



A STATE OF
CALIFORNIA
PUBLIC AGENCY

QUAIL VALLEY WATER DISTRICT

BOARD OF DIRECTORS

Mike Biglay
Jean Grodewald
Rita Leonard Phillips
Enrique Lopez
Joan Tyer

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS OF QUAIL VALLEY WATER DISTRICT

To be held at 24750 Sand Canyon Road, Tehachapi, CA
Saturday, October 31, 2020 at 8:30 AM.

Quail Valley Water District will make every effort to insure social distancing at this meeting. If social distancing cannot be maintained, this meeting may be adjourned to another time and/or place to enable adequate social distancing.

All attendees are reminded to follow all State and Local health and safety recommendations and guidance for attending meetings.

NOTE: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawnette Boatman at 661-822-1923 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials are available for public review at the District's office, 24750 Sand Canyon Road, Tehachapi. Please contact Dawnette Boatman for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meetings will not be permitted and offenders will be requested to leave.

Each agenda item shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

The public shall have an opportunity to comment on non-agenda items at the beginning of the meeting. Public shall have an opportunity to comment on each agenda item prior to any action taken.

1. Roll Call.
2. Adoption of Agenda.
3. Public comments for NON-agenda items.
4. Consent Calendar:
 - 4.1. Approve Minutes from Regular Meeting held 09/26/2020
5. Presentations:
 - 5.1. Update on Prop 84 project. (General Manager Hardenbrook)

- 5.2. Update on wells, reservoirs and system status. (General Manager Hardenbrook)
- 5.3. Update on Montclair well dispute, allegations of misconduct by General Manager in denying water service to Lot 20/6717 and legal action regarding same. (General Manager Hardenbrook)
- 5.4. Update on request from property owner to install a private domestic water well on Parcel 1 of PM 9466. (General Manager Hardenbrook)
- 5.5. Update on Covid-19 effects on District and mitigation measures taken. (General Manager Hardenbrook)
6. Action Items:
 - 6.1. Discussion of monthly financial statements and consideration and possible action to approve payments for September 2020. (General Manager Hardenbrook)
 - 6.2. Discussion and possible action to reschedule November 28, 2020 and December 26, 2020 regular meetings to avoid conflict with holidays. (General Manager Hardenbrook)
 - 6.3. Discussion and possible action on letter received from counsel for Mr. Smeed asserting ownership of parcel 6 of map 7697 purchased by District in 2015. (General Manager Hardenbrook)
 - 6.4. Discussion and possible action extending term of promissory note for 2/5704. (General Manager Hardenbrook)
 - 6.5. Discussion and possible action on charges due for water service connection for A/8525. (General Manager Hardenbrook)
 - 6.6. Discussion and possible action to file property liens for unpaid water and connection charges. (General Manager Hardenbrook)
 - 6.7. Discussion and possible action approving request for well permit on Lot 28 of PM 32. (General Manager Hardenbrook)
7. Reports of Officers, Board Members and Standing Committees.
8. Report of General Manager.
9. Board Members' Requests for Future Agenda Items.
10. Adjournment.



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QUAIL VALLEY WATER DISTRICT

BOARD OF DIRECTORS

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Joan Tyer

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF QUAIL VALLEY WATER DISTRICT Held at 24750 Sand Canyon Road, Tehachapi, CA Saturday, October 31, 2020 at 8:30 AM.

1. Roll Call.

Meeting called to order at 8:34 AM. There were present, representing a quorum:

*Director Biglay;
Director Grodewald;
Director Leonard;
Director Lopez;
Director Tyer;*

2. Adoption of Agenda.

Director Tyer moved, seconded by Director Biglay, to adopt agenda. Motion approved by unanimous assent.

3. Public comments for NON-agenda items.

None.

4. Consent Calendar:

4.1. Approve Minutes from Regular Meeting held on 09/26/2020.

Director Biglay moved, seconded by Director Tyer, to approve minutes from the Regular Meeting of 09/26/2020. Motion approved by unanimous assent.

5. Presentations:

5.1. Update on Prop 84 project. (General Manager Hardenbrook)

General Manager Hardenbrook provided Board with written report and brief overview of report contents.

5.2. Update on wells, reservoirs and system status. (General Manager Hardenbrook)

General Manager Hardenbrook provided Board with written report and brief overview of report contents.

- 5.3. Update on Montclair well dispute, allegations of misconduct by General Manager in denying water service to Lot 20/6717 and legal action regarding same. (General Manager Hardenbrook)
No update.
- 5.4. Update on Spring Creek Wells sale. (General Manager Hardenbrook)
District and property owner were not able to come to an agreement. General Manager Hardenbrook was given direction to inform County that the QVWD and property owner were at an impasse and the District would not be issuing a Well Drilling Permit. Director Biglay moved, seconded by Director Phillips, to not issue a Well Drilling Permit to property owner. Motion approved by unanimous assent.
- 5.5. Update on COVID-19 effects and District mitigation measures take. (General Manager Hardenbrook)
No update.
6. Action Items:
 - 6.1. Discussion of monthly financial statements and consideration and possible action to approve payments for September 2020. (General Manager Hardenbrook)
Tabled to next meeting.
 - 6.2. Discussion and possible action to reschedule November 28, 2020 and December 26, 2020 regular meetings to avoid conflict with holidays. (General Manager Hardenbrook)
Due pending issues that may require Board action, General Manager Hardenbrook suggests moving the November 28th and December 26th meetings up by one week. Director Biglay moved, seconded by Director Tyer, to move November 28th Meeting to November 21, 2020, and December 26th meeting to December 19, 2020. Motion approved by unanimous assent.
 - 6.3. Discussion and possible action on letter received from counsel for Mr. Smeed asserting ownership of parcel 6 of map 7697 purchased by District in 2015. (General Manager Hardenbrook)
Due to the documentation provided Mr. Smeed's council, it appears the issue may be dropped based on the documentation provided. Should the matter arise again, Director Biglay motion, seconded by Director Phillips, to approve the Draft letter prepared by QVWD Legal Counsel dated October 29, 2020. Motion approved by unanimous assent.
 - 6.4. Discussion and possible action extending term of promissory note for 2/5704. (General Manager Hardenbrook)
Property owner consummated a promissory note with the District on 7/30/20 to repay past due connection fees with balance due by November 30, 2020. Since entering into the agreement, the property owner has made two significant payments of \$2,000.00 each. The Property owner indicates that she will continue to pay \$2,000.00 per month and is requesting an extension of the term of the promissory note to January 2021. Director Biglay motioned, seconded by Director Grodewald, to extend the promissory note to January 2021. Motion approved by unanimous assent.

