



# DIABLO GRANDE



This presentation provided to the residents of Diablo Grande is for information purposes on the history and current status of Diablo Grande and the Western Hills Water District. It is not intended to be used for actual contract negotiations or any other legal purposes. Data indicated are unaudited estimates.

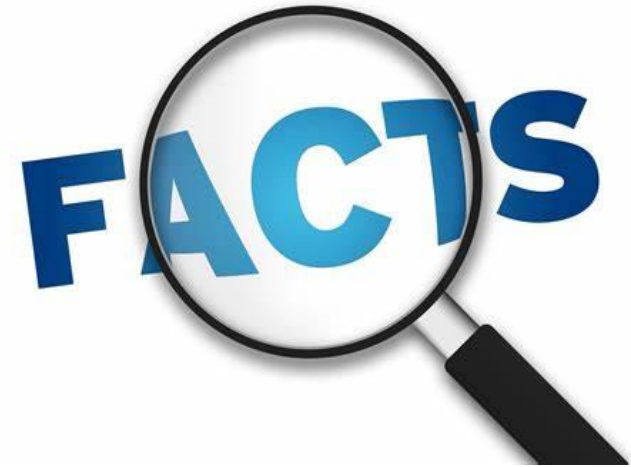
30,000 Acres in 5 Phases World Class Resort

- 5,000 Homes
- 6 Golf Courses
- Vineyards
- Hotel
- European Spa
- Retail Center
- Business Park
- 1<sup>st</sup> Phase within the boundaries of the Western Hills Water District – Master Agreement mandated developer subsidy.
  - Water, Sewer, and Storm Drain Service
  - Custodian/Trustee of CFD



# Current Facts on Western Hills Water District Financial Debt!

- Mello Roos Debt currently principle balance apx \$31M
- Penalties, Fees, and Legal costs owed apx \$3.1M
- County Property Taxes current owed apx \$1.8M (Legal Analysis Ongoing)
- Kern Water Agency over \$13M
- City of Patterson Sewer Apx \$3.7M (Legal Analysis Ongoing)
- Loan to WHWD for operations \$1.2M
- World Int'l subsidy loan at 8% annum (Legal Analysis Ongoing)
  - \$16,897,000 accumulated since 2008



WHWD is NOT owned by a Corporation  
We the Community own WHWD

**The estimated FY 2025 WHWD loss will be \$2,266,879.00**  
All Budgets are on the WHWD website

The District currently has 119 customers behind in their water bill payments.  
Total amount owed to the District is **\$236,540.37**

