

The Agua Dulce Residential Project

Agua Dulce Town Council meeting

Wednesday July 12th, 2023

Agenda

- LA County Department of Public Works meeting with Town Council and Community members on June 5th
 - Right to develop Phase 1 with septic systems
 - The 2022 Grading bond calculation
 - 2002 Performance and Labor/Material bonds
 - Re-validation of July 2022 Phase 1 rough grading letter of credit
- Clarification of late June/early July hilltop grading
- Recent submissions to Regional Planning for Tract 50385
- Recent apparent stoppage of on-site activities until July 7th
- New lawsuit between Mr. Estes and RTG Investment

Public Works response re septic systems

- Under the CA Subdivision Map Act, the entitlement to construct Phase 1 with septic systems became permanent when the Phase 1 map was recorded in 2002
 - The map and entitlements become permanent to avoid developers having to continually revise their plans and maps
- However, the SEIR approved in 2007 was undertaken at the County's request – subdivision development in the area must be served by a wastewater treatment facility
 - If the Subdivision Map Act has no provision to revise maps and plans, then how to developers address 'show stopper' issues that arise during development?

Public Works response 2022 grading permit

- In response to LA County's May 9th response to the ADTC, additional public records requests (PRRs) were submitted
- The \$2.27m rough grading bond was calculated by Building and Safety using a 2012/13 calculation worksheet
- When the project was steered into DPW Land Use division, it was realized that the bond value should have been \$2.6m using the 2021/22 calculation worksheet
- Sikand Engineering advocated on behalf of RTG to persuade LA County to accept the bond at \$2.27m – a \$323,000 discount

Public Works response 2022 grading permit

\$2.27m 2012/13

\$2.6m 2021/22

GRADING PLAN CHECK FEE AND BOND AMOUNT WORKSHEET		2012/2013	
PROJECT DESCRIPTION		EARTHWORK YARDAGE	
ADDRESS	CUT*.....	1,913,878	C.Y.
GR #	FILL*.....	1,913,650	C.Y.
TR/PM #	OVEREXCAVATION.....		C.Y.
D.O. #	ALLUVIAL REMOVALS.....		C.Y.
CHECKER	TOTAL VOLUME.....	1,913,878	C.Y.
* Larger of the two			
PLAN CHECK FEE			
Initial Plancheck Fee	\$64,337	based on	1,913,878 C.Y.
Submittal No	\$0	10% of the original fee for each submittal after the 5th	
Final Plancheck Fee	\$64,337		
Revision Fee \$130 /Hour	\$ -	based on	Hr
Plan Check Fee Paid		Subtract Fee Paid from Checking or Revision Fee	
	\$64,337	PLAN CHECK FEE DUE	
Pursuant to section 21.44.065 (4) of Title 21 of the County Code			
BOND AMOUNT CALCULATION			
EARTHWORK VOLUME:	Yardage	C.Y. X	Bond Amounts
Zero to 1000 C.Y.....			\$ -
1001 to 100,000 C.Y.....	100,000	\$ 1.80 =	\$ 180,000.00
Greater than 100,000 C.Y.	1,813,878	\$ 0.90 =	\$ 1,632,490.20
EARTHWORK TOTAL =			\$ 1,812,490.20
DRAINAGE DEVICES: (See Cost Estimate).....=			\$ 453,893.00
TOTAL BOND AMOUNT = EARTHWORK VOLUME + DRAINAGE DEVICES			
			\$ 1,812,490.20 + \$ 453,893.00
BOND AMOUNT =	\$ 2,266,383.20	USE	\$ 2,270,000
Plan Check Fee Calculation			
Volume (CY)	Base Fee plus % of Volume		
10,000 or less	\$7,424.00 +		
10,001 to 100,000	\$7,424.00 +	14.59% over	10,000 CY
100,001 to 500,000	\$20,555.00 +	4.14% over	100,000 CY
500,001 to 1,000,000	\$37,115.00 +	3.05% over	500,000 CY
1,000,000 & over	\$52,365 +	1.31% over	1,000,000 CY