- 6.5. Discussion and possible action on charges due for water service connection for A/8525. (General Manager Hardenbrook)
No action taken.
- 6.6. Discussion and possible action to file property liens for unpaid water and connection charges. (General Manager Hardenbrook)
No action taken.
- 6.7. Discussion and possible action approving request for well permit on Lot 28 of PM 32. (General Manager Hardenbrook)
A call was received on 10/28/20 requesting permission to drill a well within District boundaries on Lot 28 of PM 32, located on Westhaven Drive. The property location is at least a mile from the nearest connection. Due to the location and cost for connection, it is recommended to issue a letter allowing a private well be drilled with the condition QVWD is provided with a copy of the well drillers log as well as water quality report. Directory Biglay motioned, seconded by Director Grodewald, to issue letter allowing a private well be drilled. Approved by unanimous assent.

7. Reports of Officers, Board Members and Standing Committees.
None.

8. Report of General Manager.
General Manager Hardenbrook provided a brief overview of activities from August 25, 2020 through October 21, 2020.

9. Board Members' Requests for Future Agenda Items.
Policy for issuing a well permit.

10. Adjournment.
There being no further business before the Board, Director Biglay moved, seconded by Director Lopez, to adjourn at 9:28 AM. Motion approved by unanimous assent.

I attest this is a true and complete copy of the minutes of a regular meeting of the Board as read and approved by the Board of Directors of the Quail Valley Water District.

Dawnette Boatman
Dawnette Boatman, Secretary

Prop 84 Update

October 2020

Well Phase:

Change Order 3 has been submitted to WaterBoards for written approval. Change Order 3 is for installation of a temporary 6" liner to the well with packers to seal the perforated section of well casing for a last attempt at cleaning debris from the lower, uncased portion of the well. District is coordinating with Abundant to schedule well completion as soon as possible. Completion of cleaning, pumping equipment replacement and pitless adapter installation on existing well is pending completion and permitting of new well.

Reservoir Phase:

Design of replacement mounting structure for collector to place it at a 45° angle for improved winter performance has been received and approved. Cora has ordered materials and will be scheduling installation.

With system demand being reduced with the arrival of cooler weather, Cora has been advised that it is possible to remove tanks from service for inspection and for replacement of silt traps. Cora has also been informed that contract as awarded included extended warranty and that coating inspection is required at 23 months. Cora was advised that it would be acceptable to District to replace silt traps at that time to avoid the extra expense of emptying and disinfecting tanks at this time.

Treatment Plant:

Approval to place filtration equipment in-service and begin testing has been received from WaterBoards. District staff is installing sample taps not included in contract but necessary to adequately sample equipment for chlorine residual and presence of bacteria. Filtration equipment has been idle for an extended period waiting for WaterBoards approval and will now be flushed and sampled prior to placing in-service. Once satisfactory bacteriological results have been received, filters will be placed in-service and we will begin sampling for iron and manganese to demonstrate effectiveness of filtration and compliance with contract requirements.

WaterBoards approval is conditional with WaterBoards adding testing requirements for color for reclaim water and finished water as well as additional requirements for any discharge from reclaim water tank. WaterBoards has also advised District that a new round of lead and copper sampling will need to be performed once treatment plant has been in operation for 30 days and again during summer months.

District Construction Activities:

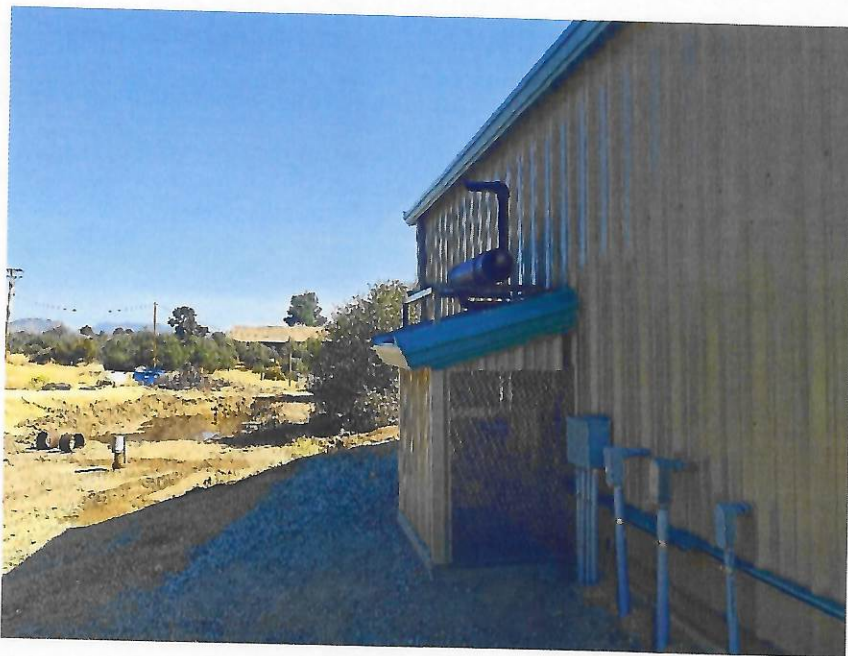
District staff has completed installation of SCADA equipment at District office. REVE is continuing with development of SCADA programming and integrating with treatment plant PLC.

District staff is continuing generator installation and has completed electrical connections. An addition to the building has been constructed to house generator radiator and fan and to support muffler. Radiator and fan have been installed in addition and staff is currently designing piping connections for exhaust and engine coolant. The next hurdle for generator installation is the installation of the propane tank and piping along with necessary permitting for propane.

Financial Update:

CoBank has extended line of credit to November 14, 2020 subject to some additional reporting requirements (see attached letter from lender).

District staff has submitted claim 40 for reimbursement to WaterBoards.



September 29, 2020

Quail Valley Water District
24750 Sand Canyon Road
Tehachapi, California 93561
Attn: Randy Hardenbrook, General Manager

RE: Default Notice and Reservation of Rights

Mr. Hardenbrook:

Reference is made to that certain Credit Agreement No. 00103319SLA, dated as of June 27, 2016 (as amended, restated, modified, supplemented or extended, the "SLA"), as supplemented by that certain Amended and Restated Revolving Credit Promissory Note, Loan No. 00103319S01-B, dated as of January 2, 2020 (as amended, restated, modified, supplemented or extended the "Promissory Note"), between Quail Valley Water District (the "Borrower") and CoBank, ACB ("CoBank"). The SLA and Promissory Note collectively are referred to herein as the "Loan Agreement." Capitalized terms used and not defined herein shall have the meanings assigned to them in the Loan Agreement.