# Water is not FREE! – Annual Cost is \$19B

## State Water Project



- Backbone of state's surface water supply delivery system

20 reservoirs

1 aqueducts, 5 branch aqueducts

36 storage facilities

21 pumping plants

5 hydroelectric power plants

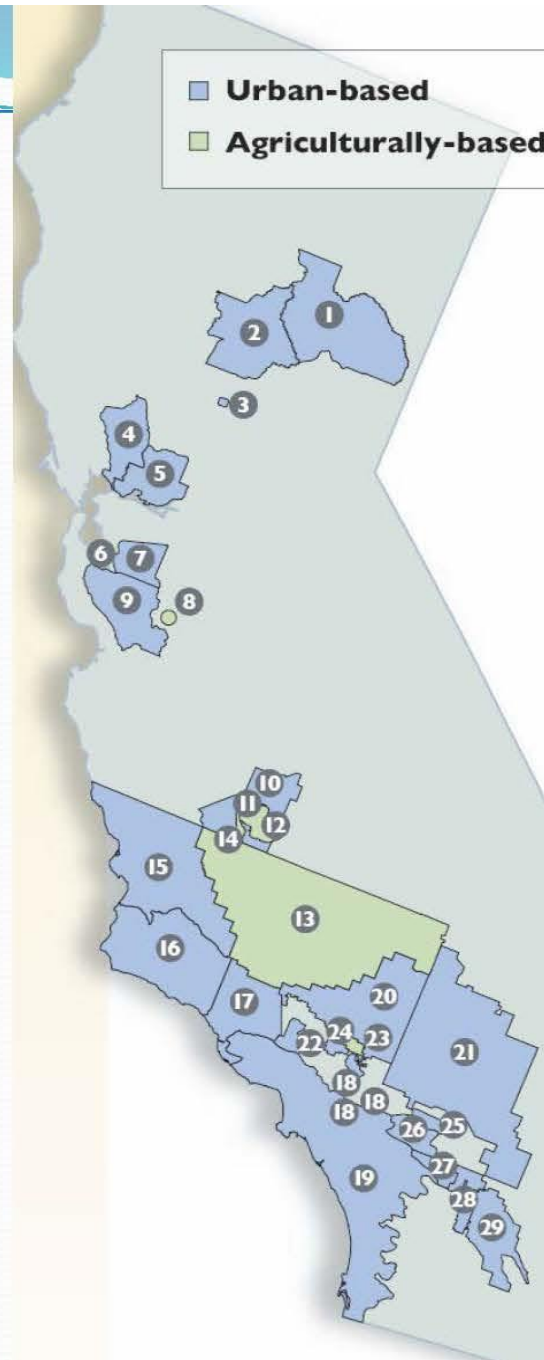
4 pumping generating plants

700 miles of canals, tunnels and pipelines

- Diverts water from the southern portion of the Delta for use in the South Bay Area, Central Coast, San Joaquin Valley, and Southern California



# State Water Project Water Contractors



- 1 Plumas County Flood Control & Water Conservation District
- 2 County of Butte
- 3 City of Yuba City
- 4 Napa County Flood Control & Water Conservation District
- 5 Solano County Water Agency
- 6 Alameda County Water District
- 7 Alameda County FCWCD: Zone 7
- 8 Oak Flat Water District
- 9 Santa Clara Valley Water District
- 10 County of Kings
- 11 Empire West Side Irrigation District
- 12 Tulare Lake Basin Water Storage District
- 13 Kern County Water Agency
- 14 Dudley Ridge Water District
- 15 San Luis Obispo County Flood Control & Water Conservation District
- 16 Santa Barbara County Flood Control & Water Conservation District
- 17 Ventura County Flood Control District
- 18 San Gabriel Valley Municipal Water District
- 19 The Metropolitan Water District of Southern California
- 20 Antelope Valley-East Kern Water Agency
- 21 Mojave Water Agency
- 22 Castaic Lake Water Agency (Devil's Den)
- 23 Littlerock Creek Irrigation District
- 24 Palmdale Water District
- 25 Crestline-Lake Arrowhead Water Agency
- 26 San Bernardino Valley Municipal Water District
- 27 San Geronio Pass Water Agency
- 28 Desert Water Agency
- 29 Coachella Valley Water District

## The KCWA/WHWD Contract

The cost the SWP charges varies between \$200 to \$1200 acre feet per year.

WHWD is required to purchase 8,000 acre feet per year...why?

- WHWD average annual Cost past 7 years apx \$1.7M
- WHWD currently uses apx 400 acre feet per year
- In full operation during 2013 usage was apx 1200 acre feet

KCWA is required to purchase 847,000 acre feet per year...why?

- KCWA annual cost past 7 years apx \$175M (Estimated)

The \$19B needs to be paid to SWP regardless to keep the system running!

KCWA is a prime contractor and wholesaler to WHWD.

KCWA is paying for our water owed to the SWP and we owe them over \$13M.

7 Attorneys have read and analyzed this contract for WHWD



# Schedule of Water Deliveries – Per KCWA Contract

Question? How many homes did World Int'l build?

Year	Entitled Water Delivery
2001	1200 af
2002	1800 af
2003	2400 af
2004	3000 af
2005	3600 af
2006	4200 af
2007	4800 af
2008	5300 af
2009	5900 af
2010	6500 af
2011	7100 af
2012	7700 af
2013 – 2035	8000 af



# What is a CFD? - Communities Facilities District – WHWD is also a Tax Collector

## **Purpose:**

- CFDs are used to fund public improvements and services, such as streets, sewer systems, water systems, police protection, fire protection, schools, parks, libraries, and other infrastructure, that benefit the area within the district.

## **Funding:**

- CFDs are financed through special taxes levied on property owners within the district, in addition to regular property taxes.

## **Formation:**

- Any public agency with the authority to provide public services and facilities can form a CFD, including cities, counties, school districts, and special districts.

## **Voter Approval:**

- The creation of a CFD and the imposition of a special tax requires voter approval within the proposed district boundaries.

## **Mello-Roos Act:**

- The legal framework for CFDs in California is the Mello-Roos Community Facilities Act of 1982, which was enacted to provide local governments with a flexible funding mechanism.

## **Examples:**

- CFDs are commonly used in new developments to finance infrastructure, and they can also be used for ongoing maintenance and operation of public facilities.

## **Special Tax Lien:**

- Once a CFD is approved, a special tax lien is placed against each property within the district, ensuring that the special tax is collected and used to pay for the services and improvements.