GRADING PLAN CHECK FEE AND BOND AMOUNT WORKSHEET		2021/2022	
PROJECT DESCRIPTION		EARTHWORK YARDAGE	
ADDRESS	CUT*.....	1,913,878	C.Y.
GR #	FILL*.....	1,913,650	C.Y.
TR/PM #	OVEREXCAVATION.....		C.Y.
D.O. #	ALLUVIAL REMOVALS.....		C.Y.
CHECKER	TOTAL VOLUME.....	1,913,878	C.Y.
* Larger of the two			
PLAN CHECK FEE			
Initial Plancheck Fee	\$76,797	based on	1,913,878 C.Y.
Submittal No	\$0	10% of the original fee for each submittal after the 5th (b)	
Final Plancheck Fee	\$76,797		
Revision Fee (c) \$184 /Hour	\$ -	based on	Hr
Plan Check Fee Paid		Subtract Fee Paid from Checking or Revision Fee	
	\$76,797	PLAN CHECK FEE DUE	
Pursuant to section 21.44.065 (4) of Title 21 of the County Code			
BOND AMOUNT CALCULATION			
EARTHWORK VOLUME:	Yardage	C.Y. X	Bond Amounts
Zero to 1000 C.Y.....			\$ -
1001 to 100,000 C.Y.....	100,000	\$ 2.16 =	\$ 216,000.00
Greater than 100,000 C.Y.	1,813,878	\$ 1.08 =	\$ 1,958,988.24
EARTHWORK TOTAL =			\$ 2,138,988.24
DRAINAGE DEVICES: (See Cost Estimate).....=			\$ 453,893.00
TOTAL BOND AMOUNT = EARTHWORK TOTAL + DRAINAGE DEVICES			
			\$ 2,138,988.24 + \$ 453,893.00
BOND AMOUNT =	\$ 2,592,881.24	USE	\$ 2,600,000
Plan Check Fee Calculation (a)			
Volume (CY)	Base Fee plus % of Volume		
10,000 or less	\$8,862.00		
10,001 to 100,000	\$8,862.00 +	17.41% over	10,000 CY
100,001 to 500,000	\$24,531.00 +	4.94% over	100,000 CY
500,001 to 1,000,000	\$44,291.00 +	3.65% over	500,000 CY
1,000,000 & over	\$62,541.00 +	1.56% over	1,000,000 CY

- (a) The fee for the first five plan reviews is based on the estimated yardage;
- (b) After the fifth submittal - 10% of the original fee for each submittal.
- (c) Revisors - Fee is based on \$184.00 per hour.
- (d) A fee of \$507.00 to be applied to the fire department.
- (e) A fee of \$573.00 if the project includes a Quimby park.
- (f) A fee of \$ 879.00 if the project includes a publicly dedicated trail, to be applied to the department of parks and recreation.



Public Works response re Multiple Agreement

- In June 2021, RTG extended the 2002 Multiple Agreement and paid the annual extension fee online using EpicLA online permit system
- In August 2022, ADTC asked why there was no corresponding bond extension letter
- When LA County looked into this, the email chain indicates that their first suggestion was to make one up and back date it 15 months

From: Sylvia Arechiga <SARECH@dpw.lacounty.gov>

Sent: Thursday, September 22, 2022 1:15 PM

To: James Chon <JCHON@dpw.lacounty.gov>; Manouchehr (David) Esfandi <MEsfandi@dpw.lacounty.gov>;

Jose Suarez <JSUAREZ@dpw.lacounty.gov>; Diego Rivera <DIRIVERA@dpw.lacounty.gov>

Subject: RE: Agua Dulce Town Council - Issues regarding Agua Dulce Residential Project Tract 50385

Hi James,

I don't see an extension email from John Chin. I do see an extension fee payment on 6/15/2021.

Can we do one and back date to June 21?

Public Works response re Letter of Credit

- In July 2022, RTG provided a \$2.27m letter of credit from Credit Suisse from their parent company, Cyprus-based Vinette Trading Company
- In late 2022/early 2023 after hundreds of billions of withdrawals, Credit Suisse was purchased by UBS for \$3Bn in a fire sale
- LA County's May 9th response indicated that "Due to recent instabilities in the banking industry, we have been checking every 2 weeks for financial institution ratings."
- Email disclosures suggest the last time that the bank's rating was checked was on March 25th 2022, one year before the bank failed and 14 months before LA County's response to ADTC

Public Works response re 2002 bonds

- In 2002, approximately \$11m of performance and labor and materials bonds were secured to cover Phase 1 road, water system and storm drain infrastructure
- In September 2022, Travelers confirmed that the 2002 bonds remain in effect
- Internal email has an unusual exchange

From: Sylvia Arechiga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B4AE91D26AF34F23A12F41C441D2AFB5-SYLVA AREC>
To: James Chon; Manouchehr (David) Esfandi; Jose Suarez; Diego Rivera
Sent: 9/26/2022 9:25:34 AM
Subject: RE: Agua Dulce Town Council - Issues regarding Agua Dulce Residential Project Tract 50385

She didn't say. She said the bonds will be in effect until we release them.