Events of Default

This letter constitutes written notice that the Borrower is in violation of the terms of its Loan Agreement. The specific violations include, without limitation, the following (collectively, the "Specified Defaults"):

1. Pursuant to Section 7.1 of Article 7 of the SLA, Borrower is required to have at the end of each fiscal year of the Borrower a Debt Service Coverage Ratio of not less than 1.25 to 1.00. For the fiscal year ended June 30, 2019, the Borrower reported a Debt Service Coverage Ratio of less than 1.25 to 1.00.
2. Pursuant to Section 7.2 of Article 7 of the SLA, Borrower is required to have at the end of each fiscal year of the Borrower a Total Debt to EBITDA Ratio of not greater than 8.00 to 1.00. For the fiscal year ended June 30, 2019, the Borrower reported a Total Debt to EBITDA Ratio of greater than 8.00 to 1.00.
3. Pursuant to Section 5.1(a) of Article 5 of the SLA, in each fiscal year in which an audit is not performed, Borrower is required to deliver annual financial statements (the "Financials") to CoBank as soon as available, but in no event more than 90 days after the end of each such fiscal year of the Borrower, prepared in a manner acceptable to CoBank. The 2020 Financials were due no

later than September 28, 2020. Borrower has not delivered the 2020 Financials to CoBank as of the date hereof in a manner acceptable to CoBank.

As a result of the occurrence and continuance of the Specified Defaults, which constitute Event of Defaults under the Loan Agreement, and other Potential Defaults, CoBank is entitled to pursue various rights and remedies under the Loan Agreement and the other Loan Documents, including, without limitation, the security documents, and at law and in equity, including, without limitation, imposition of default rate interest, acceleration of the Loan and the exercise of other remedies under the Loan Documents, including, without limitation, foreclosure of CoBank's security interests in and liens on the pledged collateral.

Ongoing Request for Information

Pursuant to Section 5.1(b) and Section 5.9 of Article 5 of the SLA, CoBank hereby requests the following information and reports from the Borrower to be delivered to CoBank, in form and content acceptable to CoBank:

- Information as requested by CoBank pertaining to financial statements provided for the fiscal year end 2020.
- Quarterly Financial Statements to be delivered within 45 days after each quarter end beginning with the quarter end September 30, 2020.
- Copy of Request for Reimbursement Claims submitted hereafter to the California State Water Resources Control Board pursuant to Article A-6 of the Proposition 84 Funding Agreement.

Reservation of Rights

Nothing in this letter or in any delay by CoBank in exercising its rights and remedies under the Loan Agreement or the other Loan Documents with respect to the Specified Defaults or any other Potential Default or Event of Default that exists as of the date hereof or any future Potential Default or Event of Default, whether known or unknown, shall (i) cure or waive or be deemed to cure or waive any Potential Default or Event of Default that exists as of the date hereof or any future Potential Default or Event of Default, whether known or unknown, under the Loan Agreement or any other Loan Document, including, without limitation, the Specified Defaults, or (ii) operate as a waiver of or restrict in any manner whatsoever the rights of CoBank to demand immediate payment of or to proceed to collect the amounts due under the Loan Agreement and the other Loan Documents, or as a waiver of any of the other rights and remedies of CoBank under the Loan Agreement or any other Loan Document, or at law or in equity. Nor has CoBank (i) agreed to, and nor shall it have any obligation whatsoever to, discuss, negotiate or agree to, any restructuring of the Loan Agreement or any other Loan Document, or any modification, amendment, restructuring or reinstatement of the Loan Agreement or any other Loan Document, or to forbear from exercising any of its rights and remedies under the Loan Agreement or any other Loan Document, or at law or in equity, or (ii) established

or shall be deemed to have established any course of dealing between itself and the Borrower or any obligation or agreement of any nature whatsoever on the part of CoBank with respect to any extension or forbearance by CoBank from the exercise of its rights and remedies under the Loan Agreement and any other Loan Document, or at law or in equity.

Without in any manner limiting the foregoing, the fact that discussions or evaluations with or by CoBank have occurred or may occur in the future, whenever or wherever held, does not in any manner, either expressly or by implication, constitute a waiver, rescission, release, or a modification of, or an agreement to waive, rescind, release or modify, by CoBank, any Potential Default or Event of Default that exists as of the date hereof or future Potential Default or Event of Default, whether known or unknown, including, without limitation, the Specified Defaults, or of any right or remedy that CoBank may have by or pursuant to the Loan Agreement or any of the other Loan Documents, under applicable Law or principles of equity, or otherwise, and such discussions or evaluations shall in all events be conducted without prejudice to any pending or future judicial or non-judicial proceedings or other assertions of CoBank's rights or remedies. None of the Borrower, or any other person or entity should rely on any such discussions, or any delay in CoBank's exercise of its rights and remedies, to forestall seeking alternative financing or forgoing any other opportunities to obtain funding for continuing operations of the Borrower (in each case, in accordance with the Loan Agreement and the other Loan Documents) or repayment of the Loans from CoBank. Any future agreement, waiver, rescission, release, amendment, offer to compromise and settle, modification of rights, extension of time or change of position, forbearance or restructuring regarding or of such Loans or any Potential Default or Event of Default arising from any such current or future discussions or evaluations, to the extent held, shall be effective and binding on CoBank if, and only if, incorporated in a writing executed by the parties thereto in accordance with the terms of the Loan Agreement and the other Loan Documents, and none of the parties hereto shall assert or claim in any legal proceedings or otherwise that any such agreement exists.

Fiduciary Responsibilities

Each of the Borrower and its officers and directors, in light of the Specified Defaults and the general financial condition of the Borrower, owes fiduciary responsibilities to the creditors of the Borrower, including CoBank. Consistent with these responsibilities, the Borrower and its officers and directors may not prefer their own respective interests to the detriment of the creditors of the Borrower, including CoBank. Given their fiduciary responsibilities, it would be appropriate to share this letter with any such responsible parties that are not direct addressees of this letter.

Sincerely,

COBANK, ACB

By: 
Bentley Hodges, Vice President

cc: Mary Maikoetter, CoBank



6340 S. Fiddlers Green Cir.
Greenwood Village, CO 80111
(800) 542-8072
www.cobank.com

September 30, 2020

Mr. Randy Hardenbrook, Interim General Manager
Quail Valley Water District
24750 SAND CANYON ROAD
TEHACHAPI, California 93561

**RE: Temporary Extension of Amended and Restated Revolving Credit Promissory Note
No. 00103319S01-B ("Promissory Note") / CIF # 00103319**

Dear Mr. Hardenbrook:

CoBank has unilaterally extended the Term Expiration Date under your Promissory Note from September 30, 2020, up to and including November 14, 2020. All other terms of the Promissory Note will remain the same during this short-term extension or until such date that a new and/or replacement Promissory Note is executed by the Borrower and CoBank. All capitalized terms used herein shall have the meanings given to them in the Promissory Note.

