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NOTICE TO VOTERS

PUBLIC INFORMATION ABOUT THE JUNE 6, 2017, BALLOT MEASURE

What does Measure F do?

Measure F would authorize the Town to finance acquisition of the Apple Valley Water System by incurring debt up to a maximum of \$150 million. The water system is currently owned and operated by Liberty Utilities.

Why is the Town pursuing acquisition?

As stated in prior resolutions and court documents, the Town is responding to longstanding public concerns about escalating water rates and the significantly higher rates paid by customers of the Apple Valley Water System compared to neighboring communities. Other public concerns include:

- ▶ The lack of control over water rates, service, expenditures and policy under the water system's corporate owners.
- ▶ The lack of responsiveness and accountability of the owners to the concerns of ratepayers.

MEASURE F

Shall the Town of Apple Valley be authorized to finance the acquisition of the Apple Valley water system, currently owned and operated by Liberty Utilities, including related expenses, by incurring debt in the maximum amount of \$150,000,000, provided that the debt is repaid by revenues generated by the water system, and not from taxes, and further that the Town conducts an annual independent audit?

YES

NO

- ▶ The lack of transparency in the operation of the Apple Valley Water System.

How did Measure F come about?

In November 2016, a ballot measure (Measure V) was passed in Apple Valley requiring voter approval for the issuance of certain public debt in excess of \$10 million. As a result of the passage of Measure V, the Town must obtain voter approval before it may issue debt to acquire Liberty Utilities.

INFORMATION ABOUT MEASURE F IN THE TOWN OF APPLE VALLEY VALLEY



INFORMATION ABOUT MEASURE F

... TO FINANCE ACQUISITION OF THE APPLE VALLEY WATER SYSTEM

HOW WOULD THE TOWN PAY FOR ACQUISITION?

Based on Liberty's filings with the California Public Utilities Commission, the Town's Finance Department has determined that the Town will save an estimated \$11.9 million annually when it owns the system because it will not pay profits, taxes, or certain corporate overhead expenses.

Based on a conservative market bond rate, these savings would be sufficient to cover the repayments on \$150 million in debt. However, if current market bond rates remain stable or if the Town acquires the system for less than \$150 million (as is expected), the Town's Finance Department has indicated that the Town will have additional funds to put toward additional capital infrastructure or rate reduction.

HOW WAS THE \$150 MILLION FIGURE ARRIVED AT?

Because a final price for the Apple Valley Water System has not been determined, and in order to avoid another costly vote, Measure F has a not-to-exceed ceiling of \$150 million. Town officials do not believe the water system will cost that much.

- ▶ An independent appraisal conducted in 2015 placed a value of approximately \$50 million on the Apple Valley Water System
- ▶ According to Liberty's documents, the system's rate base is approximately \$60 million
- ▶ In Missoula, Montana, community acquisition of a similarly sized water system owned by the same company was recently priced at \$88 million

WOULD MEASURE F RAISE MY TAXES?

No. Measure F requires that the debt be repaid from the revenues generated by the water system and not from taxes. The measure also requires that the Town conduct an annual independent audit.

WILL THE TOWN LOWER RATES IF IT ACQUIRES THE WATER SYSTEM?

Following acquisition, the Town will conduct a comprehensive rate study in accordance with Proposition 218. The financial analysis performed by the Town's Finance Department suggests that the Town will be able to stabilize rates, and possibly lower them, if acquisition is approved.

FOR MORE INFORMATION
ON MEASURE F,
PLEASE VISIT:
www.applevalley.org



VOTING ON MEASURE F

ELECTION DATE: June 6, 2017

LOOK FOR YOUR VOTE-BY-MAIL BALLOT: Week of May 8, 2017

LAST DAY TO REGISTER TO VOTE IN THIS ELECTION: May 22, 2017

FIND YOUR POLLING PLACE: Call (800) 881-VOTE(8683) or (909) 387-8300

NOT REGISTERED TO VOTE? REGISTER HERE: registertovote.ca.gov, or call (800) 345-VOTE(8683)



Town of
Apple Valley

PUBLIC INFORMATION

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