## Town of Apple Valley

# Ranchos Acquisition Efforts Transparency Report

January 26, 2016

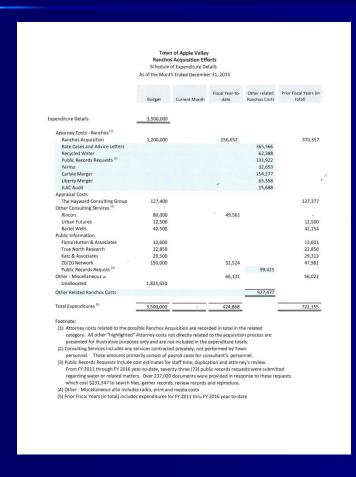




#### Council Request:

 To demonstrate transparency in the Town's acquisition efforts of Ranchos, a report was requested to be submitted to Council identifying costs incurred to date.





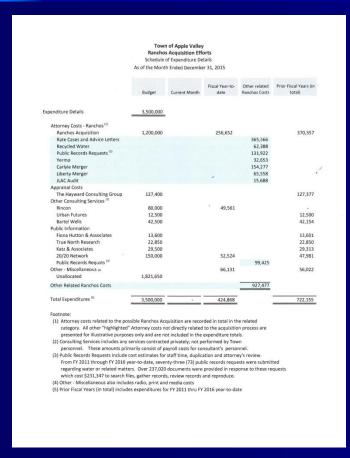
- To be presented periodically
- Interim Financial Report prepared for Mgt. & Council in conformity with GASB and NCGAS
- Will include all categories of expense such as;
  - Attorney costs
  - Appraisal costs
  - Other consultants costs
  - Public Information costs
  - Public Records Request costs



Expenditure Details  Attorney Costs - Ranchos <sup>(1)</sup>	Budget	h Ended Decembe	Fiscal Year-to- date	Other related	1. 2
Attorney Costs - Ranchos (1)		Current Month		Other related	
Attorney Costs - Ranchos (1)		Current Month	date		Prior Fiscal Years
Attorney Costs - Ranchos (1)			Jote	Ranchos Costs	total)
	3,500,000				
Ranchos Acquisition	1,200,000		256,652		370,35
Rate Cases and Advice Letters				365,566	
Recycled Water				62,388	
Public Records Requests (2)				131,922	
Yermo				32,653	
Carlyle Merger				154,277	
Liberty Merger				65,558	
JLAC Audit			-	15,688	
Appraisal Costs				13,000	
The Hayward Consulting Group	127,400				127,37
Other Consulting Services [2]	127,400				127,37
Rincon	80,000		49,561		
Urban Futures	12,500		49,301		12.50
Bartel Wells	42,500				42.15
Public Information	42,500				42,15
Fiona Hutton & Associates	12 500				13.60
True North Research	13,600				
	22,850				22,85
Katz & Associates	29,500				29,31
20/20 Network	150,000		52,524		47,98
Public Records Requsts (3)				99,425	
Other - Miscellaneous (4)			66,131		56,02
Unallocated	1,821,650				
Other Related Ranchos Costs				927,477	
Total Expenditures (5)	3,500,000		424,868		722,15
	ossible Ranchos Acc 3" Attorney costs no ses only and are no services contracte- imarily consist of pa cost estimates for year-to-date, sever ters. Over 237,020	ot directly related of included in the d privately; not pri ayroll costs for co- staff time, duplicative, ty-three (73) pub documents were	rded in total in the total in the total expenditure total erformed by Town routing and attorned to the total erformed for the total erformed by Town attorned to the total erformed to the total erformed in respective provided in respective to the total erformed to	e related n process are ils. m nnel. ey's review. ests were submit	ited
which cost \$231,347 to search t	des radio, print and		and reproduce.		