It is important that you keep this letter with your original loan documentation.

Should you have any questions, please contact Bentley Hodges at (303) 793-2139.

Sincerely,

Assistant Corporate Secretary

SYSTEM STATUS

September 2020

- Montclair well and reservoir sole source for entire system.
- For the month of September to date (9/30/20), Montclair well is averaging 8.09 hours per day supplying an average of 17,141 gallons per day. Average pumping for August was 20,258 gallons per day.
- Montclair well continues to function normally with no issues. With the continuation of hot weather, pumping and static levels continue to drop. For August, the static water level was 242 feet and the pumping level 255 feet. For September static remained at 242 feet while pumping declined to 257 feet.
- Monthly bacteriological sampling for September was completed in compliance with the combined system BSSP, all samples were absent for bacteria. Annual Disinfection Byproduct samples submitted to lab in August were received above acceptable temperature by lab due to a UPS delivery delay. Subsequent results from Disinfection Byproduct samples collected in September were all well below applicable standards.
- Hackamore well was pumping at 8.2 gpm in Aug.

August, 2020			Year to Date (September 1)		
Water Produced	700,899	100%	Water Produced	3,267,912	100%
Water Sold	592,289	85%	Water Sold	2,822,934	86%
Flushing		0%	Flushing		0%
Misc Use		0%	Misc Use		0%
Lost	108,610	15%	Lost	444,978	14%
Hackamore			Hackamore		
Water Produced	4,875	100%	Water Produced	37,602	100%
Water Sold	3,180	65%	Water Sold	24,784	66%
Flushing		0%	Flushing		0%
Lost	1,695	35%	Lost	12,818	34%

SYSTEM STATUS

October 2020

- Montclair well and reservoir sole source for entire system.
- For the month of October to date (10/23/20), Montclair well is averaging 4.91 hours per day supplying an average of 10,617 gallons per day. Average pumping for September was 17,141 gallons per day.
- Montclair well continues to function normally with no issues. Pumping and static levels continue to drop. For September, the static water level was 242 feet and the pumping level 257 feet. October is showing a decline to 244 feet static. With cooler weather on the horizon and water production decreasing, it is expected that well levels will begin to stabilize and hopefully begin to recover.
- Monthly bacteriological sampling for October was completed in compliance with the combined system BSSP, all samples were absent for bacteria.
- Hackamore well was pumping at 6.7 gpm in September.

September, 2020			Year to Date (October 1)		
Water Produced	514,216	100%	Water Produced	3,781,428	100%
Water Sold	494,544	96%	Water Sold	3,317,478	88%
Flushing		0%	Flushing		0%
Misc Use		0%	Misc Use		0%
Lost	19,672	4%	Lost	463,950	12%
Hackamore			Hackamore		
Water Produced	5,086	100%	Water Produced	42,688	100%
Water Sold	2,754	54%	Water Sold	27,538	65%
Flushing		0%	Flushing		0%
Lost	2,332	46%	Lost	15,150	35%



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BOARD OF DIRECTORS

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BOARD MEMO

Re: Well on Lot 1 of Map 9466

Date: 10/27/20

By: Randy Hardenbrook

Subject: Update

On 10/5/20, I emailed a rough draft of a proposed agreement to allow for the completion of the well on Lot 1 of PM 9466. Since I had not received any response, I called Ms. Cole on 10/22/20 to see if she had reviewed the proposal at which time she indicated that she had not received it. I resent the email to her for her review and received a response about 45 minutes later advising that she was not interested in the offer and reiterated her offer that District purchase her property and the well. I have not heard anything more from any of the parties involved.

November 2020

November 2020

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2020

Su	Mo	Tu	We	Th	Fr	Sa
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26 THANKSGIVING	27	28 BOD Meeting
29	30	Dec 1	2	3	4	5 6.2

6.2

December 2020

December 2020

Su	Mo	Tu	We	Th	Fr	Sa
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

January 2021

Su	Mo	Tu	We	Th	Fr	Sa
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 29	30	Dec 1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
				CHRISTMAS EVE	CHRISTMAS DAY	BOD Meeting
27	28	29	30	31	Jan 1, 21	2
				NEW YEAR'S EVE		

BOARD OF DIRECTORS

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QUAIL VALLEY WATER DISTRICT

BOARD MEMO

Re: Lot 6

Date: 10/27/20

By: Randy Hardenbrook

Subject: Letter received from LeBeau-Thelen disputing District ownership of Lot 6 of PM 7697.

District staff received 2 letters on 10/13/20 addressed to Mike Biglay, Board President. After contacting Mike, staff opened letters to find a public records act request covering documents related to Lot 6 and other property purchase by District from Smeed. The second letter was to advise District of a title issue alleged by Mr. Smeed regarding ownership of Lot 6. It appears that Mr. Smeed is contending that the District did not purchase Lot 6 but rather he granted an easement to the well on Lot 6 and the quitclaim deed recorded was in error.

District staff advised counsel of the issue and began researching documents that could be located regarding the purchase of Lot 6. Staff located numerous documents responsive to the CPRA request including the Quitclaim Deed filed 12/1/15 and a copy of the cancelled check for \$80,000 with a notation written on the copy that \$65,000 was for Lot 6 and \$15,000 was for Easement on Lot 20.

In 2015, District was negotiating with multiple property owners for easements for District facilities to be constructed during the Prop 84 project and these easements needed to be in-place before WaterBoards would approve construction funding. Lot 6 and Lot 1 of PM 7697 were identified as being at the correct elevation and in the vicinity of the existing water line and an easement would be needed for the proposed "West Tank". The owner of Lot 1 indicated that he preferred not to provide an easement leaving Lot 6. Discussion with Mr. Smeed indicated that he did not wish to provide an easement just inside the gate were a large enough flat area existed for installation of a water tank as he felt that was the most desirable location for construction of a residence and that locating a tank there would devalue the property but that he would sell the District the entire lot. The price of \$65,000 was agreed upon and the District tendered a check for \$80,000 to include the \$65,000 for Lot 6 and \$15,000 for an easement on Lot 20 of PM 6717. The cost was considerably more than the appraised values indicated by appraisals done for District but the Board approved purchase since all property needed

to be secured prior to funding of the Prop 84 project and a delay could jeopardize the project.

Responsive documents have been supplied to counsel and they are reviewing same to respond to counsel for Mr. Smeed.





