

# Casitas district wins fight to take over Ojai water service

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**POSTED:** 10:07 AM, Apr 15, 2015

**UPDATED:** 24 mins ago

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VENTURA, Calif. - In a victory for Ojai residents fed up with high water rates, the 2nd District Court of Appeal ruled Tuesday that the Casitas Municipal Water District has the right to take control of local water service from the privately owned Golden State Water Co.

In a strongly worded 16-page ruling, justices with the state appellate court in Ventura said Casitas can move forward with its funding plan to take control of the water service.

The court cited residents' overwhelming opposition to the company — evidenced by an 87 percent vote in favor of the takeover plan in 2013 — and accused Golden State of monopolizing water.

The justices said Golden State's water rates are more than double those charged by Casitas, and its average annual rate increase has been almost twice that of the municipal utility over a 20-year period.

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Golden State Water “advocates for a rule that would shift the bargaining power decisively in its favor, allowing it to hold out for a sale price far above the market rate while it continues to extract monopoly rents from the people of Ojai,” wrote Judge Steven Perren. “This is neither sound policy nor supportable by the statutory text. Like the trial court, we will not set the will of the voters aside.”

Casitas' plan is to establish a community facilities district under a law known as Mello-Roos that would span Golden State's current Ojai Valley service area. Casitas would then issue bonds of up to \$60 million for that district — to be paid back over time by taxpayers — and use the money to fund the takeover of the private franchise by eminent domain.

Golden State attorney George Soneff argued against that plan at the appeals hearing last month, stating that the Mello-Roos act does not allow tax money collected through a community facilities district to be used for purchasing "intangible" property, such as water rights and the value of Golden State's brand name, which he said would be part of the acquisition.

He further argued that bond money cannot be used in a community facilities district to finance a takeover by eminent domain.

The judges disagreed. Their decision reaffirms a ruling by Ventura County Superior Court Judge Kent Kellegrew last year that upheld the financing plan.

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