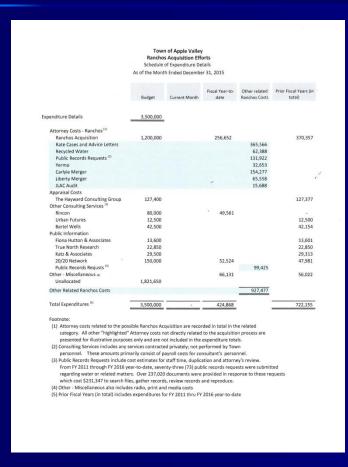
- Will include list of all public records requests received with associated cost estimates
- Will include estimate of possible future costs
- Such other information as may be requested or deemed appropriate for inclusion





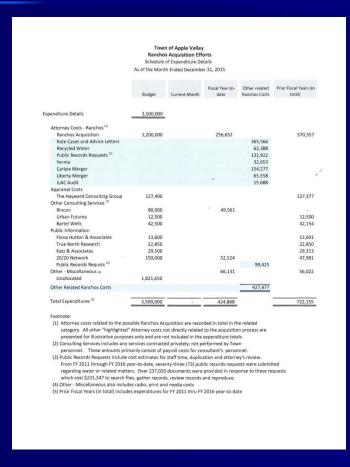
- This report covers the reporting period thru
   December 31, 2015.
- As noted within the report, no expenditures have been paid during the month of January.
- Financial information presented includes expenditures through December 31, 2015.





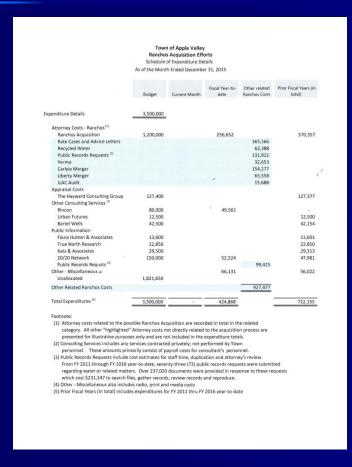
- Attorney's costs
  - Acquisition costs
    - Direct costs \$627,009
  - Other related
    - Rate Cases and Advice Letters
    - Recycled Water
    - Public Records Requests
    - Yermo
    - Carlyle Merger
    - Liberty Merger
    - JLAC Audit





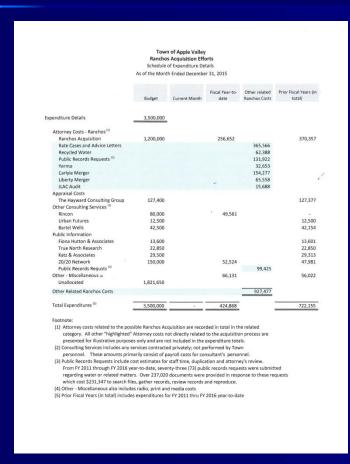
- Attorney's costs
  - Other related \$828,052
    - Rate Cases and Advice Letters
    - Recycled Water
    - Public Records Requests
    - Yermo
    - Carlyle Merger
    - Liberty Merger
    - JLAC Audit





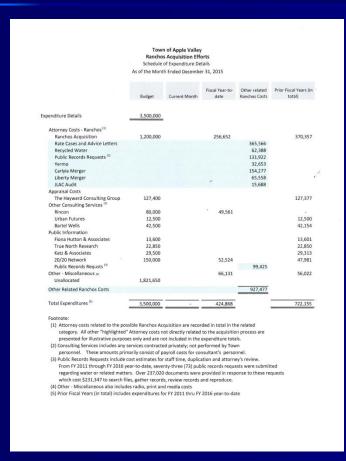
- Attorney's costs
  - Other related <u>\$828,052:</u>
     Rate Cases and Advice Letters
  - The Town has spent \$365,566 since 2011 fighting AVR rate increases and numerous advice letters, and hiring consultants to analyze the accuracy of AVR's claims and water rate modeling
  - AVR has not released any information about its legal bills.





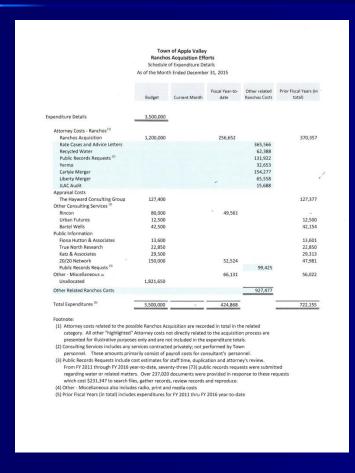
- Attorney's costs
  - Other related <u>\$828,052</u>:Recycled Water
  - The Town has spent \$62,388 fighting for the right to use recycled water paid for by Town residents once it becomes available
  - AVR has threatened to sue the Town if the Town attempts to use recycled water without giving the water to Ranchos and allowing them to sell it back to the Town and its residents.