Confidential Attorney-Client Memorandum

To: Quail Valley Water District
From: Daniel M. Root / Dan Raytis
Date: October 28, 2020
Re: *J.R. Smeed – Lot 6 Dispute and Evaluation of Issues Presented*

ISSUE PRESENTED

Does Smeed have an ownership or possessory interest to APN: 459-240-06-00-2 (“Lot 6”) despite having transferred Lot 6 to the District pursuant to a Quitclaim Deed (the “Quitclaim Deed” or “Deed”) dated and effective as of November 30, 2015? Does the language set forth under the Certificate of Acceptance cause the Quitclaim Deed to become void or voidable as a result of stating that the transfer was for an easement upon the Property and, as a result, being in conflict with the language set forth under the Deed?

BRIEF ANSWER

Most likely, “No”.¹ Based on the documents within our possession, the apparent intent of the Parties was to transfer a fee interest in the rights held by Smeed to the District with respect to Lot 6. Valuable and sufficient consideration was paid by the District to Smeed in order for Lot 6 to be transferred in fee rather than to acquire an easement thereupon. Furthermore, all prior course of dealings, discussions, and other documents within the District’s possession lend additional support to the foregoing and indicate that Smeed does not have any ownership or possessory rights to Lot 6.

INITIAL DISCUSSION AND ANALYSIS

As you are aware, on October 7, 2020, Andrew Sheffield, attorney for Smeed, transmitted a letter to the District regarding title issues concerning Lot 6. As summarized, the issues alleged are as follows: (1) Smeed contends that he did not intend to make fee transfer of the subject real property to the District; (2) Smeed contends that the subject transfer was only to be for the purpose of granting an easement upon the subject property for the benefit of the District; (3) Smeed contends the Quitclaim Deed is invalid, void, or voidable as result of the foregoing; and (4) Smeed contends that the language of the Certificate of Acceptance contradicts the language of the Quitclaim Deed. As a result, Smeed has threatened to file a Quiet Title Action (*Code of Civil Procedure* §§ 760.010 et seq.) against the District in order to (1) have the

¹ It should be noted that without additional legal theories, analysis, claims, allegations, and arguments being set forth by Smeed (or his counsel), we cannot comprehensively evaluate and determine potential liability at this time. This memorandum is based upon general legal authorities and our review/evaluation of the documents, records, and information provided by the District.

Court determine the true and accurate owner of Lot 6, and (2) regain all rights of ownership and possession to Lot 6.

A. General and Brief Overview of California Law Re: Real Property Transactions

A public agency has the power to transfer, acquire, and hold real property. (*Von Schmidt v. Widber* (1984) 105 Cal.151, 157-158; Miller and Starr California Real Estate 4th, § 8:27.) A public agency can authorize one or more officers or agents to consent to and accept any deed or grant conveying any interest in, or easement on, real estate for public purposes. (*Id.*) The deed or conveyance cannot be recorded until the designated officer or agent has executed a certificate or resolution of acceptance that is attached to or printed in the deed. (*Government Code* § 27281.)

A valid deed must include the following: (1) the grantor must be named; (2) the grantor must be competent; (3) the grantee must be an existing person, natural or artificial, capable of taking title; (4) the deed must contain an intent to convey the property; and (5) the property must be sufficiently described to allow the land to be identified. (California Civil Practice Real Property Litigation, § 5:1.) A deed has no effect unless delivered, and the grantor must have the intention to pass title immediately. (*Civil Code* §§ 1054 and 1055.) The law presumes that a deed is delivered if found in the possession of the grantee or is recorded, but said presumption is rebuttable. A duly executed deed is presumed to be delivered as of its dated date, with possession and/or rights given when delivered. A deed is presumed accepted upon delivery to the grantee. Recordation of a deed is prima facie evidence that the deed was delivered. (*Evidence Code* § 1600.) Furthermore, a quitclaim deed is within the provisions of the recording laws and, when the grantee is otherwise a bona fide purchaser, the grantee's title has priority over prior, unknown, and unrecorded interests in the property. (*Julio Sanders v. East Bay Mun. Util. Dist.* (1993) 16 Cal.App.4th 125.)

Here, all of the basic requirements for formation, delivery, and acceptance of the Quitclaim Deed appear to be satisfied. Should an action arise, it will more likely than not be centered on issues concerning the intent of the Parties (i.e., Smeed's intent to convey an interest less than that in fee with respect to Lot 6 to the District) and whether the Quitclaim Deed is void or voidable as a result of a mistaken transfer and contradictory language being set forth under the Certificate of Acceptance attached to the Deed. At this time, it is my opinion (based on review of the documents, records, and information in our possession) that the intent of the Parties was to effectuate a fee transfer of Lot 6 from Smeed to the District, notwithstanding Smeed's present contentions. Moreover, it does not appear that the Certificate of Acceptance would be controlling or hold the Quitclaim Deed to be void or voidable in light of the evidence, circumstances, and facts supporting the transfer of Lot 6 in fee.

Thus, based on my current understanding and review of the evidence provided by the District, it does not appear that Smeed has grounds to "cancel the deed" pursuant to *Civil Code* § 3412 (i.e., the Deed is void or voidable as a result of facts demonstrating the invalidity of the apparently valid instrument – fraud in the inducement, misrepresentation, undue influence, etc.), or cancel the Deed based on mistake pursuant to *Civil Code* §§ 1577-1578, 1689. Additionally, Smeed's claims would potentially face statute of limitations issues that will further be addressed if this action goes forward of which may potentially bar his causes of action under Quiet Title (i.e., claim for mistake – 3 year statute of limitation and cancellation, generally - 4 year statute of limitation).

B. The Quitclaim Deed vs. Any and All Other Deeds Transferring Rights and Interests to Property from Smeed to the District During and Around November 2015

The documents, records, and information provided by the District readily establish that all other transfers from Smeed to the District, during the Prop 84 timeframe, were for the purposes of granting easements to the District. However, with respect to Lot 6, there is a clear difference as to the (1) the Deed and language therein utilized to transfer Lot 6 (Quitclaim Deed); (2) the rights and interests transferred under the Quitclaim Deed with respect to Lot 6; and (3) the nature, title, and extent of the property transferred from Smeed to the District under the Quitclaim Deed. As such, the Quitclaim Deed is readily distinguishable from all other easements, interests, and rights transferred by Smeed to the District during and around the subject transaction in November 2015.

Accordingly, at or around the same time of the transfer of the Quitclaim Deed concerning Lot 6 from Smeed to the District, all other transfers for easements (i.e., Lot 16, Lot 20, etc.) by and to the District from Smeed were expressly set forth under a “Grant of Easement”. The terms set forth under the easement grants are readily distinguishable from the Quitclaim Deed, and expressly call for the transfer of expressly different legal and possessory rights associated with the subject properties. Additionally, the amount of consideration paid for the easements is significantly less than the amount paid for Lot 6; thus, further establishing the intent of the Parties that Lot 6 be transferred in fee. For Smeed to argue to the contrary, that he was unaware or did not have knowledge of the fee transfer, and/or that Lot 6 was not transferred in fee but subject to a grant of easement on the property, is non-meritorious and unsupported by the evidence provided at this time.

