



## SPECIAL BOARD MEETING AND SHAREHOLDER WORKSHOP

Tuesday, February 3, 2026

5:00 - 7:00 PM

Altadena Community Center  
730 E Altadena Dr, Altadena, CA 91001

*A formal agenda will be distributed, but this flyer contains some highlights of what will be discussed.*

This Meeting is being convened to provide an update on the recovery efforts of Rubio Cañon Land and Water Association following the Eaton Fire, outline the financial and operational impacts, and present the path forward. The information below summarizes our current financial position, insurance recoveries, funding gaps, and critical infrastructure investments required to restore and strengthen system reliability. Shareholder input will be essential as we discuss priorities, funding strategies, and next steps to ensure long-term resilience of the water system.

**Financial Snapshot (as of 12/31/2025):** A historically strong financial reserves position was significantly impacted by the Eaton Fire; however, with proposed rate adjustments, Rubio Cañon expects a manageable and steady recovery.





Photo credit: Arroyos & Foothills Conservancy

## INSURANCE UPDATES

Rubio Cañon helped create an affordable insurance program for small water systems along with other mutual water companies: CalMutuals' Joint Powers Risk and Management Authority (JPRIMA), which has supported our most challenging and critical rebuilding needs, including replacing infrastructure damaged by the Eaton Fire.

- Insurance replacement valuation of Damaged Infrastructure (like-for-like): \$2,339,275.00
- All insurance claims submitted and approved.
- Insurance advancements to date: \$2,227,585.80
- There are expected gaps between what insurance will cover and building back better with increased fire resiliency. For example, estimated cost to upgrade reservoir roofing to aluminum enclosed (fire-resistant): \$457,725.00 (upgrade proposed to be paid through Rubio's financial reserves)

## FUNDING GAPS

Rubio's operations are funded entirely through water sales. While the loss of homes in our service area has reduced water-use revenue, fixed operating and maintenance costs continue to increase. This imbalance has resulted in a budget deficit of approximately **\$1.95M** in 2025.

- Current reserves and operating cash provide some cushion, but significant non-insurance expenditures (estimated items above total several hundred thousand to millions) plus the revenue shortfall (\$1.95M) require careful prioritization.
- Pending recovery from Southern California Edison, FEMA, potential grants, or other sources remains uncertain; litigation and reimbursements could materially affect cash flow timing.
- The February 3rd shareholders meeting will include a discussion about how to overcome this deficit, with use of some of our reserves and an alternative proposal without use of these reserves.

# Efforts to Recover Funding and Address Budget Shortfalls

- All eligible FEMA reimbursement requests have been submitted.
- An SBA loan application was submitted but denied after the SBA determined there was no qualifying economic impact.
- A \$25,000 Local Business Grant application was submitted; no response has been received to date.
- Litigation against Southern California Edison (SCE) is ongoing to recover damages and lost revenue.
- To date, no funding has been awarded from LA County, the State, or other external sources to offset rate increases necessitated by sharply reduced water sales following widespread fire-related property losses. We are supporting legislation to facilitate access to state funding.
- The company continues bi-weekly coordination with the LA County Public Works Eaton Fire Rebuild Team.
- Calls by some officials for system consolidation have introduced additional uncertainty; such consolidation could trigger a 7–12 year state process and significant shareholder costs, as Altadena is not classified as a disadvantaged community to qualify for the full menu of state resources.
- The association has requested waivers of required County permitting fees for water companies.

Rubio Cañon Land & Water Association is well positioned to complete recovery efforts and advance essential infrastructure rebuilds. Our Board of Directors and executive team must work closely together and make timely decisions on project prioritization with a clear funding strategy. With a prudent strategy, the association can then close remaining gaps and restore full system resilience. To maintain momentum, the board believes it is important to stay focused on these priorities and avoid distractions from premature or unproductive consolidation discussions.



# Where we need to go: Prioritization of Essential Infrastructure Improvements

<p><b>REPLACE &amp; REBUILD</b></p>	<ul style="list-style-type: none"> <li>• Complete rebuilding of Maiden Lane and Calaveras reservoir roofs (upgrade to aluminum enclosed roofing).</li> <li>• Complete Maiden Lane fencing and block wall rebuild.</li> <li>• Replace burned security cameras, DVRs, electrical and phone systems at Maiden Lane, Figueroa, Calaveras, Sacramento — estimated \$185,000.</li> <li>• Replace burned dump truck.</li> </ul>
<p><b>CRITICAL SYSTEM RECOVERY &amp; UPGRADES</b></p>	<ul style="list-style-type: none"> <li>• Finish engineering study and decision on chlorine gas → sodium hypochlorite replacement (non-insurance).</li> <li>• Rebuild Loma Alta pump station backup power, SCADA and electrical.</li> <li>• Replace damaged water meters — estimated \$200,000 (non-insurance).</li> <li>• Calaveras hangar/storage replacement — estimated \$75,000.</li> <li>• Calaveras reservoir site valve replacements — estimated \$720,000 (non-insurance).</li> </ul>
<p><b>FIRE FLOW &amp; DISTRIBUTION IMPROVEMENTS</b></p>	<ul style="list-style-type: none"> <li>• Stonehill Dr. at top of culdesac: extend Zane Grey 6" main with 6" lateral and add two hydrants.</li> <li>• Tanoble Dr. and WoodGlen Lane: upgrade mainline to 8" for improved fire flow.</li> <li>• Zane Grey Terrance reservoirs: commission engineering study for booster station and interconnection to Canyon system (no cost estimate yet).</li> <li>• Mainline upgrades and hydrant additions across Skyview Dr., Zane Grey Terrace, WoodGlen Lane, Glen Allen Lane, Windfall Ave., Alegre Lane, and Winterhaven Lane.</li> </ul>
<p><b>FACILITIES, ASSETS, &amp; SYSTEMS</b></p>	<ul style="list-style-type: none"> <li>• Rehab/reconstruct Sacramento Street facility (inventory warehouse, fleet parking, possible new well and distribution tie-in).</li> <li>• Acquire property for additional reservoir storage and groundwater well.</li> <li>• Acquire integrated asset management and GIS system for mapping, asset tracking, and capital planning.</li> </ul>
<p><b>STAFFING &amp; PROGRAM DELIVERY</b></p>	<ul style="list-style-type: none"> <li>• Adjust staffing levels (reduce reliance on temps/consultants) to manage increased workload: Will-Serve processing, fire-flow reviews, stock transfers, CIP project management, service/main repairs, curb stop replacements.</li> </ul>