

The City of Missoula has long held an interest in bringing its water system into public ownership, though the first, and I believe last, legitimate opportunity to do so in recent history arrived with the purchase of Park Water Company by Carlyle Infrastructure Partners in 2010. Before that, the company was owned by an unwilling seller to the city, who happened to be a decent sole proprietor with interest in the communities his companies served and the employees who served those communities.

The list of reasons public ownership of water systems is imperative has only grown over the course of the last seven years, but the fundamental reason remains: a privately held monopoly operating a water system for profit and the benefit of distant investors will never serve the long-term interests of the public it should serve. What we've seen under global corporate management is increased rates, higher profits leaving the community and decreased investment in the critical infrastructure that supports life in Missoula, Montana.

Now, as we look across the country, we see rates increasing under private ownership without proportional investment in the systems. We see the commoditization of water, an essential resource, and a pattern of flipping utilities, which are barely regulated by overburdened and understaffed public utility commissions, for incredible profit. Remember, Carlyle purchased Park Water for about \$150 million in 2010 and sold it, in the dark of night, to Liberty Utilities for \$317 million in 2015. The reason: water utilities are cash cows, monopolies that line investors pockets to the detriment of the communities they should be obligated to serve.

There may or may not be villains in this tale, but there are victims. We presented evidence in our successful condemnation lawsuit that the Mountain Water system, soon to be City of Missoula Water, needs nearly \$100 million in investment to bring it to an industry standard. That investment, under the private model, would never be made. Because of public ownership, though, and the commitment to raise rates only when necessary to operate and improve the system in the public interest, those investments will be made over time, the system will operate to the appropriate standards and the public will be served for generations to come under local, accountable, elected governance.

I sometimes hear folks say "Why does this matter to me? I pay my bill, I turn on the faucet and there's water. End of story."

Unfortunately, that's not where the story ends. Imagine paying your mortgage month after month but never investing in repairs or improvements. Eventually, your home becomes unlivable, or at least miserable to live in. It loses value and function. And it costs much more to take care of all of the deferred maintenance when it's time to move and sell. It's just not the right way to do business. At the risk of being blunt, paying your water bill to a corporate owner of an essential utility is the equivalent of writing a rent check each month to an unscrupulous absentee landlord. In the end, you're likely to pay more for less and have nothing to show for it at the end of the day.

Today, we enter an agreement that ends most of the litigation over the acquisition of Mountain Water Company by the City of Missoula. Our negotiations with Liberty Utilities to reach this agreement have been challenging on both sides but honest and fair. We enter this agreement, despite our confidence that continued litigation favors the city, as it has to date, for a couple of reasons:

First, both parties are eager to move on. Liberty accepts where it stands, as does the city, and continued litigation will cost time and money and most likely yield similar results, with a couple of exceptions, chief among them is a clean, orderly, efficient, cooperative transition that serves customers, citizens and employees. Our service agreement, part and parcel of this settlement, allows for us to work quickly and cooperatively to transfer the operations and assets to the city without pain to customers. It's a big deal and doesn't come easily with continued litigation.

Second, we enter this agreement with the belief that the settlement saves the city, and Liberty, money. We've always held to the notion that as long as we'll do better in the courts, we'll continue litigating. Liberty's interest in cooperating and settling is a better deal for the community. It ends key litigation, it provides for a smooth transition and it allows for the transfer of funds so that Liberty is paid and the city can get the keys and begin operations.

And while we're confident that continued litigation would get us to a similar place, it would take more time, more money and come with an unnecessarily bumpy transition.

Upon approval of this settlement, the transition-services agreement and the bond resolution that accompanies them, the city will continue transition work that's already begun with Mountain Water employees and Liberty and will file the appropriate motions in district court to finalize the condemnation action and take possession.

This agreement does not preclude Carlyle from appealing interest and attorney fees rulings, nor does it preclude Liberty from appealing a Montana Supreme Court ruling on property taxes, but Liberty and the city will no longer litigate against one another. The city is reserving its right, under this agreement, to pursue appropriate claims against Carlyle.

Our timeline, which remains necessarily tentative, allows for closing on our transaction in June and taking possession.

In the end, the City of Missoula will join all of the other incorporated cities and towns in Montana in owning and operating its water system for the benefit of the public. Thanks to a visionary, resilient city council majority, a dedicated staff who are incredibly committed to public service, a team of passionate, brilliant lawyers in white hats and a community that has been supportive over a long, expensive haul for a community good that will stand long after the participants are reduced to ash and our names are just ink on paper in musty vaults. Those tough votes, those complicated discussions, those calculated risks, that hard work won't long be the stuff of legend, but will certainly be the stuff of life.

I hope you'll approve these documents for the future of Missoula.