C. Consideration Tendered by the District to Smeed for Lot 6

Sufficient consideration is an essential element of a contract. (*Civil Code* § 1550.) Consideration generally consists of a performance or a return promise that is bargained for and given in exchange, and may be an act, a forbearance, or a change in a legal relationship. (5 Witkin, Summary of California Law (11th ed.), Contracts §§ 202 et seq.) Good consideration consists of any benefit conferred or to be conferred on the promisor/grantor to which is not otherwise entitled, or any detriment suffered or to be suffered by the promisee/grantee which is not already obligated to suffer. (*Civil Code* §§ 1605 and 1606.) The party seeking to invalidate or avoid a contract, including a real estate contract, has the burden of showing insufficient consideration. (*Civil Code* § 1615; see also *Civil Code* §§ 1614 and 1624 [generally consideration is not an issue in real property contracts since the statute of frauds requires most instruments concerning real property to be in writing and written instruments create a rebuttable presumption of consideration].) Generally, the law is not concerned with the amount or adequacy of consideration, and any valid consideration received is sufficient. (*A.J. Industries, Inc. v. Ver Halen* (1977) 75 Cal.App.3d 751, 761; see also 5 Witkin Summary of California Law (11th ed.), Contracts §§ 202 to 256.)

\$80,000.00 was transferred from the District to Smeed on November 5, 2015. Specifically, as set forth under Union Bank’s bank records for the District, as well as Check No. 10433 concerning payment for Lot 6, \$65,000.00 was made with respect to the transfer in fee of Lot 6, and \$15,000.00 was made with respect to the transfer of an easement on Lot 20. Moreover, in the “Memo” section of the Vendor Bill dated 11/5/15 and calling for payment by 11/15/15 with respect to Lot 20, the Bill states that the \$15,000.00 paid by the District to Smeed was “to purchase easement on lot 20-6717 for wells & treatment plant.” Similarly, in the “Memo” section of the Vendor Bill dated 11/5/15 and calling for payment by 11/15/15

with respect to Lot 6, the Bill states that the \$65,000.00 paid by the District to Smeed was “[t]o purchase lot 6-7697 for water tank location.” Thus, documents show that the purchase of Lot 6 was intended to be in fee simple and not for the purposes of acquiring an easement. Smeed never objected to or made the District aware as to any problem associated with the subject transfer or the amount paid. Furthermore, Check No. 10433 was endorsed and deposited by Smeed at Mission Bank upon receipt with no dispute being raised until now with respect to the transfer of Lot 6.

Moreover, Hardenbrook’s invoices and notes from July 2015 also show that he composed a letter and spoke with Smeed regarding the purchase of Lot 6. Additionally, in Hardenbrook’s “Report of President – July 2015”, Hardenbrook reported that he contacted Smeed and discussed the purchasing of easements and property. Smeed verbally agreed to \$15,000.00 for what appears to be Lot 20, but was not willing to sell an easement on Lot 6 because \$68,000.00 was balance due when he foreclosed on the property. Further discussion was held regarding the purchase of Lot 6 on or about July 12, 2015. This lends additional credence and support that Lot 6 was purchased and to be transferred in fee for \$65,000.00, and that Smeed was involved in the process.

Lastly, on May 15, 2015, Eric Anderson prepared an appraisal of Lot 6 on behalf of the District. After completing his investigation and appraisal, Mr. Anderson opined that the market value of the 100% fee simple interest in the property as of the foregoing date was \$21,500.00. As such, the District’s payment of \$65,000.00 was well over the appraised market value of the property, and lends further support that the purchase of the property was for a fee simple transfer, not for an easement thereon.

Based on the foregoing, the District paid more than sufficient consideration for the Property to be transferred in fee. Smeed’s contention that the transfer of Lot 6 was for any right or interest less than that in fee is unsupported by the total amount paid by the District in consideration for the transfer as set forth under the Deed. As such, the evidence supports the District’s position that the Parties intended a complete conveyance of all rights held by Smeed to Lot 6 at the time of the delivery and acceptance of the Quitclaim Deed, as well as with respect to consideration paid for the conveyance.

D. Other Considerations

Given Smeed’s real estate experience and business sophistication, as well as his property holdings in the immediate area surrounding Lot 6 and his familiarity with transfers, for him to argue nearly 5 years after the transfer that he did not intend a complete transfer of Lot 6 by way of the Quitclaim Deed is unreasonable and untenable. Additionally, all prior course of dealings, discussions, and other events and circumstances engaged in by the District with Smeed, or vis versa, indicate that he made and intended to make a complete conveyance of Lot 6 to the District.

Additionally, the invoices and checks concerning payment with respect to Lot 6 readily set forth that at all relevant times the transfer of Lot 6 was to be in fee from Smeed to the District. Additionally, when comparing the amounts paid for Lot 6 vs. Lot 20, the significant difference further exemplifies the foregoing and is expressly stated on the subject check.

Furthermore, it appears from the preliminary title report that we received that Smeed is now bringing this issue as a result of an attempt to subsequently transfer the property to the Smeed Family Trust. This appears to be the only reason as to why he now contends the transfer was invalid and/or not made

pursuant to his intent. Below is a Chain of Title Analysis to Lot 6 based on documents, records, and information provided by First American Title:

- **Trustee's Deed – APN: 195-520-06-00-7C**
 - o Property transferred by Trustee's Deed dated October 27, 1989 from Real Estate Securities Service ("Trustee") to James R. Smeed and Claire Jeanne Smeed, Trustees of the Smeed Family Trust of 1984 ("Grantee")
 - o Transferred for the sum of \$51,395.94
 - o Sold at Trustee Sale dated October 25, 1989 – Grantee highest bidder

- **Grant Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description)**
 - o Property transferred by Grant Deed dated June 5, 1995 from Smeed Family Trust ("Grantor") to Nasir Eftekhari ("Grantee")
 - o Just says Lot 6
 - Informed by First American, as well as assessed, that the property description is invalid

- **Interspousal Transfer Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description)**
 - o Dated November 11, 2005
 - o Establishes the above deed as being the sole and separate property of Mr. Eftekhari

- **Grant Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description)**
 - o Property Transferred by Grant Deed dated October 10, 2005 from Nasir Eftekhari ("Grantor") to J.R. Smeed ("Grantee")
 - o Sole property of J.R. Smeed

