

**LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**DATE:** MARCH 24, 2020

**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, 2019

**A. RECOMMENDATION**

Approve the temporary transfer of the 2018/2019 Carryover Right from the District's Free Production Allowance ("FPA") in the Mojave Basin to a client of 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 2018/2019 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 currently has the right to extract 527 acre-feet of groundwater from its Hesperia property which is 80% of its Base Annual Production of 658 acre-feet. The District used zero acre-feet during the 2018/2019 water year.

Mohave Resource Management has offered to broker a deal at \$356.00 per acre-foot for 527 acre-feet of Carry-Over FPA water (\$187,612) at a commission of 4%. Last year's FPA sold for \$326 per acre-foot. The significant price increase is mostly due to a reduction in the amount of water each user in the Alto sub-basin is allowed to use.

**D. FISCAL INFORMATION**

The District will receive \$187,612 from the buyer and will pay \$7,504 in commission fees to Mohave Resource Management for net revenue of \$180,108.

**E. ATTACHMENTS**

Mohave Resource Management Carryover Proposal  
Mojave Basin Watermaster Production Verification



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

**Date:** March 6, 2020  
**To:** Catherine Cerri, General Manager  
**From:** Mojave Resource Management, LLC  
**By:** Bobby Boytor, Executive Manager  
**Subject:** Lake Arrowhead Community Services District 2019-20 Carryover Proposal

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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 2018-19 Unused Free Production Allowance, as referenced in the Mojave Basin Area Watermaster 2018-19 Annual Water Production Verification letter dated December 5, 2019 (hereinafter “Carryover”).

MRM is proposing LACSD’s Carryover at the rate of \$356 per acre-foot, for a total of \$187,612.00. The proposed lease rate is an increase of ~9% vs. last year’s rate of \$326 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 I anticipate to have their approval before or by March 31, 2020. Once the transfer documents have been completed by both parties, MRM will file the necessary documents with Watermaster for approval by the Watermaster Board, which is scheduled for May 27, 2020. 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 so I can 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](mailto:mrmwater@outlook.com).

Best Regards,

Bobby Boytor  
Executive Manager

ENC: 2018-19 Verification Letter

# MOJAVE BASIN AREA WATERMASTER

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

December 5, 2019

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

**Re: Mojave Basin Area Watermaster, 2018-19 Annual Water Production Verification**

Dear Ms. Cerri:

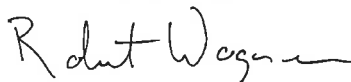
The Watermaster has determined that you produced **0 acre-feet** of water during the 2018-19 Water Year in the Alto Subarea. As a result you will have 527 acre-feet of Carryover Right available for the 2019-20 Water Year. Any assessments which you have incurred including Administrative, Biological, Replacement Water or Makeup Water Assessments will be based on your 2018-19 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, 2020 showing any Replacement and Makeup Water Assessments that you incurred during 2018-19 and your Carryover Right from 2018-19 for use during 2019-20.

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