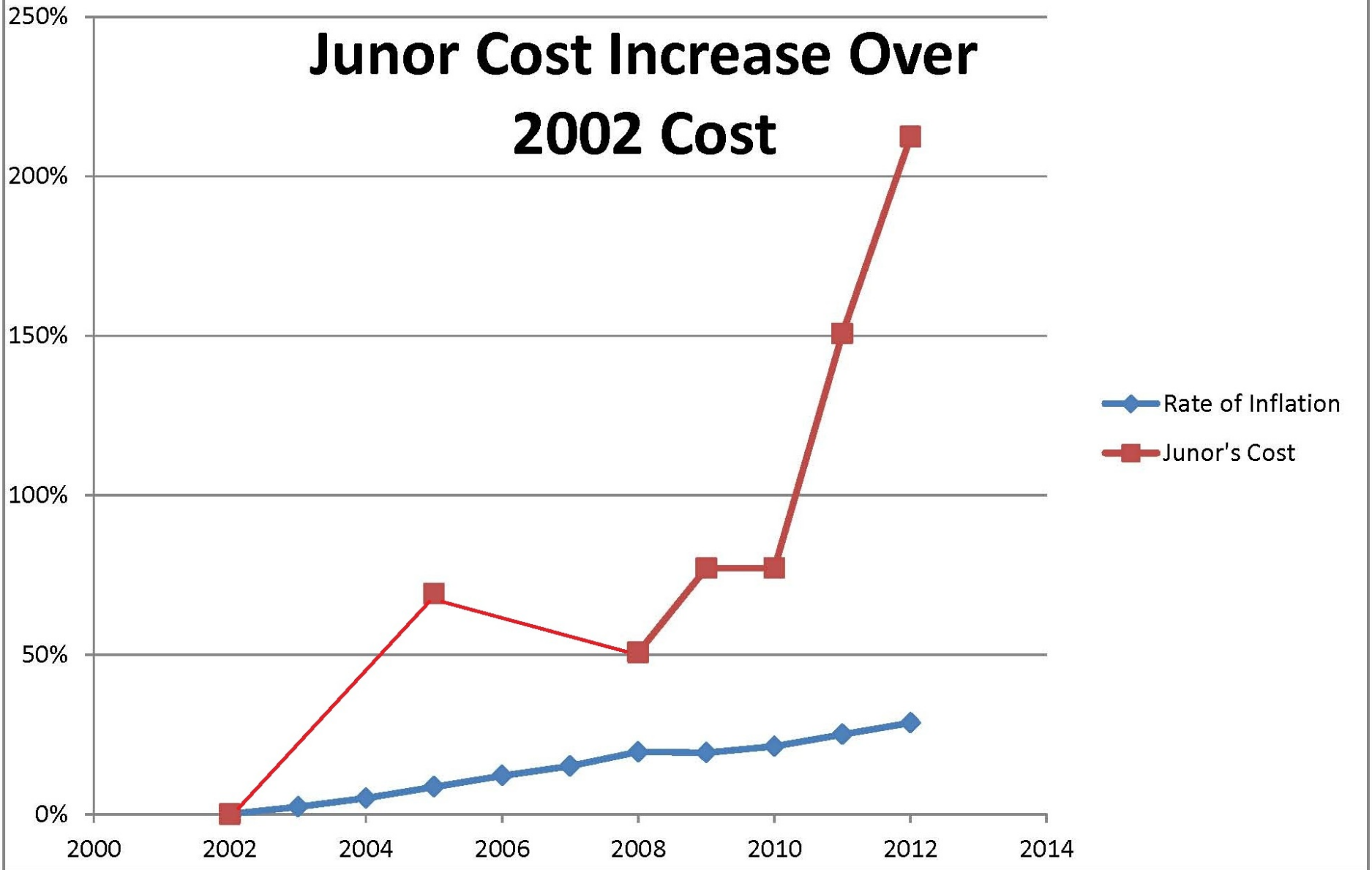
Golden State Water Price Increase Over 2003



Junor Cost Increase Over 2002 Cost



Junor Cost Increase Over 2002 Cost



COSTS TO BUYOUT GOLDEN STATE WATER

- \$100K Cost to Create and Implement Plan
 - Donations
- \$2M Cost of Litigation if Negotiations Fail
 - Series A Bond
- \$10–20M Cost of Buying Assets from GSW
 - Series B Bond