From: James Chon <JCHON@dpw.lacounty.gov>
Sent: Monday, September 26, 2022 9:11 AM
To: Sylvia Arechiga <SARECH@dpw.lacounty.gov>; Manouchehr (David) Esfandi <MEsfandi@dpw.lacounty.gov>; Jose Suarez <JSUAREZ@dpw.lacounty.gov>; Diego Rivera <DIRIVERA@dpw.lacounty.gov>
Subject: RE: Agua Dulce Town Council - Issues regarding Agua Dulce Residential Project Tract 50385

Ok, thanks. Did they confirm the original developer hasn't been paying the premiums?

James Chon, PE
Principal Engineer
Los Angeles County Public Works
Office: (626) 458-4943
Mobile: [Redacted]

Public Works response re 2002 bonds

- Senior staff present during the June 5th meeting have indicated that no permits will be issued for any of the water system, road or storm water infrastructure until replacement bonds have been secured reflecting 2023 values of the labor and materials etc.
- LA County advised that the developer is working with Sikand Engineering to secure replacement bonds to allow these permits to be issued
- Agua Dulce Town Council will write to LA County to reconfirm our understanding of this important issue on behalf of the community

Hilltop grading questions raised by ADTC

- In mid June, a local resident advised that a hilltop was being graded which may be outside of the Phase 1 boundary
- The hilltop was being bulldozed over the edge of the hill with no apparent watering or compaction



Hilltop grading response from LA County DPW

- The hilltop grading is within the Phase 1 boundary
- The developer has been requested to put additional [unspecified] Best Management Practices (BMPs) in place
- The developer is nearing completion of installing water lines which will provide continuous water to the project site to grading dust control
- The staging area for construction vehicles has been moved onto the eastern portion of the project site
- There is no longer a haul route via APN 3216019001 and the workers appear to be entering via Puritan Mine Road, as opposed to the westerly Valley Sage Rd.
- Documentation has been provided that a tribal monitor has been retained for grading activities
- The parcel to the south APN 3216019001 has been restored back to its natural slope

Application to adjust lot lines on Phase 2

- When the Phase 2 map was approved in 2007, a condition was included that requires the adjustment of lot lines on ~6 lots which did not confirm to the Agua Dulce Community Standards District
- On February 2nd, a request for final map for Tract 50385-02 (open space) was filed with LA County Regional Planning under reference RPAP2023001076 assigned to Joshua Huntington
- On May 26th, a ZCR request was made to ensure compliance with Agua Dulce Community Standards District ref. RPAP2023003069
- On June 15th, 2023 a Zoning Confirmation Review request was made under ref. RPPL2023003241 assigned to Jodie Sackett

Recent on site stoppage

- In late June/early July, all work on the site, except equipment maintenance, appeared to cease
- Unusual situation since work was proceeding 6 days a week
- No reference in LA County's July 7th response to any stop work orders that were issued to the developer
- LA County is not the only agency with the ability to suspend work
- PRRs have been submitted to other agencies with applicable project oversight to try to understand what occurred

Legal dispute between K Estes and RTG

- A new lawsuit has been filed related to the 2002 easement agreement between K Estes and the then developer to provide 3 water connections to the municipal water main
- Filed on June 23rd under reference 23STCV14672
- Essence of the argument appears to be that RTG is now using the water from the 21" water main without first having provided water connections to Mr. Estes as required under the easement agreement
- Seeks answers on a number of questions that the community has also been asking about the future of the development including Phase 2
- On site water system appears to be dependent on replacement performance bonds and Multiple Agreement based on June 5th meeting

Next steps

- Since the ADTC is 'dark' in August, seek approval to respond to pending PRRs on the basis that the issues that caused the on-site stoppage warrant communication to applicable agency(ies) to clarify the current situation
- The issues that led to the stoppage aren't likely to be trivial since the normal practice is to give the developer a notice of correction as opposed to stopping the work