

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: FEBRUARY 28, 2017

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM: 
CATHERINE CERRI, General Manager

SUBJECT: CARRYOVER RIGHT FREE PRODUCTION
ALLOWANCE FOR WATER YEAR ENDING SEPTEMBER
30, 2017

A. RECOMMENDATION

Approve the temporary transfer of the 2016/2017 Carryover Right from the District's Free Production Allowance ("FPA") in the Mojave Basin to Victorville water District as brokered through Mohave Resource Management.

B. REASON FOR RECOMMENDATION

The District can either use its allocation of water in the Mojave Basin or transfer the Carryover Right of its FPA to another user in the Mojave River Alto sub-basin. This transfer is only for the 2016/2017 Carryover Right and will not impact the District's future rights to water in the sub-basin.

C. BACKGROUND INFORMATION

The District previously irrigated alfalfa and other fodder crops with groundwater on the northern portion of its disposal area property in Hesperia. This irrigation practice established a water right in the Mojave Groundwater Alto Sub-basin adjudication. The District has the right to extract 527 acre-feet of groundwater from its Hesperia property. The District used zero acre-feet during the 2016/2017 water year.

Mohave Resource Management has offered to broker a deal at \$316.00 per acre-foot for 527 acre-feet of Carry-Over FPA water (\$166,532) at a discounted commission of 4%. Last year's FPA sold for \$301 per acre-foot.

D. FISCAL INFORMATION

The District will receive \$166,532 from the buyer and will pay \$6,661 in commission fees to Mohave Resource Management for net revenue of \$159,871.

E. ATTACHMENTS

Request for Assignment of Carryover Right
Mohave Resource Management Letter Agreement

**REQUEST FOR ASSIGNMENT OF CARRYOVER RIGHT
IN LIEU OF PAYMENT OF REPLACEMENT WATER ASSESSMENTS**

WATER YEAR ENDING SEPTEMBER 30, 2017_____.

To be executed by both Transferee and Transferor and, if separately requested by Watermaster, be accompanied by a map of the service area where the water was used by Transferor and a map of the service area where the water is intended to be used by the Transferee.

A TRUE COPY HEREOF MUST BE FILED WITH WATERMASTER NOT LATER THAN 30 DAYS PRIOR TO THE REGULARLY SCHEDULED WATERMASTER MEETING IN MAY.

(To be accompanied by completed Exhibit "F" if Transferee is not a party to the Judgment)

For a valuable consideration, in the amount of \$316.00 per acre-foot receipt of which is hereby acknowledged, Lake Arrowhead Community Services District ("Transferor") does hereby assign and transfer to Victorville Water District, ID#1 ("Transferee") Carryover Right of 527 acre-feet in Alto Subarea.

Said assignment is made upon condition that Transferee shall apply said Carryover Right to the Transferee's Replacement Water Obligation due July 1, 2018, and shown on Appendix B of the Annual Watermaster Report filed with the Riverside Superior Court.

DATED: February 20, 2018

WATERMASTER AG TO MUNICIPAL/IND DIFFERENTIAL RAMPDOWN ADJUSTMENT	
<u>527</u> AF AGRICULTURE	ADJUST TO
<u>395</u> AF MUNICIPAL/IND	

TRANSFEEEE

TRANSFEROR

Victorville Water District, ID#1

Lake Arrowhead Community Services District

(Signature)

(Signature)

Name of Designee of Transferee to receive service of Processes & Notices:

Name of Designee of Transferor to receive service of Processes & Notices:

Address

Address

Telephone No. of Designee: _____

Telephone No. of Designee: _____

Notes:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____

On _____ before me, _____
Date Here insert name and title of the officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed By The Signer(s)

