



North Tustin looks to oust water provider

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Leaders in North Tustin have launched a campaign to oust one of the area's water providers, joining a grass-roots movement to shift services in communities across the nation from large, for-profit companies to local, public providers.

Residents of unincorporated North Tustin have a long fight ahead, with ballot initiatives, bonds and a legal battle likely in their future if they follow the effort through. Supporters believe the fight will be worth it, as they seek lower rates and more accountability.

Golden State Water Co., the only private water provider in Orange County, points to other takeover attempts as cautionary tales, with efforts in Claremont and Ojai tangled in court, and residents in the small community of Felton are still waiting on benefits they hoped privatization would bring.

"I know for a fact that every time a group has tried taking over a private water system that the community has paid substantially more than the takeover proposal ever originally stated," said Denise Kruger, a senior vice president with Golden State Water.

Golden State Water Co. provides water to around 2,500 of the 10,000 or so homes in North Tustin communities, including Cowan Heights and Lemon Heights, with the city of Tustin serving around 5,000 homes there and East Orange County Water District serving the rest. Golden State also serves another 40,000 or so homes in North County communities.

"Golden State is by far the most expensive," said Richard Nelson, president of Foothill Communities Association, a nonprofit that represents North Tustin homeowners.

That may be true for many North Tustin residents. But it's also intentional.

For those who use little water, Golden State Water is pricier than Tustin but costs less than East Orange Water, according to the most recent comprehensive study by the Municipal Water District of Orange County. But for those who use a lot of water – those who consume nearly

30,000 gallons a month, or roughly triple what a typical household uses – the study shows Golden State Water prices are 30 percent higher than East Orange County Water and 60 percent higher than Tustin.

“That comes from our tiered rates put in place to encourage folks to use less water,” Kruger said.

Many North Tustin residents in communities such as Cowan Heights have large lots with impressive landscaping, Kruger said. That leads to “very, very high water use” year-round, she said, pushing those homeowners into the priciest tier.

And it’s about to get pricier. Golden State Water wants to increase rates again, with a request pending before the California Public Utilities Commission to increase prices by 5.8 percent for local homeowners over the next three years. The new rate would also lower the amount of water residents can use before they get bumped to a pricier tier. That policy, Kruger points out, is in line with Gov. Jerry Brown’s April 1 announcement dictating strict water restrictions across the state because of the severe drought.

Increases will help fund local infrastructure, Kruger said, including new groundwater wells and nearly \$1 million in new pipelines.

Claremont, Ojai, Bell and the Office of Ratepayer Advocates all filed protests with the California Public Utilities Commission over the rate increase, with hearings scheduled to start in late May.

Frustrated with ever-increasing prices, Foothill Communities Association formed a Water Rate Committee, launched a website and has been surveying North Tustin residents. Roughly a third of homeowners have participated, Foothill Communities Association says, and 99 percent support changing providers.

“We have asked to come to community meetings and talk to residents, but they are not being very open to that,” Kruger said. “We do talk with several residents in the community itself individually, and we know it’s not universal support by any means.”

Regardless, Kruger said the company’s North Tustin service area is not for sale.

In that case, the community is faced with taking the company to court in an attempt to use eminent domain to force a sale at fair market value. There’s typically a multimillion-dollar difference between appraisals by the company and community. So unless the two reach a settlement, it could take years in court before a jury picks the final price.

To fund initial takeover efforts, the Foothill Communities Association has asked each homeowner to donate \$100. It has raised \$60,000 so far, Nelson said.

To buy the service area from Golden State, Nelson estimates the association will need to raise around \$22 million. That means it would likely need to put a bond measure on the ballot, convincing voters to fund the purchase either through an extra property tax or future water rates.

In Claremont, residents have been working since 2005 to oust Golden State and start a public water district. In November, 71 percent of voters gave the City Council power to bond for up to \$135 million to buy out the company. Now city leaders estimate they'll be in court for up to three years pleading their case for eminent domain.

If North Tustin succeeds in buying out Golden State, Nelson said they'd look to a neighboring public water agency to pick up their service area. He said they've had strong interest from some agencies.

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