- Attorney's costs
  - Other related \$828,052:
     Public Records Requests
  - The Town has spent \$131,922 (\$231,347 including staff time) in reviewing the 73 public records requests related to Ranchos and provided over 237,000 documents
  - Ranchos has not released any records to the Town





- Attorney's costs
  - Other related <u>\$828,052:</u>
     Yermo
  - The Town has spent \$32,653 fighting AVR's purchase of Yermo
  - Initial repairs and upgrades will cost \$7.7million, which works out to almost \$28,000 for each of Yermo's 278 active connections.
  - The Town believes residents of Apple Valley will be stuck paying for the repairs to Yermo's water system



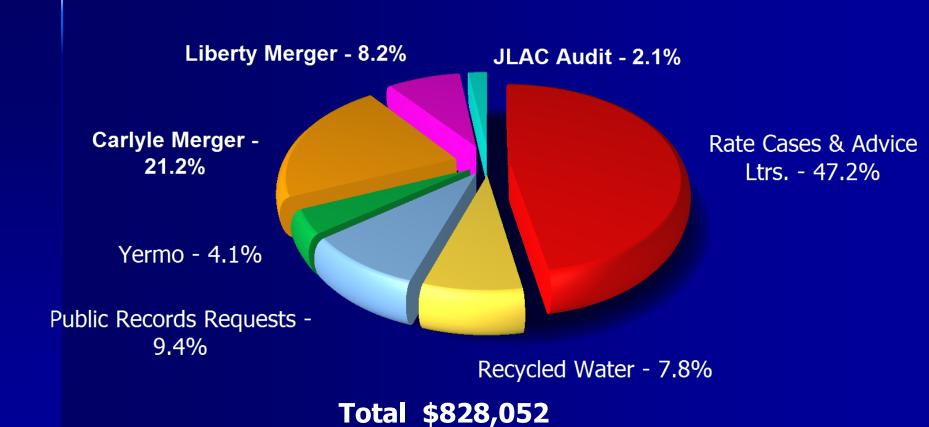
Budget   Current Month   date   Ranchos Costs   total)		Schedule	Acquisition Effort	tails		
Expenditure Details   3,500,000		As of the Mont	n Ended Decembe	r 31, 2015		
Attorney Costs - Ranchos		Rudent	Current Month			Prior Fiscal Years (
Attorney Costs - Ranchos (1)  Ranchos Acquisition 1,200,000 256,652 370,35  Rate Case and Advice Letters 6,2388 (2)  Rate Case and Advice Letters 6,2388 (2)  Recycled Water 131,922 (2)  Yermo 3,653 (2)  Carlyle Merger 3,65,56 (2)  Carlyle Merger 1,542,77 (2)  Uberty Merger 6,5,588 (2)  IJAC Audit 1,542,77 (2)  IJAC Audit 1,5688 (2)  Appraisal Costs 7,688 (2)  Appraisal Costs 7,688 (2)  The Hayward Consulting Group 127,400 (2)  Other Consulting Services (1)  Rincon 80,000 49,561 (2)  Eartel Wells 42,500 (2)  Barel Wells 42,500 (2)  Public Information 6,000 (2)  Flora Huttor R Associates 13,600 (3)  True North Research 22,850 (2)  Zus State Associates 29,500 (2)  Zus State Associates (2)  Zus State (2)  Zus		booger	Content Month	Oute	Hallerios costs	101017
Ranchos Acquisition   1,200,000   256,652   370,35   Rate Cases and Advice Letters   62,388   Recycled Water   62,388   Public Records Requests   131,922   Vermo   32,653   Carlyle Merger   154,277   Liberty Merger   154,277   Liberty Merger   65,558   JACA Audit   154,277   Liberty Merger   65,558   JACA Audit   154,277   Liberty Merger   154,250   Liberty Merger   154,250   Liberty Merger   127,300   Liberty Merger   1	Expenditure Details	3,500,000				
Ranchos Acquisition   1,200,000   256,652   370,35   Rate Cases and Advice Letters   62,388   Recycled Water   62,388   Public Records Requests   131,922   Vermo   32,653   Carlyle Merger   154,277   Liberty Merger   154,277   Liberty Merger   65,558   JACA Audit   154,277   Liberty Merger   65,558   JACA Audit   15,688   Appraisal Costs   15,688   Appraisal Costs   15,688   Appraisal Costs   127,300   Cither Consulting Services   127,400   Liberty Merger   127,400   Libert	Attorney Costs - Ranchos (1)					
Recycled Water		1,200,000		256,652		370,35
Recycled Water		-,,			365.566	
Public Records Requests (1)  Vermo 33,2653  Carlyle Merger 154,277  Liberty Merger 65,558  JIAC Audit 65,558  JIAC Audit 75,688  Appraisal Costs  The Hayward Consulting Group 127,400  The Flayward Consulting Group 127,400  Rincon 80,000 49,561  Rincon 80,000 49,561  Rincon 12,500  Bartel Wells 42,500 12,55  Bartel Wells 42,500 12,55  Bartel Wells 42,500 12,55  Rat Rat Ausociates 13,600 13,600  Flona Hutton & Associates 13,600 13,600  Flona Hutton & Associates 12,550 22,85  Kat & Associates 29,500 52,88  Kat & Associates 29,500 52,88  Tolle Records Requists (1)  Other - Miscellaneous (1)  Unallocated 1,821,650 66,131  Total Expenditures (1)  Jacchieve Cost (1)  Total Expenditures (1)  Jacchieve Cost (1						