## **Benefits:**

- CFDs can provide a way for local governments to finance necessary infrastructure and services without relying solely on general property taxes, which may be limited by Proposition 13.



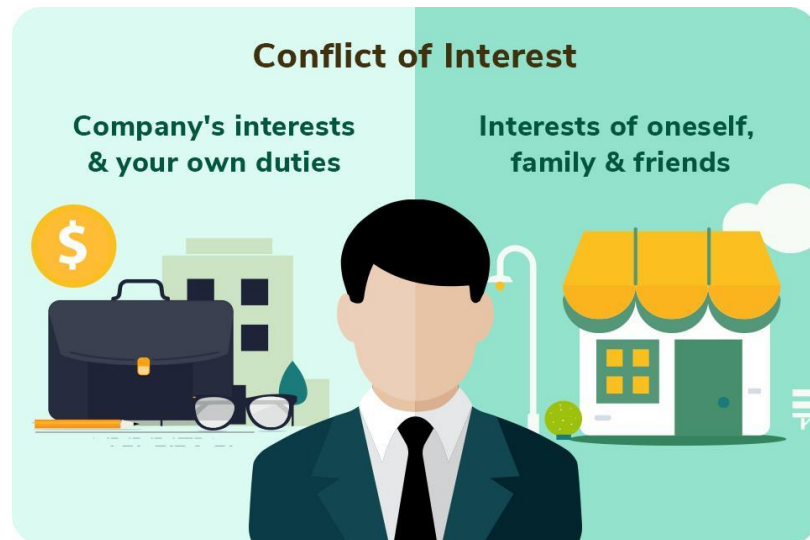
# World International controlled WHWD

Panoz of DG controlled the District up to fall of 2008

World controlled the District from October 2008 until December 2020

In December 2020 the People took Control of WHWD

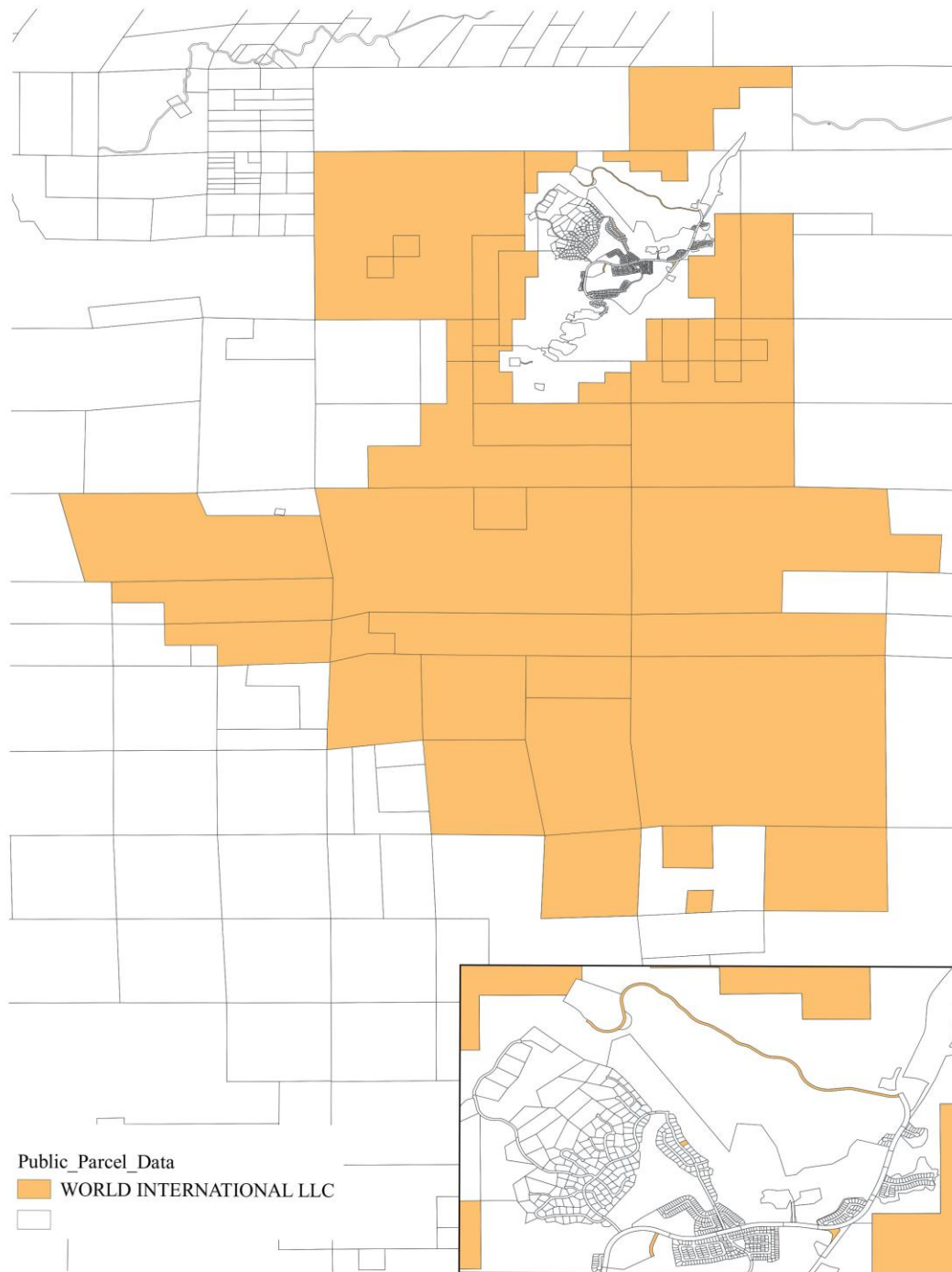
Under protest petition you the people changed the District from Landownership voting rights to Registered voter rights.