- **Interspousal Transfer Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description)**
 - o Dated October 18, 2005
 - o J.R.'s sole and personal property

- **Grant Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description) and other properties**
 - o Property transferred by Grant Deed dated March 6, 2006 from J.R. Smeed ("Grantor") to Spring Creek Estates Inc. ("Grantee")

- **Grant Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description)**
 - o Property transferred by Grant Deed dated October 31, 2006 from Spring Creek Estates, Inc. ("Grantor") to National Charter Life Insurance Company ("Grantee")

- **Quitclaim Deed – APN: 459-240-06-00-2 (different APN from Trustee's Deed but same property description)**

- Property transferred by Quitclaim Deed dated November 30, 2015 from National Charter Life Insurance Company (“Grantor”) to Quail Valley Water District (“Grantee”)
 - Nothing in the deed, aside from the Certificate of Acceptance, states that it is for any interest in the property less than fee.
 - “For valuable consideration, receipt of which is hereby acknowledge [Grantor] hereby REMISE(S), RELEASE(S) AND QUITCLAIM(S) to [Grantee] the real property situated in the County of Kern, State of California, more particularly described as follows: Parcel 6 of Parcel Map 7697 recorded in Book 34, Page 126, Kern County Recorders Office”
 - The Deed is not vague and expressly sets forth that the “Real Property” is to be transferred
- **Quitclaim Deed – APN: 459-240-06-00-2 (different APN from Trustee’s Deed but same property description)**
- Attempted transfer on March 9, 2020 from National Life Insurance Company back to the Smeed Family Trust of 1984
 - This appears to be an attempted transfer outside the chain of title, and potentially undertaken by Smeed in order to cast a “cloud on title” and harm the interest the District acquired to the property on November 30 2015

CONCLUSION

Based on the foregoing, it does not appear at this time that Smeed has a strong or cognizable argument that the Deed should be cancelled or rescinded as a result of being void or voidable. This potential action arises more than four years subsequent to the transfer, and appears that it is being pursued as a result of his attempted March 9, 2020 transfer of the Property to the Smeed Family Trust. While the language in the Certificate of Acceptance creates some ambiguity, it likely will not be held as controlling in light of the express terms and rights conveyed under the Deed, as well as the documents, records, and information in support thereof.

CONFIDENTIAL DRAFT
ATTORNEY WORK-PRODUCT & ATTORNEY-CLIENT PRIVILEGES

October 29, 2020

Via U.S. Mail & Electronic Mail

Andrew Sheffield, Esq.
Lebeau Thelen, LLP
5001 E. Commercenter Drive, Suite 300
Bakersfield, California 93309
E-mail: asheffield@lebeauthelen.com

**Re: Quail Valley Water District's Response to J.R. Smeed's October 7, 2020 Meet
and Confer Letter Concerning Parcel 6 of Parcel Map 7697**

Dear Mr. Sheffield,

As you are aware, this office is General Counsel to Quail Valley Water District (the "District"). We have been asked by the District to evaluate and respond to the October 7, 2020 letter sent from your office on behalf of your client, J.R. Smeed ("Smeed"). It is our understanding that the October 7, 2020 letter was transmitted to the District by Smeed in order to "resolve" an alleged real estate title issue concerning Parcel 6 of Parcel Map 7697 (the "Property") located in or about Tehachapi, California.

Based on your letter, Smeed alleges that he granted an easement to the District by way of a Quitclaim Deed on November 30, 2015. Smeed contends that he did not intend to transfer the Property in fee to the District, but rather intended to transfer only an easement upon the Property for use by the District. Smeed also contends that the District accepted an easement rather than a transfer of the Property in fee under the Quitclaim Deed. As a result of the foregoing claims, it is our understanding that Smeed now wants the District to reconvey the Property back to Smeed due to the Kern County Recorder's Office treating "the matter as transfer in full title and now shows the entire property being vested with [the District]", as well as based on Smeed's claims that the subject transfer of the Property in fee does not reflect the intent of the Parties.

The District denies any and all claims made by Smeed at this time concerning the following issues: (1) the Parties intent with respect to the subject transfer of the Property; (2) that the transfer of the Property was for any right and/or interest other than in fee; (3) that the Quitclaim Deed is invalid; and/or (4) that Smeed has any remaining right(s) and/or interest(s), to the Property. The Quitclaim Deed is controlling with respect to the issues presented, and readily establishes that Smeed intended to (and did) transfer the Property in fee to the District, of which the District accepted. Moreover, based on the language set forth under the Quitclaim Deed, prior course of dealings and discussions by and between Smeed and the District with respect to transfer of the Property, and valuable consideration paid in the amount of \$65,000.00 to Smeed by the District for the Property, the Parties clearly intended and agreed that the Property would be (and was) transferred in fee from Smeed to the District on November 30, 2015 without reservation.

Furthermore, Smeed is a sophisticated businessman with substantial real estate experience and dealings in and around the subject area as well as with the District. At the time of the subject transfer, Smeed did in fact grant to the District easements in other parcels, which were conveyed by express easement deed and for which the consideration was less than what the District paid for the subject property. In addition, the subject property was appraised at the time, and the value of the fee was actually significantly less than what the District paid, reflecting the Parties' intent that the fee interest be transferred. Given the foregoing, Smeed was clearly aware of the different rights and/or interests he was transferring and/or granting to the District, and to argue to the contrary nearly five (5) years after the subject transfer that he did not intend to so convey the Property in fee to the District is untenable.

In light of the foregoing, Smeed's arguments, allegations, and claims set forth under the October 7, 2020 are not supported by either fact or law. Until now, Smeed has never objected to, complained of, or contended that the subject transfer of the Property was for a grant of easement rather than a conveyance in fee to the District. Accordingly, the District denies that (1) the Property was transferred for any interest less than that in fee under the Quitclaim Deed; (2) that the District intended to accept any interest less than that in fee; (3) that the Property transferred by Smeed to the District was for the purpose of transferring an easement to the District; and (4) that Smeed intended to only a transfer an easement to the District with respect to the Property. Smeed has failed to present any evidence or legal justification that he retains any right(s) and/or interest(s) to the Property, and has failed to set forth any factual or legal support that the subject transfer was invalid. As a result, the District denies Smeed's request to execute the proposed deed to reconvey the Property back to Smeed.

As always, we are willing to discuss this matter with you further and we will consider any additional information which you believe may be relevant to our analysis of the situation. Should you have any questions, comments, or concerns, please feel free to contact me at your convenience. We thank you for your time and anticipated cooperation.

