

February 4, 2015

Town of Apple Valley  
Attention: Town Councilmembers  
14955 Dale Evans Parkway  
Apple Valley, CA 92307

Dear Town Councilmember,

In the November 18, 2014 Town Council Staff Report from Mr. Marc Puckett regarding the contract award for appraisal services certain statements were made that are factually incorrect. Specifically, in BACKGROUND on pages 13-1 and 13-2, the Staff Report includes the incorrect statement that Ranchos Water's rates have increased 112% over the past decade. This specific misstatement of fact was the topic of a letter from Mr. Leigh Jordan to the Councilmembers dated December 1, 2014. Going forward, Ranchos Water fully expects references to rate increases to be factually accurate as these misstatements are damaging to our reputation.

The Staff Report goes on to state that with respect to the proposed use of recycled water, "The Carlyle Group responded with a cease and desist letter, stating if the Town proceeded to reduce its water usage by using reclaimed water 'both Apple Valley Ranchos and its customers will be harmed.' In effect, the Carlyle Group stopped efforts by the Town to use recycled water and blocked an effort to conserve water."

Troubling here is the Staff's blatant mischaracterization of the matter, through the use of incorrect statements.

Firstly, this is a matter that has been a discussion topic between Ranchos Water and the Town and Victor Valley Wastewater Reclamation Authority dating to 2010 when the project was first proposed, which is well prior to Carlyle ownership of Park Water Company. All communication on this matter has been from Ranchos Water or its attorney, never from Carlyle. The Staff' statement of Carlyle's involvement in this matter is speculative at best.

Secondly, Ranchos Water never took issue with the Town's use of reclaimed water. Ranchos Water takes issue with the manner in which the Town plans to serve reclaimed water within Ranchos Water's service area, as Ranchos Water has the legal right and obligation to be the retailer of water service, including the use of reclaimed water for irrigation use.

Thirdly, all communications regarding this matter were centered on promoting further discussion to identify a

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resolution of the issue. Further, we clearly stated on numerous occasions that we have no desire to stop the project or block recycled water use.

Finally, the Staff Report states, "the Carlyle Group stopped efforts by the Town to use recycled water...". This clearly is false, as the project is proceeding.

I have included our communications to the Town on this matter, as well as the Town's response to our first letter. Let me emphasize, we remain committed to resolve this matter to the mutual satisfaction of all stakeholders. We are equally committed to having a constructive role in enhancing the region's water supply, including the use of recycled water.

We most strongly object to the mischaracterization of our position and misstatements which harm the reputation of Ranchos Water. This is the fourth letter to Council or Staff regarding misstatements made by Staff, which in certain cases have gone on to be repeated by Councilmembers. I recognize as elected officials, Councilmembers pride themselves on integrity, which is why I respectfully request Council instruct Staff to refrain from further mischaracterizations and misstatements.

Sincerely,



Christopher Schilling  
Chairman  
Apple Valley Ranchos Water Company

CS/emz

cc: Frank Robinson, Town Manager  
Mark Puckett, Assistant Town Manager  
John Brown, Town Attorney

