



Riverside Highland WATER COMPANY®

Joint Statement:

Riverside Highland Water Company (RHWC) has provided water service to the area since it was founded in 1898. As a Mutual Water Company, RHWC provides water to its shareholders at cost, and prides itself in the cost-effective delivery of water services for over 120 years. On November 30, 1978 the City of Grand Terrace was incorporated as a municipal agency and in doing so, accrued to certain rights and grants to the rights of way within its municipal boundaries, including the right to require utilities utilizing City streets to provide services within the City of Grand Terrace boundaries to pay a Franchise Fee.

Disputes have arisen over the years regarding the City's right to impose a Franchise Fee upon RHWC for the use of City streets. To avoid prolonged litigation and incurring any additional legal costs, the City and RHWC have entered into a Stipulated Judgment to forever resolve this ongoing dispute.

As a result, RHWC has agreed to pay to the City an annual Franchise Fee in the amount of \$23,000 (as may be periodically adjusted to reflect any future increases in RHWC's water consumption rates and bi-monthly meter charges). RHWC acknowledges that this mutually-negotiated Franchise Fee is not a tax and constitutes compensation for the use of government property, in this case, access to City Streets to provide water delivery services to RHWC customers.

The City of Grand Terrace acknowledges that RHWC is a Mutual Water Company providing water utility services within the incorporated boundaries of the City of Grand Terrace and that RHWC and the City continue to collaborate to coordinate repairs to infrastructure within the City to maximize efficiency and extend the life of City's and RHWC's Infrastructure. The City acknowledges that RHWC, upon notice by the City, consistently pays its street cut fees and has no outstanding obligations to the City of Grand Terrace. The City further acknowledges that it will not seek to collect any other fee, tax, charge, or assessment from RHWC relating to the use of City streets.

The City Council of the City of Grand Terrace and the Board of Directors of the Riverside Highland Water Company acknowledge that both parties are committed to work together toward the delivery of quality services to maintain the quality of life for residents and business owners within the City of Grand Terrace.

Sincerely,

Sylvia Robles, Mayor Pro Tem.
City of Grand Terrace

Sincerely,

William McKeever, President
Riverside Highland Water Co.

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7 Attorneys for Plaintiff CITY OF GRAND TERRACE

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO – CENTRAL DISTRICT

10 CITY OF GRAND TERRACE, a municipal
11 corporation,

12 Plaintiff,

13 vs.

14 RIVERSIDE HIGHLAND WATER COMPANY,
15 a California corporation,

16 Defendant.

CASE NO. CIVDS1712996

STIPULATED JUDGMENT

Judge: Honorable David Cohn

Dept.: S26

Complaint Filed: July 10, 2017

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18 IT IS HEREBY STIPULATED AND AGREED by and between the attorneys of record and
19 the parties hereto that Judgment may be entered in this matter as follows:

20 1. Plaintiff CITY OF GRAND TERRACE (“City”) is a municipal corporation incorporated on
21 or about November 30, 1978.

22 2. Defendant RIVERSIDE HIGHLAND WATER COMPANY (“RHWC”) is a mutual water
23 company formed in accordance with the laws of the State of California. As a mutual water company,
24 RHWC is duly authorized to provide water and related services to its shareholders at cost.

25 3. RHWC has been operating its facilities in the streets of the City since it was founded in 1898,
26 and has continued to provide cost-effective water service to its customers for over 120 years.

1 4. As a municipal corporation, the City is duly authorized under the Franchise Act of 1937 to
2 charge utilities, including mutual water companies, a Franchise Fee for the use of city streets and rights
3 of way. A Franchise Fee is a statutorily authorized charge or fee; if properly imposed, it is not a tax.

4 5. A dispute has arisen over the City's right to charge a Franchise Fee to RHWC for the use of
5 City streets. In order to avoid prolonged litigation and to finally resolve this dispute, the parties enter
6 into this Stipulated Judgment.

