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Small water war washes across entire state

VENTURA

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- **Appellate court sides with Ojai residents**
- **Says Mello-Roos money can be used in eminent domain cases**

The citizens of the small community of Ojai in Ventura County can use money garnered through a local Mello-Roos tax to buy the pipes of a private water company under eminent domain, the California 2nd District Court of Appeal says.

Golden State Water Company, a unit of American State Water Company (NYSE: AWS) is the only water supplier in Ojai.

But Ojians are “fed up with sky high water bills from Golden State,” the appellate court’s decision notes, and had voted to replace it with Casitas Municipal Water District, a municipal utility “hat they hope will be more responsive to their concerns.”

But Golden State only tightened its grip on its pipes, prompting the effort to use eminent domain to force a sale. Residents plan to finance the purchase by selling bonds pursuant to the Mello-Roos Community Facilities Act of 1982.

Golden State contends that the Mello-Roos Act cannot be used to finance eminent domain actions or to acquire intangible property.

“We disagree,” says the court. “The Act facilitates the purchase of property regardless of whether the seller consents to the sale or is compelled under force of law. Moreover, financing the acquisition of intangible property incidental to the real or tangible property being purchased is consistent with the Act’s text and purpose.”

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