



This April 19, 2025 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.

The KCWA/WHWD Contract

The cost the SWP charges varies

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

- WHWD average annual Cost past 7 years apx \$1.7M (\$142,000 per month)
- WHWD currently uses apx 400 acre feet per year
- In full operation with golf courses during 2013 usage was apx 1200 acre feet

KCWA has entitlement to purchase over 1M acre feet per year

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

The SWP must be paid 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.

Can KCWA turn off our water?



Bankruptcy of the District

WHWD is a California Special District

California special districts are not designed to make a profit in the traditional sense. They are public agencies created to provide specific services to a community, like water, sewer, or parks, and are funded through various means like taxes, fees, and user charges. While they may generate revenue from these sources, the goal is to cover operational costs and maintain services, not to accumulate excess profits.

Chapter 9 Bankruptcy Protection for Public Entities

- Expensive
- Rare
- Legal experts few
- Not an option for WHWD
- WHWD Property Tax has no relations to operations



The District suffers a revenue shortfall loss between \$150,000 to \$200,000 per month! Why?

As a result WHWD has not been able to timely pay.

- Kern County Water Agency for Water
- City of Patterson for Sewer Service

The estimated FY 2025 WHWD shortfall will be \$2,266,879.00

All Budgets are on the WHWD website. Additional Financial Data is available. Public Records Act.



The Math to Sustain

Amounts Listed are Rough Estimates for Simplification – Example Purposes Only

\$1.7M Average Yearly Water Bill with KCWA

\$650K Average Yearly Sewer Bill with Patterson

\$2M Average Yearly Operational Costs (Processing and Employee)

Total Average Accounting Operational Cost $\$1.7\text{M} + \$650\text{K} + \$2\text{M} = \4.3M

595 Customers with average monthly bill of \$275 = \$163K per month is apx \$2M yearly revenue

+2.0M Revenue

-~~\$4.3M~~ Operational Cost

=\$2.3M Loss

2200 Customers with average monthly bill of \$275 = \$605K per month is apx \$7.2M yearly revenue

\$4.3M Operational Cost for 595 homes

\$1.9M Added Operational Cost for 2200 homes

\$6.2M Operational Cost

+\$7.2M Revenue

- \$6.2M Operational Cost

=\$1.0M Sustainability



County of Stanislaus Delinquent Ad-Valorem Property Tax Sale – May 19th

The 5 year non-payment is here!

World Int'l stopped paying in phases and these delinquent ad valorem taxes accrued by World prior to the foreclosures.

- 22 Properties are on the County Tax Collectors sale list
- If sold by Tax Collector, Ramification of this will be loss of these property as District assets to use to re-pay CFD bondholders and (2) the District owing the CFD Special Tax arrears. Our next meeting with County officials is April 23rd.



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 WHWD legal position is that it was World's scheme to segregate non-WHWD property outside District boundaries (approximately 24,000 acres) and bring in a new company which would file bankruptcy and discharge debts and obligations.
 - Violations of Government Code 1090
 - Civil and Fraud Complaint CV-24-003049
 - False Claims Act Complaint CV-24-003155

Hearing on World's petition for binding arbitration and stay of discovery 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!

Western Hills Water District Urgent Needs Now Moving Forward!



- **Find Water! Long and Short term supply for existing homes**
- Find a master developer who will finish phase one of Diablo Grande
- Total buildout of phase one would be approximately 2200 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 (1600 more homes) we will need a new storage tank and finish the water treatment plant
- Kern Water Agency notice to terminate water supply contract on June 30 or sooner
- Resolve our sewer debt with the City of Patterson



PATTERSON
CALIFORNIA

Options Explored on saving our Water Source

Can we pump water from the Marshall Davis Well?

- No
- Settlement Agreement with California Farm Bureau

Is there well water in Diablo Grande?

- No
- Not enough volume
- Salt
- Some Crude Oil

Can we pump water from the Natural Spring?

- Known as the frog pond. The answer is No.
- It is a Federally protected wetland



Update on New Water Source

Patterson Irrigation District

- Not affiliated with the City of Patterson
- Has water rights from 1914
- Access to water from the San Joaquin River
- Need to install a 5,300 foot pipe
- Need farmland easement
- Pay as you use
- Engineering study needed for cost (\$1.5M to \$2.0M Est)
- This will take time...possibly several months
- We will need water for the next several months



Operations of the Water District

Infrastructure

- Vehicles have over 200,000 miles on them
- Buildings and Roofs crumbling
- Pumps, Valves, and Pipes are constantly breaking
- Filters are rusted
- 8 mile long Water and Sewer pipes
- Computers and Servers are extremely old

Operational Costs

- Insurance up over 30% in the past year alone
- Employee Health Care costs up over 35%
- Chemicals and Water Treatment supplies up over 25%
- Fuel costs



Meetings

Twice Weekly Calls with County

- District Supervisor
- County Counsel
- County CEO
- Various Water and Irrigation Agencies



Meeting held April 10th at State Senator's Office

Meeting held on April 14th with Mayer Clauzel of Patterson

Meeting scheduled with Governor Newsom's office on April 23rd

Assemblymember Alanis arranging meetings

- Department of Water Resources
- State Water Resources Control Board



**WE SHALL
NEVER
SURRENDER**

SPEECH

Winston Churchill
4 June 1940