Cost of Bond Repayment Example

Terms: \$22M Financed, 3% Initial Interest, 30 Years

22.0M Amount Financed

2.5M Debt Service Reserve

0.5M Cost of Issuance Financed

25.0M Total Bonds Issued

500K Issuance Cost Not Financed

105K Gross Monthly Payment

6K Less Interest on Reserve

99K Net Monthly Payment

x2 Bi-monthly Billing

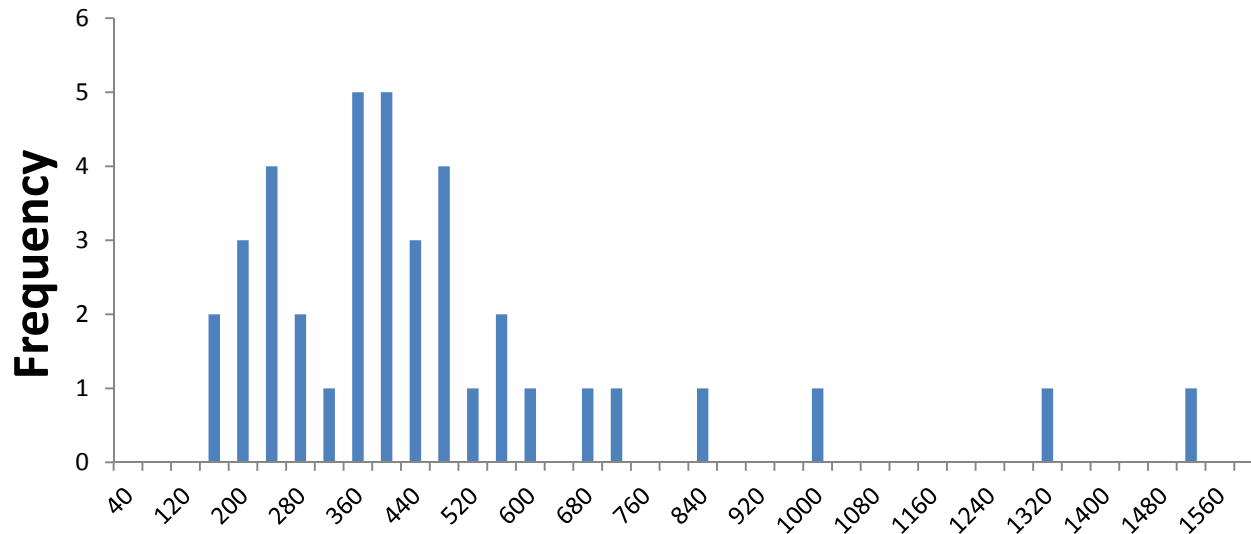
/2700 Number of Customers

\$73 Bi-monthly Payment Due



Savings From Switching More Than Covers Repayment of Acquisition Bond

Histogram of Raffle Water Bills



Bi-monthly Water Bills

\$456 Average Bill
-195 Cost From IRWD
- 73 Cost of Bond Repayment
\$188 Savings



PLAN TO CHANGE WATER COMPANIES (1/4)

1. Organize FCA Committee - Done
2. Validate Problem – Done
3. Decide to Proceed – Done
4. Establish Interest by Local Water Suppliers
– done with 2 of 4.
5. Build Awareness of Affected Residents – underway
6. Raise Initial funds – underway
7. 3rd District Supervisor, Assemblyman,
Senator Support Project – Done
8. Understand OC LAFCO procedure - Done
9. Prepare Preliminary Feasibility Analysis – Done

PLAN TO CHANGE WATER COMPANIES (2/4)

10. Conduct Survey of Support – preparing
11. Detailed Discussion with Water Suppliers
12. Select Water Provider for Negotiation with FCA
13. Financial Go/No Go Analysis
14. Agreement with Water Provider to Acquire Assets
15. If We Are to Change Water District
 - Need to Apply to OCLAFCO
 - Application Initiated by Agency, Special District, OC BOS, affected Landowners or Voters
 - Vote of Affected Residents Needed
16. Offer to Buy Water Assets

PLAN TO CHANGE WATER COMPANIES (3/4)

17. If Offer Is Rejected

- a. Raise Series A Bond for Legal Costs, about \$2M
Vote of Affected Residents Required
To Be Secured by Property Tax
Secure Agreement with County to Pay
Bond Payments via Water Bills
- b. File Eminent Domain Lawsuit
- c. Raise Series B Bond to Purchase Assets
To Be Secured by Property Taxes
Secure Agreement with County to Pay Bond
Payments Via Water Bills
- d. Win Lawsuit
- e. Local Water Provider to Purchase Assets

PLAN TO CHANGE WATER COMPANIES (4/4)

18. If Offer Is Accepted, Raise Series B Bond, Secure and Pay off Bond as Above

**PLAN WILL BE COMPLETE &
WATER COMPANY WILL BE CHANGED**



Survey to Stop the Golden State Water Rip Off

Foothill Communities Association

P.O. Box 261 Tustin Ca.

_____ Your Name _____ Street
 _____ Phone number _____ Email
 _____ Signature

Important Survey

The cost of water from private Golden State Water is a Rip Off when compared to what local public water agencies charge. There are some 2,500 of us who have no say in the unfair cost of this water. We believe that water is a necessity of life and should be sold at the lowest possible cost, not the highest cost possible.

Please answer the following:

1. Do you support the Foothill Communities Association in its efforts to obtain a local public water agency for our community? ___Yes ___No
2. If yes, how many registered voters in your family would support this effort ____

WHAT WE NEED FROM YOU

- **Return the survey**
- **Contribute \$100,**
if you have not already
- **Talk to your neighbors**
- **Join FCA if not a member**
- **We will need the community's support**