

# The Agua Dulce Residential Project

Agua Dulce Town Council meeting

Wednesday January 11<sup>th</sup>, 2023

# Agenda

- Los Angeles County DPW response to Public Records requests
  - Unable to substantiate key points made to Supervisor Barger and ADTC re bonds
- Legal dispute between local homeowner and RTG Investment
- Project water line construction status
- State Water Resources Control Board
  - October 24 ADTC letter to Los Angeles Regional Water Quality Control Board
- Next steps to consider

# A question still exists re validity of the bonds

- July 11<sup>th</sup> response to PRR #5234
  - “the County is attempting to obtain copies of these bonds from third parties.”
  - These are the 2002 bonds already in place with the prior owner/developer
- Submitted a PRR to LA County DPW on 12/2/22
  - Provide a copy of any and all correspondence between the County and such third parties in relation to the above remark related to Water System Improvement Bonds-Bond Nos. B34217661, B34217653, B34217662, B34217663, and B34217664
- DPW reply on 12/21/22
  - “The County is diligently attempting to determine whether there are any disclosable documents that are responsive to this request. If there are any such documents they will be produced when located.”

# A question still exists re validity of the bonds

- Director Pestrella's letter to Supervisor Barger dated September 29<sup>th</sup> 2022 and Supervisor Barger's letter to ADTC dated October 4<sup>th</sup> 2022
  - "Public Works is also following up with the developer to stress the need to execute the replacement Multiple Agreement and to provide the replacement bonds."
- PRR to LA County DPW dated 2/12/22 requested the following:
  - Provide a copy of any and all correspondence between the County and Developer reflecting the follow up related to the execution of the revised Multiple Agreement
- DPW reply on 12/21/22 with another deflection answering a request that wasn't made
  - "Please note, the County and the new owner of Tract 50385 are still in the process of drafting a replacement multiple agreement, related bonds and/or letters of credit. Drafts of such documents are not subject to disclosure. See, Gov. Code, § 6254, subd. (a). However, once the documents are finalized, they will be produced."

# A gap appears to exist in the bond renewals

- In response to PRR #5199, LA County DPW provided copies of extensions to the 2002 Multiple Agreement with the prior owners/developers Wood Ridge LLC and Brandenburg-Agua Dulce LLC
  - The last extension was dated May 27 2015 extending until May 15 2016 with two payments of \$495 and \$500
- In response to PRR #5374, LA County DPW provided a copy of Receipt TRC-030188-15-06-2021 dated June 15 2021 in the amount of \$570
- In addition to not being able to locate the corresponding extension letter from June 2021, there appears to be a 5 year gap in the Multiple Agreement extensions between May 2016 and June 2021

# Receipt TRC-030188-15-06-2021

- Receipt TRC-030188-15-06-2021 references AGMT2020000002
- Submitted a PRR (#5394) on 1/5/23 for a copy of document reference AGMT2020000002
- Response from Public Works on 1/11/23 states “After a thorough and diligent search, we failed to find any records that satisfy your request. Other than the payment receipt that was previously provided to you that is associated with the number referenced, we have no other responsive documents in our possession.”

# Legal dispute with Valley Sage homeowner

- Case 23STCV00051 filed on January 3rd 2023
  - Breach of Contract suit
- Argument
  - A Covenant to Improve the Property Agreement was entered into in 2002 that RTG has agreed to abide by
  - Covenant requires the installation of a water line from the water main to Mr. Estes' property before water can be taken from the water main for the project
  - No plans have been submitted to LA County to provide the required water line connections
  - An 8" temporary water pipe has recently been attached to the 21" water main
- Relief requested is an injunction to prevent developer from breaching the 2002 covenant by taking water from the 21" main water line

# Legal dispute with Valley Sage homeowner

- RTG's response filed on January 5<sup>th</sup> 2023
  - RTG acquired the project, located in Acton, in 2018
  - RTG has spent \$4.485m building the 21" water main
  - RTG expects the public water system to be completed and transferred to LA County Waterworks District 37 within 6 months
  - It is LA County who has not approved the water main connections, not RTG
  - LA County has recently verbally agreed to a new proposal that will allow the required residential connections to be made within 6 months
- Motion was denied on January 6<sup>th</sup> due to lack of emergency



# Current status of water main

- An 8" temporary pipe has been connected to the 21" main with approval from Los Angeles County to allow project grading to commence
- The public water system to be completed and transferred to LA County Waterworks District 37 within 6 months
- 21" 'T' connectors were apparently installed in the water main at the junctions of Valley Sage and Juniper Valley Road and Valley Sage and Puritan Mine Road



# State Water Quality Control Board

- On November 28<sup>th</sup>, the State Water Board confirmed the petitions filed in March 2022 were complete and responses are due by January 20<sup>th</sup> 2023
- On January 6<sup>th</sup>, the State Water Quality Control Board extended the deadline for response until February 24<sup>th</sup> 2023 and indicated that the Water Board's scope of review is:
  - Whether the Los Angeles Water Board evaluated the appropriate scope of potential water quality impacts associated with the project in accordance with its responsibilities under the Porter-Cologne Water Quality Control Act (Water Code section 13000 et seq.)
  - Whether the Los Angeles Water Board properly concluded that a subsequent or supplemental environmental impact report was not required for the project in accordance with California Code of Regulations, title 14, section 15162, subdivision (c).

# State Water Quality Control Board

- On January 6<sup>th</sup>, attorney Gary Chadwick of Mitchell Chadwick submitted a response to the State Water Board alleging:
  - The grievance petitions are time barred since the complete petition was not filed within 30 days of the February 2022 and the State Water Board's guidelines were not followed
  - The grievance is moot since the dredge and fill has already been performed
  - The CEQA issues raised in the petitions are time barred under Public Resources Code 21167
- Requests a dismissal, and in the event that the Water Board doesn't dismiss, requests a 60 day extension to submit a response

# Recent Federal conviction of Arman Gabae

- Appeared in the Los Angeles Time in mid-December
- Gabae was found guilty of bribing Thomas Shepos, a high-level official in the Los Angeles County Real Estate Division
  - Bribes and kickbacks of approximately \$1,000 every month
  - Gabae offered to buy Shepos a million-dollar home in Northern California in exchange for his assistance securing a 10-year, \$45 million County DPSS lease for office space in the Hawthorne Mall
  - Gabae planned to sell the mall once LA County became a long term tenant
- Gabae was sentenced to 4 years in Federal prison and a fine of \$1.149m after pleading guilty to one count of bribery in May 2022
- Shepos is due to be sentenced on January 19<sup>th</sup> after pleading guilty in 2018 to making false statements to Federal investigators and filing false tax returns (these counts carry a statutory sentence of 8-10 years)

# Next steps

- Consider the following motions:
  - To respond to Supervisor Barger's October 4<sup>th</sup> 2022 letter raising concerns about the accuracy of the comments made by Dept of Public Works concerning the bonds vis a vis information that has been made available under PRRs
  - Since Agua Dulce Town Council is now an 'interested party' in the Water Board grievances, to combine prior correspondence with the Los Angeles Regional Water Quality Control Board made since February 2022 as part of a response to be filed before the February 24<sup>th</sup> deadline