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Carrijke Merger   154,277   Liberty Merger   65,558   1JAC Audit   65,558   15,688   15,688   15,688   15,688   15,689   15,689   15,730						
Liberty Merger						
11.6.2 Audit						
Appraisal Costs The Hayward Consulting Group 127,400 127,30 128,10 129,3				-		
The Hayward Consulting Group 127,400  Other Consulting Services <sup>11</sup> Rincon 8,000 49,561  Rincon 125,500 125,500 125,500  Bartel Wells 42,500 45,500 125,500  Bartel Wells 42,500 15,500 125,500  Flora Huttor & 42,500 13,600  True North Research 22,850 22,850  Ratel & Associates 13,600 15,254 22,850  Ratel & Associates 29,500 52,524 47,960  Public Information 5,000 52,524 47,960  Public Records Requist <sup>51</sup> 66,131 56,00  Other Miscellaneous in 1,821,650  Other Miscellaneous in 1,821,650  Other Related Ranchos Costs 997,777  Total Expenditures <sup>51</sup> 3,500,000 424,868 722,15  Footnote:  (1) Attorney costs related to the possible Ranchos Acquisition are recorded in total in the related category. All other "highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals.  (2) Consulting Services included any services contracted privately, not performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel.  (3) Public Records Requests Induced as respective for consultant's personnel.  (3) Public Records Requests induced as respective totals expensively-three (73) public records requests were submitted regarding water or related matters. Over 273,000 documents were provided in response to these requests whick cost \$233,347 to search files, gather records, review records and reproduce.					25,000	
Rincon   80,000   49,561   Urban Futures   12,500   12,	The Hayward Consulting Group	127,400				127,37
Urban Futures		90,000		40 561		
Bartel Wells 42,500 42,15  Public Information Fina Hutton & Associates 13,600 13,60 True North Research 22,850 22,85 True North Research 15,000 52,524 47,98  Public Records Requists 11 50,000 52,524 97,98  The Public Records Requists 11 50,000 52,524 97,98  Other Miscellaneous 9 66,131 56,00  Other Miscellaneous 9 66,131 56,00  Other Related Ranchos Costs 99,747  Total Expenditures 11 5,821,650  Total Expenditures 11 5,821,650 927,477  Total Expenditures 11 5,821,650 927,677  Total Expenditures 11 5,821,650 927  Total Expenditures 11 5,821,650 927  Total Expenditu				45,501		12.50
Public Information Fiona Hutton & Associates 13,600 13,60 True North Research 22,850 22,85 Kast & Associates 29,500 92,200 etwork 29,500 99,425 20/20 Network 150,000 52,524 47,98 Public Records Requists <sup>510</sup> Other- Miscellaneous H Unallocated 1,821,650 Other Related Ranchos Costs 927,477  Total Expenditures <sup>61</sup> 3,500,000 - 424,868 722,15  Footnote: (1) Attorney costs related to the possible Ranchos Acquisition are recorded in total in the related category. All other highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals. (2) Consulting Services includes any services contracted privately, not performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel. From FY 2011 through HY 2016 year-to-date, seventy-three (73) public records requests were submitted regarding water or related matters. Over 237,000 documents were provided in response to these requests which cost \$233,347 to search files, gather records, review records and reproduce. (4) Other - Miscellaneous salo Includes andio, print and media costs						