Signer's Name _____

Corporate Officer – Title(s) _____

Partner – Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other _____

Signer is Representing: _____

Signer's Name _____

Corporate Officer – Title(s) _____

Partner – Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other _____

Signer is Representing: _____

MOJAVE BASIN AREA WATERMASTER

FOR
CITY OF BARSTOW, ET AL, VS. CITY OF ADELANTO, ET AL,
CASE NO. 208568 - RIVERSIDE COUNTY SUPERIOR COURT

December 12, 2017

VIA CERTIFIED MAIL

Catherine Cerri
Lake Arrowhead Community Services District
P. O. Box 700
Lake Arrowhead, CA 92352-0700

Re: Mojave Basin Area Watermaster, 2016-17 Annual Water Production Verification

Dear Mr. Cerri:

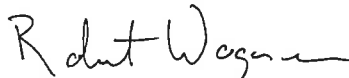
The Watermaster has determined that you produced **0 acre-feet** of water during the 2016-17 Water Year in the Alto Subarea. As a result you will have 527 acre-feet of Carryover Right available for the 2017-18 Water Year. Any assessments which you have incurred including Administrative, Biological, Replacement Water or Makeup Water Assessments will be based on your 2016-17 verified production amount as stated above.

The Watermaster will mail to you a draft copy of Appendix B from the Watermaster's Annual Report to the Court by March 1, 2018 showing any Replacement and Makeup Water Assessments that you incurred during 2016-17 and your Carryover Right from 2016-17 for use during 2017-18.

Section 12 (C) of the Watermaster Rules and Regulations requires that you must be in compliance with the water production monitoring provisions of Section 11 of the rules prior to any transfer of Free Production Allowance. Please be advised that the Watermaster may disallow any transfer you propose if you are not in compliance with Section 11.

If we do not hear from you in writing within 15 days from the date of this letter, we will assume you concur with our determination. Please contact Ms. Valerie Wiegenstein if you have any questions.

Very truly yours,



Robert C. Wagner, P.E.
Watermaster Engineer



Mojave Resource Management, LLC
17993 Outer Highway 18, STE 1
Apple Valley, CA 92307
(760) 985-6261

Date: February 13, 2018
To: Catherine Cerri, General Manager
From: Mojave Resource Management, LLC
By: Bobby Boytor, Executive Manager
Subject: Lake Arrowhead Community Services District 2016-17 Carryover Proposal

Dear Catherine Cerri,

Mojave Resource Management, LLC ("MRM") currently has a prospective leasee interested in leasing Lake Arrowhead Community Services District's ("LACSD") 527 acre-feet of 2016-17 Unused Free Production Allowance, as referenced in Appendix B of the Watermaster Annual Report for the 2016-17 Water Year (hereinafter "Carryover").

MRM is proposing LACSD's Carryover at the rate of \$316 per acre-foot, for a total of \$166,532.00. The proposed lease rate is an increase of 4.7% vs. last year's rate of \$301 per acre-foot. Similar to last year, MRM's brokerage fee is 4% of the total transaction price to facilitate the transfer between the parties. The brokerage fee is payable upon LACSD's receipt of proceeds from leasee and approval of the said transfer by the Mojave Basin Area Watermaster Board of Directors.

The Carryover transfer is subject to the leasee's approval, therefore if LACSD is interested in seeking MRM's services with leasee I anticipate to have their approval before or by March 31, 2018. Once the transfer documents have been completed by both parties, MRM will file the necessary documents with Watermaster for approval by the Watermaster Board of Director's, which is scheduled on May 23, 2018. Upon approval, MRM will provide LACSD with Watermaster confirmation for your records.

If the terms are satisfactory, please let me know as soon as possible for further instructions. I have provided LACSD with the necessary documents to facilitate the transfer.

Mojave Resource Management, LLC sincerely appreciates LACSD's consideration. If you have any questions, please don't hesitate to contact me at (760) 985-6261 or at mrmwater@outlook.com.

Best Regards,

A handwritten signature in cursive script that reads "Bobby Boytor".

Bobby Boytor
Executive Manager

ENC: 2016-17 Verification Letter, Replacement Obligation Transfer