

Thursday, July 18, 1963

Water Stock Price Skyrockets

\$375 to \$535

Based On Secret Information;

Council Votes 4 - 1

Total Value Of All 6389 Shares Hikes Worth \$1,022,240;
Hensley - Torta Stock Value Jumps Extra \$135 In Two Weeks

By MEL HODELL

San Antonio Water Company stock no longer is priced at \$375 per share by the City of Upland.

The new price schedule is a basic new figure of \$535 per share when sold outright to the City. Alternates are a price of \$500 per share if the seller retains the right to use the water entitlement for up to 10 years, or \$550 per share if optioned to the City for a period no longer than seven years.

By this \$375 to \$535 basic price per share action, the City Council increased the total value of all the 6389 shares of San Antonio Water Company from \$2,395,875 to \$3,418,15, or an increase of \$1,022,240—a rise of 45%.

The City now owns or con-

trols 1326 shares, or 21% of the stock in the company. At \$375 this value is \$497,250. At \$535 this value is \$709,410, or an increase in value of \$212,160.

Voting Tuesday night for the new price schedule were Mayor Abner Haldeman, and Councilmen William Kisting, Robert Marriott, and Max Hawkins.

Voting against was Councilman James Christensen.

The action was taken in the 4 to 1 vote after Councilman Kisting presented an oral report of a study which he, as chairman of the Water Committee, along with Councilman Marriott as the other member of the Committee, had worked on to present to the Council.

Councilman Kisting refused to make public all the facts upon which the com-

mittee report was made, stating that San Antonio Water Company was a private organization, and that he had no right to make such information public.

Councilman Christensen, who had no inkling of the report before it was presented to the Council for action, tried several delaying tactics, but to no avail.

He said that a report of such great import for the taxpayers and the citizens at least deserved a tabling of the motion until the next meeting. Mr. Kisting said that the report was understandable as presented, and that delay would serve no purpose.

Kisting did agree, however, during the long discussion, that he would submit a partial written report for the re-

cord.

At the last meeting of the Council on July 2, Councilman Kisting made a motion, seconded by Marriott, to pay Hensley-Torta \$400 per share for 23 shares of stock the City has, but which was sold under protest by Del Hensley and Andy Torta.

When Councilman Christensen objected to paying "over market value by \$25," the motion was withdrawn and the matter turned back to the Water Committee for further study.

The new action now means that Hensley-Torta will get \$535 per share for their 23 shares of stock.

Thus the value of the stock since the last Council meeting rose from \$400 to \$535.

At the same July 2 Council meeting, the City purchased 30 other shares of water stock for \$11,250, or \$375 per share.

If the owner had delayed, or protested, the stock this week would have been worth an additional \$4800.

The subject Tuesday opened with presentation of a "suggested motion" which THE NEWS prints in full in adjoining columns. This is the motion which later was adopted 4 to 1. Only the final sentence was added during the discussion.

Councilman Kisting explained that the Water Committee had investigated the Water companies carefully and completely to establish the price of water stocks.

"The City of Upland needs a well-organized and satisfac-

tory water system," he said, and that he and Councilman Marriott had utilized all the necessary information made available to them to make their appraisals.

He said their goal was to prevent export of water stock to other areas, and to make available to the City water stock to guarantee a water supply and to prevent having to use Metropolitan Water District water with all its expense of filtration plants and treatment.

"We have had sufficient reports available," he said, and have an obligation to the City to protect its water supply.

Mr. Kisting said the Committee had worked for six months to re-establish a new rate schedule, and had taken into account the basin, the wells, and all factors, as well as the price of existing water stock in the Ontario Water Company which is priced at \$300 per share.

He outlined the various price alternates of \$535, \$500 and \$550, and noted especially the \$375 price was established in 1945.

In commenting on the new price structure, Councilman Kisting referred to the exclusive expose printed in THE NEWS April 18, which outlined some of the hidden basic water and "land spin-off" values.

He cited the story as basically sound in its assessment of values.

The water stock matter had been strictly secret until exposed by THE NEWS.

Councilman Kisting said the City Manager should be authorized to proceed on the new basis to acquire stock to facilitate matters and to expedite getting of the stock. He recommended the Council accept the new price to protect the city and acquire water stock easily.

Councilman Marriott agreed with Kisting, saying "I am in full accord as part of the water committee."

He said that Kisting had covered the matter thoroughly, and agreed that both had spent hours and hours through one and two meetings each week for months in a "lengthly process" of time and effort to determine the stock price.

At this time Councilman Christensen forestalled a move to adopt the new prices, by asking that there be a chance to talk about it just a little.

Mayor Haldeman made comments about the "lot of study," already made, but agreed that Christensen should have a moment to talk.

Councilman Christensen said he appreciated the time put in on the subject and the "unenviable position" he believed the Water Committee found itself, but he wanted to know more about the contacts made by Kisting as to the price of water stock other than water companies.

Councilman Kisting said he had studied capital assets sheets, water entitlement rights in the basins, the rights to extract water, information from water engineers of the city and the companies, and that "I attempted to leave nothing unturned in the study."

Kisting referred to City Attorney Don Maroney in comments that the information clearly was in the best interests of the city, but it was "not public," that San Antonio Water Company was a private company and he had no right to reveal the information upon which he and Marriott made their decision. The City Attorney agreed.

Councilman Christensen said he felt the Council thus was sitting in an "uncomfortable position" in judgment of the value of San Antonio Water stock prices, even though the ordinance requiring the purchase says for the Council to establish the price.

He explained that only one thing sets a price, "need" or the "supply and demand" of the stock.

He referred to Kaiser Steel stock prices which at present are lower than what the capital assets indicate. He said he did not know how to set the price of water stock, that the Council's setting it was "capricious," that the Council should not try to set the price.

Kisting indicated the water stock price was not a speculative price. He explained that the "city is demanding the stock" and when it holds the price to \$375, it "becomes confiscatory."

"If the city does not pay a realistic price for value, then the city is in a precarious position," Kisting said.

Christensen discussed the "non-profit" aspect of San Antonio Water Company, and cleared up a question on deeds to land not being part of the stock.

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