Floan Hutton & Associates 13,600 13,660 True North Research 22,850 22,851 Kat & Associates 29,500 29,331 20/20 Network 150,000 52,524 47,96 Public Records Requists <sup>101</sup> Other- Miscellaneous w 66,131 56,00 Unallocated 1,821,650 Other Related Ranchos Costs 927,477  Total Expenditures <sup>601</sup> 3,500,000 - 424,868 722,15  Footnote: (1) Attorney costs related to the possible Ranchos Acquisition are recorded in total in the related category. All other "highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals. (2) Consulting Services includes any services contracted privately, not performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel. (3) Public Records Requests include any services contracted privately and performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel. (3) Public Records Requests includes and seventy-three (73) public records requests were submitted regarding water or related matters. Over 237,000 documents were provided in response to these requests which cost \$233,347 to search files, gather records, review records and reproduce. (4) Other - Miscellaneous also Includes andio, print and media costs		42,300				74,13
True North Research 22,850 22,851 Kast & Ascociates 29,500 52,524 23,31 20/20 Network 150,000 52,524 47,98 Public Records Requists <sup>(1)</sup> Other - Miscellaneous   150,000 52,524 56,02 Unallocated 1,821,650 66,131 56,02  Total Expenditures <sup>(1)</sup> 3,500,000 4 424,868 722,15  Total Expenditures <sup>(2)</sup> 3,500,000 4 424,868 722,15  Footnote: (1) Attorney costs related to the possible Ranchos Acquisition are recorded in total in the related category. All other "highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals. (2) Consulting Services includes any services contracted privately, not performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel. (3) Public Records Requests include are serviced privately not per provided in response to when yet well regarding water or related matters. Over 237,000 documents were provided in response to these requests which cost \$233,347 to search files, gather records, review records and reproduce. (4) Other - Miscellaneous also Includes radio, prival and media costs		12 600				12.60
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Public Records Requists 10  Other - Miscellaneous in Unallocated 1,821,650  Other - Miscellaneous in Unallocated 1,821,650  Other Related Ranchos Costs 927,477  Total Expenditures 10  3,500,000 - 424,868 722,15  Footnote:  (1) Attorney costs related to the possible Ranchos Acquisition are recorded in total in the related category. All other "highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals.  (2) Consulting Services includes any services contracted privately, not performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel.  3) Public Records Requests includes any services contracted privately includes and attorney's review. From FY 2011 through FY 2015 year-to-date, seventy-three (73) public records requests were submitted regarding water or related matters. Over 237,000 documents were provided in response to these requests which cost \$233,1347 to search files, gather records, review records and reproduce.  (4) Other - Miscellaneous salo Includes radio, privat and media costs				E2 E24		