# How Did The WHWD Attain Their Current Debt?

- Don Panoz, the original developer filed for bankruptcy in 2008
- World Int'l, Mexico, acquired the property, phases 1-5 out of bankruptcy in 2008
- The Bankruptcy court agreement mandated that WI subsidize the WHWD until enough homes were built for the WHWD to be self sustaining
- World Int'l stopped paying the subsidy, Mello Roos & County Taxes in May 2019
- World Int'l stopped paying HOA & COA fees in May 2019
- World Int'l sold phase one, apx 2,700 acres (they still own phases 2-5, apx 27,000 acres) to Angel's Crossing through an Assignment, Acquisition, & Release Agreement (AA&R) in April of 2020 for \$100,000
- Angel's Crossing never paid the subsidy, Mello Roos Taxes, County Taxes, HOA or COA monthly fees after acquiring the property in April 2020
- As Custodian/Trustee of the CFD the District filed 3 foreclosure lawsuits
- November 2022, the WHWD, won summary judgement on all 3 lawsuits
- August 2023, the auction was held and the WHWD took control of phase one via a credit bid





## World Int'l Property and Diablo Grande Property

The District has  
filed a \$10M on all  
World Int'l  
property within  
the County

# Items of Concerns

- The financial debt to the Water District is now approximately \$65M and growing each month
- The accounting loss to WHWD is apx \$150,000 to \$200,000 per month
- Angels Crossing never paid the following since acquiring the development
  - No payment of Property Taxes
  - No payment of Mello Roos Taxes
  - No payment of HOA Fees
  - No subsidy to the Water District



## Western Hills Water District Urgent Needs Now Moving Forward!

- Find a master developer who will finish phase one of Diablo Grande
- Total buildout of phase one would be approximately 1500 homes
- District currently has 62 custom lots ready to build and another possible 60 lots that may be ready as well
- Currently, we have enough water capacity for about 120 more homes but to finish phase one (1500 more homes) we will need a new storage tank and finish the water treatment plant
- Kern Water Agency contract cancelled on June 30 or sooner.
- **Find Water!**
- Resolve our sewer debt with the City of Patterson



**PATTERSON**  
**CALIFORNIA**

# Legal Actions

- WHWD has filed Fraud and Breach of Contract against
  - World International and Three60
  - Angels Crossing
  - Former Board President Guillermo Marrero/World Int'l Attorney in Fact
  - Former Board Director Carmen Kearney/World Int'l Employee
  - Former Board Director Douglas Kearney/World Int'l Employee
  - The Newco scheme
  - Violations of Government Code 1090
    - Civil and Fraud Complaint CV-24-003049
    - False Claims Act Complaint CV-24-001355



Hearing occurred on March 6, 2025. Ruling is currently under Court submission.

Our Complaint filed with the Court and all relative motions and briefs are on the Court website. READ IT!

# Options on saving our Water Source

## Marshall Davis Well

- Water quality issues
- Legal issues
- Infrastructure issues

## Patterson Irrigation District

- They are not a prime SWP contractor

## Emergency meetings with the County

## Communications with the State Water Board

- Their primary purpose is water quality

## Communications with our State Political Representatives

