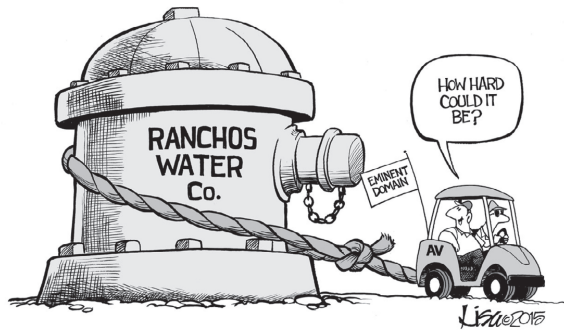


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Takeover of Ranchos Water will result in higher taxes and rates

Apple Valley government has more important priorities

By Tony Penna, Vice President and General Manager, Apple Valley Ranchos



Cartoon by Lisa Benson, published by *The Daily Press* (3/01/15)

Has anyone noticed the Apple Valley Town Council is spending more and more of our taxes on hiring out-of-town consultants to study the feasibility and costs to condemn and take over the local water company? As of today, our Council has spent at least \$500,000 to study this takeover and even appointed a Blue Ribbon Committee back in 2011 to make a formal recommendation on this issue.

Even though this committee could not recommend the Town pursue the acquisition of Apple Valley Ranchos Water after an exhaustive review of all the elements in 2011, the Town government decided to spend more of our taxes on another feasibility study late last year to estimate the cost to take over Apple Valley Ranchos. Fair value can only be determined through a long and expensive process, with the final decision made by a jury. The most recent feasibility study also said the takeover is financially feasible if the Council approves a rate increase for water service, raises property taxes or both. Despite this knowledge, the Town government hired another consultant to appraise the water company at an estimated cost to taxpayers of another \$100,000 to \$200,000.

When do we say enough is enough? That time is now before more of our taxes are spent pursuing something that other towns already know — the cost of takeover is higher than anyone thinks and takes longer than anyone knows. Big Bear Lake government officials estimated their water system would only cost \$10.3 million, but had to issue more than \$35 million in debt to acquire the water company — nearly four times higher than the government said it would cost and they're still paying for it.

Look closely at what's happening now in Missoula, Montana where Apple Valley's Town government leaders have visited. The city of Missoula offered to purchase that water company for \$50 million and when the Park Water Company declined the offer, the mayor told their citizens it would cost \$400,000 in legal expenses to acquire the water company through eminent domain. To date that city has actually spent \$1.8 million and the trial doesn't start until mid-month. And if the City of Missoula loses the eminent domain case it will be responsible for legal fees for both sides, which are now in excess of \$4 million. This could all be true for Apple Valley if our Town government continues down this slippery slope.

The facts clearly show eminent domain is a very costly process that often takes years to complete. Our Town government has more important priorities right now. It's time for the Town government to stop putting our community on this slippery slope to higher taxes and higher rates.