Other - Miscellaneous in Unallocated 1,821,650  Other Related Ranchos Costs 927,477  Total Expenditures (1) 3,500,000 - 424,868 722,15  Footnote:  (1) Attorney costs related to the possible Ranchos Acquisition are recorded in total in the related category. All other "highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals.  (2) Consulting Revisces includes any services contracted privately, not performed by Town personnel. (3) Public Records Requests include on start films, duplication and attorney's review. From PY 2011 through PY 2015 year-to-date, seventy-three (73) public records requests were submitted regarding water or related matters. Over 273,000 documents were provided in response to these requests which cost \$231,347 to search files, gather records, review records and reproduce.		150,000		32,324	00.435	47,30
Unallocated 1,821,650  Other Related Ranchos Costs 927,477  Total Expenditures (11) 3,500,000 - 424,868 722,15  Footnote:  (1) Attorney costs related to the possible Banchos Acquisition are recorded in total in the related category. All other "highlighted" Attorney costs not directly related to the acquisition process are presented for illustrative purposes only and are not included in the expenditure totals.  (2) Consulting Services includes any services contracted privately; not performed by Town personnel. These amounts primarily consist of payroll costs for consultant's personnel.  (3) Public Records Requests includes cost estimates for staff time, duplication and attorney's review. From PY 2011 through PY 2015 year-to-date, seventy-three (73) public records requests were submitted regarding water or related matters. Over 217,200 documents were provided in response to these requests which cost 5231,347 to search files, gather records, review records and reproduce.  (4) Other - Miscellaneous also includes radio, print and media costs				66 121	99,423	56.02
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(3) Public Records Requests include cost estimates for staff time, duplication and attorney's review. From PY 2011 through PY 2016 year-to-date, seventy-three (73) public records requests were submitted regarding water or related matters. Over 237,020 documents were provided in response to these requests which cost \$233,347 to search files, gather records, review records and reproduce. (4) Other - Miscellaneous also includes radio, print and media costs	(2) Consulting Services includes an	y services contracte	d privately; not p	erformed by Tow	/n	
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regarding water or related matters. Over 237,020 documents were provided in response to these requests which cost \$231,347 to search files, gather records, review records and reproduce. (4) Other - Miscellaneous also includes radio, print and media costs	(3) Public Records Requests includ	e cost estimates for	staff time, duplica	ation and attorne	ey's review.	
which cost \$231,347 to search files, gather records, review records and reproduce.  (4) Other - Miscellaneous also includes radio, print and media costs	From FY 2011 through FY 2016	year-to-date, sever	nty-three (73) pub	lic records reque	ests were submit	ted
(4) Other - Miscellaneous also includes radio, print and media costs	regarding water or related ma-	tters. Over 237,020	documents were	provided in resp	onse to these re	quests
				and reproduce.		
(5) Prior Fiscal Years (in total) includes expenditures for FY 2011 thru FY 2016 year-to-date						
	(5) Prior Fiscal Years (in total) inclu	ides expenditures fo	r FY 2011 thru FY	2016 year-to-da	te	

