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Supplemental Rebuttal Letter

RE: FPPC Complaint No. COM-04222025-01091

Filed by William O. Lipe

Subject: Monterey County Water Resources Agency – Board Member Participation in Zone 2B / CSIP Water Delivery Charge Decisions

Date: 4/29/2025

Dear Enforcement Division,

Thank you for your attention to this matter. I respectfully submit this supplemental rebuttal in response to the Monterey County Water Resources Agency's (MCWRA) April 29, 2025 letter regarding the above-referenced complaint. I am grateful to the FPPC for providing a pathway for public concerns to be reviewed with care and integrity, and I offer this letter in that same spirit.

The following account is not offered in judgment, but with the aim of helping restore public confidence in a process whose fairness depends on transparency, impartiality, and adherence to the law. What follows are verified records and observations that warrant thoughtful review.

Summary of Concern

This complaint involves the participation of Directors Michael Scattini, John Baillie, and Matt Simis in deliberations and votes affecting water delivery charges in Zone 2B, specifically within the Castroville Seawater Intrusion Project (CSIP) service area. The CSIP is a closed, agriculturally significant system comprising 195 parcels—a small and well-defined group, as confirmed by agency documents. Each of these three Directors has landholdings or operational interests within this limited pool of parcels. In fact, some may hold a substantial concentration of leases, ownership, or operational liabilities that would be materially affected by fee changes—particularly where projected charges exceed \$600 per acre-foot, as acknowledged in staff materials.

According to the April 21, 2025 meeting packet (Agenda Item 13), the Board unanimously approved a **Zone 2B water delivery charge of \$85.24 per acre-foot**. But when layered with other assessments in Zones 2B, 2Y, 2Z, and charges for infrastructure such as the Salinas River Diversion Facility, the cumulative cost to CSIP growers exceeds **\$600 per acre-foot**. That cost does not apply countywide; it applies only to a few dozen square miles and fewer than 200 agricultural operations. As the agency itself observed, these charges impose a serious burden on a very small subset of growers—underscoring why Directors with financial ties to the area were expected to act with extraordinary care.

1. Participation Despite Known Financial Interests

At the April 15, 2024 meeting, the Board reviewed staff’s proposal to raise delivery charges. All three Directors participated. Several made remarks that illustrate direct financial stakes:

- **Director Scattini** (00:59:06.000 – 01:01:11.000):

"I have a difficult time wanting to raise [fees] any more than the bare minimums..."

- **Director Scattini** (01:01:11.000 – 01:02:00.000):

"...It just so happens I lease property from a trust my family runs. So yes, obviously, that makes it... real for me. I don’t want to tell my family members, ‘Hey, we’re raising your rates’ right after we renew leases."

- **Director Baillie** (01:00:33.000 – 01:02:07.000):

"I would be more inclined to move with the lower rate..."

- **Director Simis** (01:09:36.000 – 01:10:02.000):

"I understand finances and farming out there. It’s tough to see a big increase one year."

Later in the meeting, Scattini added (01:24:08.000 – 01:24:21.000):

"Typically, leases start in November... you still have to give opportunity, advanced notice..."

This language signals personal leasehold risk, immediate exposure to rate changes, and the influence such stakes may have had on the votes and discussion that followed.

2. Public Warning, Followed by Continued Participation

On April 21, 2025, the matter returned before the Board. That morning, at **11:17 AM**, I submitted a public comment explicitly urging any Director with a personal financial interest—including Director Scattini—to recuse. I cited the relevant sections of the Political Reform Act and stressed the risk of undermining public trust.

Despite this, all three Directors participated and voted. Their remarks that day emphasized how the rates would burden CSIP growers—including themselves. Consider:

Director Scattini (02:55:39 – 02:56:55):

"CSIP area will be paying over \$600 per acre-foot... there's a big inequity there."

Attorney and member of the public Thomas Virsik also spoke that day, noting (02:51:00 – 02:53:53):

"There's only 195 parcels in the CSIP... and that may make a difference with respect to Mr. Lipe's public comment earlier today."

Mr. Virsik's written letter, dated April 25, 2025, later stated:

"Where... the affected Directors operate on what are likely significant percentages of the CSIP parcels, the potential for disqualifying conflicts of interest is real."

3. Legal Framework

The conduct described above is governed by:

- **Government Code § 87100** — Prohibits participation in decisions where financial interest is present;
- **Government Code § 87103** — Defines financial interest to include property, leaseholds, or income sources;
- **FPPC Regulation § 18707** — Outlines recusal and disclosure;
- **CCR Title 2, § 18703** — Limits the “public generally” defense when few are affected.

Under **Section 49(c) of the MCWRA Act**:

"No person shall be appointed... who would be disqualified from a substantial number of matters... by the Political Reform Act."

4. Public Memory and Institutional Pattern

As Mr. Virsik wrote, April 25, 2025:

"Even where a public official may ultimately conclude they are not legally disqualified, the appearance of conflict remains a valid public concern and may warrant recusal or disclosure."

The consistent participation of these three Directors, who likely represent a meaningful portion of the 195 parcels affected by the decision, creates a strong public perception of conflict. That perception, coupled with the failure to seek or present any independent legal analysis, only compounds community distrust.

Unfortunately, this is not the first time Zone 2B has been at the center of a conflict-of-interest crisis within MCWRA.

In 2011, it was publicly revealed that former MCWRA Director Steve Collins had accepted paid consulting work with RMC Water and Environment while serving on the agency board—representing Zone 2B interests, including Ocean Mist Farms. His dual role fatally compromised the regional desalination project. In 2012, the project collapsed. By 2014, Collins had pleaded no contest to felony grand theft and violating Government Code § 1090, was sentenced to probation, ordered to pay restitution, and permanently barred from public office.

The consequences were significant: millions in public losses, the collapse of a multi-agency infrastructure solution, and a missed opportunity to stabilize the region's aquifers. As a direct result, the 180-400 Foot Aquifer Subbasin, which supplies Zone 2B, was later designated by the State of California as "critically overdrafted"—the only such subbasin in the county.

Now, more than a decade later, the same small geographic area—still burdened with overlapping fees, still suffering seawater intrusion—again faces decisions by board members with acknowledged personal interests. MCWRA's own April 21, 2025 materials affirm that the \$600+ per acre-foot cumulative burden affects just 195 parcels. That burden is not broadly shared. It is locally concentrated, and the individuals casting votes appear to be among those most directly affected.

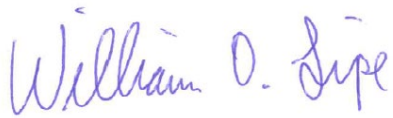
The pattern, even if unintended, merits careful and impartial attention.

Conclusion and Request

I write with gratitude for your service and with confidence in the strength of California's ethical safeguards. I respectfully renew my request that the FPPC review the participation of Directors Scattini, Baillie, and Simis in these matters.

I welcome any questions you may have and remain available to support further inquiry.

With humility and in good faith,



Salinas, California

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