7 6. RHWC shall pay to the City an annual Franchise Fee of \$23,000. RHWC, in the exercise of
8 its sole discretion, may increase its water consumption rates and bi-monthly meter charges. In the event
9 of such increase, the Franchise Fee shall increase by the same percentage as the RHWC rate increases.
10 If these water consumption rates and bi-monthly meter charges are not increased by the same
11 percentage, then the Franchise Fee will be increased by a percentage equal to one-half (1/2) of the water
12 consumption rate increase plus one-half (1/2) of the bi-monthly meter charge increase. Where
13 necessary, the parties shall meet and confer in good faith regarding future rate increases in an effort to
14 determine the appropriate increase in the Franchise Fee.

15 7. A prorated Franchise Fee of \$11,500.00 shall be due September 1, 2018. Thereafter, annual
16 Franchise Fee payments shall be due and paid by RHWC March 1 of each successive year, commencing
17 March 1, 2019. The Franchise Fee is based on a calendar year. In the event an increase in water
18 consumptions rates and/or bi-monthly meter charges is made by RHWC pursuant to the provisions of
19 Section 6 above, the City shall be entitled to a pro rata increase in the Franchise Fee for the balance of
20 the calendar year in which the rate increase takes effect.

21 8. Payments are delinquent if not paid within thirty (30) days after the due date, and shall accrue
22 a five percent (5%) late fee, to be added to the Franchise Fee then due. After sixty (60) days
23 delinquency, late payments shall accrue interest at the rate of ten percent (10%) per annum.

24 9. The parties agree to release a joint statement regarding the resolution of this dispute, a copy of
25 which is attached to this Stipulated Judgment as Exhibit A.

26 10. The City hereby waives any claim against RHWC for street cutting or other related fees for
27 excavating in City streets that would have accrued prior to January 1, 2018. The City also waives any
28 right it may have to collect a franchise fee, other than the Franchise Fee provided for herein, or other fee,

1 charge, tax, or assessment from RHWC relating to the subject matter of this litigation, under any legal
2 theory that may otherwise be available under the law. Provided, however, that nothing herein shall be
3 treated or construed as prohibiting the City from collecting applicable street cutting and related
4 excavation fees for future work performed by RHWC in City streets; similarly, nothing herein shall be
5 treated or construed as a waiver of any and all legal, equitable, and administrative rights that RHWC
6 may otherwise have under the law to challenge any future increase(s) to such street cutting and related
7 fees and/or the appropriateness of their imposition, application, or manner of calculation.

8 11. Each of the parties releases the other, and each of their agents, employees, officers, directors,
9 representatives, and attorneys from any and all claims, known or unknown, relating to the subject matter
10 of this litigation. Each party further represents and warrants that it relies wholly upon its own judgment
11 in executing this Stipulated Judgment and is not relying on representations of the other party except as
12 set forth herein.

13 12. The parties waive all rights under Section 1542 of the Civil Code of California, which
14 provides, "A general release does not extend to claims which the creditor does not know or suspect to
15 exist in his favor at the time of executing the release, which if known by him must have materially
16 affected his settlement with the debtor."

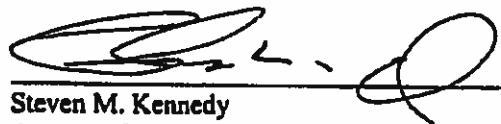
17 13. The court shall retain jurisdiction to enforce the terms of this Judgment.

18 Dated: July 26, 2018



Andrew D. Turner
Attorney for Plaintiff,
CITY OF GRAND TERRACE.

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22 Dated: July 26, 2018



Steven M. Kennedy
Attorney for Defendant,
RIVERSIDE HIGHLAND WATER COMPANY

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26 Dated: July 26, 2018



Harold Duffey, City Manager
CITY OF GRAND TERRACE

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Dated: 7.26.18



Donald Hough, General Manager
RIVERSIDE HIGHLAND WATER COMPANY

**IT IS ORDERED THAT THIS STIPULATED JUDGMENT AS SET FORTH ABOVE SHALL
BE ENTERED AS THE JUDGMENT IN THIS MATTER.**

Dated: _____

Judge of the Superior Court