#### Attorney's costs

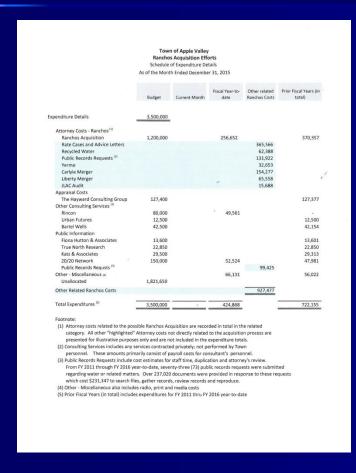
- Other related <u>\$828,052:</u>
   Carlyle Merger/Liberty Merger
- The Town has spent \$154,277 fighting the sale of AVR' to the Carlyle Group, a Washington D.C. based hedge fund.
- The Town has spent \$65,558 so far fighting the sale of AVR to Liberty utilities, a Canadian firm.
- Liberty Utilities has stated to investors that the California market is attractive because of its "favorable regulatory environment" and opportunities to "deploy capital" – at a guaranteed rate of return of 9.7%



# What the Town has spent in Attorney fees protecting you, the resident (If the acquisition is successful, these expenditures cease)



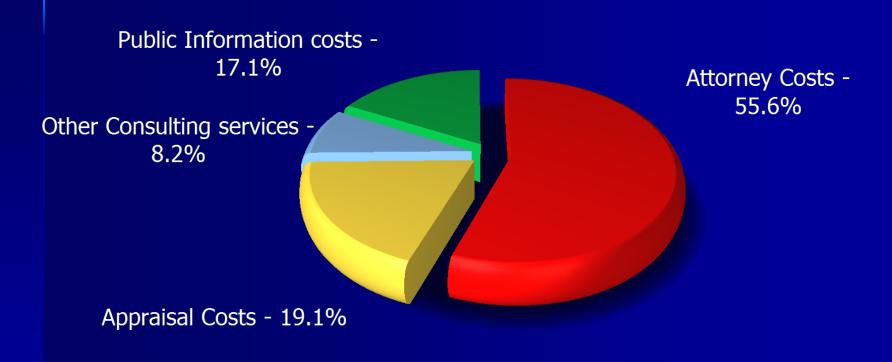




- Categories of expense: Direct
   Acquisition Costs \$1,147,023
  - Attorney's costs
    - **\$627,009**
  - Appraisal costs
    - **\$127,377**
  - Other consultants costs
    - **\$104,215**
  - Public Information costs
    - **\$166,269**
  - Other Misc
    - **\$122,153**
  - Public Records Requests (not included in total)
    - **\$231,347**



# What the Town has spent protecting you, the resident (Direct costs of Acquisition) from exorbitant rate increases



Total \$1,147,023



#### **REQUEST FOR RECORDS LOG 2015**

Date Rec'd	Request Number	Requestor	Department	Staff Cost to Prepare Response (Does not include attorney review costs)
4/20/2015	106	K. Brogan	Finance/PIO/Town Manager & Municipal Operations - I. All invoices from Best Best & Krieger LLP for work performed relating to Apple Valley Ranchos from May 30, 2010 through and including launary 1, 2011; of the extent not already produced, all invoices from Best Best & Krieger LLP for work performed relating to Apple Valley Ranchos from January 1, 2011 to present; 3. To the extent not already produced, all invoices from consultants or experts relating to work performed relating to Apple Valley Ranchos from January 1, 2011 to present; 4. All complete appraisal reports by Hayward Consulting Group of Apple Valley Ranchos; 5. All appraisal reports of any appraisers of any and all assets of Apple Valley Ranchos; 6. All correspondence and emails mentioning or relating to Apple Valley Ranchos from January 1, 2010 to present; 7. The request for proposal relating to public relations services for the Town of Apple Valley's acquisition of Apple Valley Ranchos,	12,400
			all responses to that request for proposal, all contract(s) for public relations services relating to or supporting the Town of Apple Valley's acquisition of Apple Valley's acquisition of Apple Valley and those in the time to the development and content of the website butter/(arh/2ours.com/, and all invoices related thereto; and 8. All correspondence and emails between employees or agents of the Town of Apple Valley, on the one hand, and any firm providing public relations services supporting the Town of Apple Valley, and the one hand, and any firm providing public relations services supporting the Town of Apple Valley's acquisition of Apple Valley's acquisition of Apple Valley's acquisition of Apple Valley and the valley is acquisition of Apple Valley and the Valley and	

- Public Records Request Costs -\$231,347
  - Attorney's costs
    - **\$131,922**
  - Staff costs
    - **\$99,425**
  - Over 237,000 records provided in response to 73 public records requests related to water or related matters



## ESTIMATE OF POSSIBLE FUTURE COSTS

Total	Expend	iture	<b>Estimate</b>

Expended as of July 31, 2015

**Amount Unexpended** 

**Percent Unexpended** 

\$ 3,500,000

1,147,023

\$ 2,352,977

67.23 %



## TOTAL COST OF WATER TO THE TOWN FOR MUNICIPAL USES

<b>Total Number of Accounts</b>		85		
Expended for FY 2015	\$	828,209.26		
Cost per Billing Cycle	\$	138,034.88		
Annual Cost per Account	\$	9,743.64		
Average Bill	\$	1,623.94		
Average # of Surcharges/Bill		6		

#### PARK WATER - STRATEGIC INVESTMENT IN THE WEST



- Strategic investment in drought-challenged states
- · Infrastructure re-investment needed
- Heightened awareness of value of water







### Town of Apple Valley

# Ranchos Acquisition Efforts Transparency Report

January 26, 2016