Thank you,



Dan Raytis

CC: Quail Valley Water District



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6.3

BOARD OF DIRECTORS

Mike Biglay
Jean Grodewald
Rita Leonard
Enrique Lopez
Joan Tyer

BOARD MEMO

Re: Montclair Gate
Date: 10/25/20
By: Randy Hardenbrook
Subject: Update on gate removal.

On 10/21/20, Kern County Code Enforcement posted a notice on the Montclair Gate advising all gates blocking public access must be removed within 72 hours. I made contact with Ron Smith at Code Enforcement to discuss the notice. He indicated that he had been directed by BOS and his supervisor to post the noticed. When asked, he confirmed that no notice of violation had been sent, which I would believe to be the normal process. On Saturday, 10/24/20, several property owners took turns manning the gate to see if anyone was going to attempt to remove the gate, but the only incident was Mrs. Smeed driving up to see the gate was still there and then left.

Since the notice was inconsistent with what I believe to be normal notice practices and the specific wording used on the notice, I suspect the notice was intended to intimidate the property owners to get the gate removed.

I have since procured easement documents from Hall of Records and review of those documents indicates, in my opinion, that the roads where the Montclair and Pine Ridge gates are located, are, in fact, private roads with public access in PM7697 being limited to Umfolozi on Lot 6 and a small area on Pine Ridge just before the gate. Other documents recorded since may have created other easements including public access, but I have not located reference to any such documents.

Unless Kern County is forthcoming with any documentation showing public access, I do not see any liability for the District in allowing the gate to remain in it's current location on Lot 1 and Lot 6 (District property).



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BOARD MEMO

Re: 2/5704
Date: 10/22/20
By: Randy Hardenbrook

Subject: Request for extension of terms for promissory note dated 7/30/20.

The property owner of 2/5704 consummated a promissory note with District on 7/30/20 to repay past due connection fees in the amount of \$8,839.19 with the entire balance due by November 30, 2020. Since entering into the agreement, the property owner has made two significant payments of \$2,000.00 each.

The property owner indicates that she will be able to continue paying \$2,000.00 per month and is requesting an extension of the term of the promissory note to January, 2020.



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QUAIL VALLEY WATER DISTRICT

BOARD OF DIRECTORS

Mike Biglay
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BOARD MEMO

Re: A/8525
Date: 10/22/20
By: Randy Hardenbrook
Subject: Past due connection and service fees.

District records indicate that a water service connection was made to Lot A of PM 8525 about May of 2011 and that charges in the amount of \$4,882.94 not including interest remain unpaid. In addition, as of 8/15/19, water service charges of \$1,394.91 also remain unpaid.

While no formal request has been made of the District for any statement of amount due, I have been made aware that the property owner has asked a District employee about the unpaid charges.

Consistent with past District practices, it would be my recommendation to the Board to offer to settle the past due charges for the above balances and waive interest and any other fees with the exception of usual and customary fees to resume service at such time as property owners requests restoration of service. This offer should be for a limited time period of 30 days and property owner will be informed of District policy regarding services inactive in excess of 5 years will be subject to then current connection fees less a credit for any prior paid connection fees.



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BOARD MEMO

Re: Lot 28, PM 32
Date: 10/28/20
By: Randy Hardenbrook
Subject: Request for well permit.

A call was received on the morning of 10/28/20 from Josh at Davis Water Wells requesting permission to drill a well within District boundaries. Josh indicated that he had applied for a permit from Kern County and everything was OK except that he needs a letter of approval from District. Josh stated that the well is to be drilled on Lot 28 of PM 32 which is located on Westhaven Drive.

The closest water main to this lot would be at Country Canyon and Quail Mountain Road. A 4" extension of approximately 5060 feet would be required traveling north on Country Canyon to Hillview Drive then northwest to Westhaven Drive and continuing north to Lot 28. While a thorough survey of the topography has not been conducted, a review of the parcel map and topographical map indicates that this extension would require 3 blow-offs, 2 air/vacuum release valves, 3 tees with 3 valves each and 3 inline valves. Without out a survey to determine precise material needs and with knowledge of only surface conditions which indicate some very rocky areas, a rough cost estimate for this extension would be approximately \$250,000.00.

District has had another property owner in the vicinity request information regarding water service, but the property owner determined that the cost was not affordable and uses hauled water to subsidize an existing well. This area is also devoid of power lines so potential development is limited. For these reasons it would appear that cost-sharing from other lots being developed would be highly unlikely.

It is my recommendation that the Board consider issuing permission to construct a well on Lot 28 of PM 32 with the condition that the property owner provide District with a copy of the completed well permit issued by Kern County along with a copy of the driller's log and copies of all water quality testing results obtained for permitting which will provide District with needed information to assist with determining future locations for District facilities.

Report of General Manager

August 25, 2020 through October 21, 2020

- Monitor and operate Montclair well and chlorination equipment.
- Monitor chlorine residuals in water system.
- Meet with SCADA technician, make final connections for East Tank controls. Receive training in operation of SCADA computer interface. Investigate VPN for SCADA-not compatible with current ISP.
- Complete meter installation on Quail Ridge Road.
- Construct and install gate on Quail Ridge Road to replace removed gate.
- Read water meters.
- Assist with August billing.
- Notified of well drilling activities on Equestrian, travel to site, meet with driller, ascertain permit for well issued by Kern County.
- Contact Kern County to discuss well permit, advise counsel, notify Board.
- Collect bacteriological samples, DBP samples for September, deliver samples to labs.
- Meet with WaterBoards, REVE for system inspection and discussion of treatment plant permitting.
- Install and connect electrical to treatment plant generator.
- Draft 2nd and 3rd Quarter Prop 84 progress reports, email to WaterBoards, CoBank.
- Replace failed tires on service truck.
- Discuss Equestrian well with property owner, Kern County, driller. Compose board memo for discussion.
- Repair main line water leak on Umtali.
- Close books for 2019-2020. Prepare and email financial statements to CoBank.
- Complete claim 40, submit to WaterBoards for reimbursement. Email copy to CoBank.
- Read water meters, assist with September billing.
- Repair mainline leak on Umtali at Umfalozi.
- Prepare estimate for line extension to property on Umfalozi.
- Install generator radiator and fan, construct enclosure at treatment plant. Install muffler and exhaust pipe.
- Collect bacteriological samples for October, deliver samples to labs.
- Discuss CPRA, letter regarding Lot 6 with counsel, email info to Board.
- Search for documents responsive to CPRA, supply documents to counsel.
- Update quote for water service to 59/3242, send quote to prospective buyer.

Issues and Concerns:

- Water demand is decreasing with cooler weather, Montclair water levels appear to be starting to stabilize.
- Montclair gate has become an issue with Code Compliance.
- Previous owner of Lot 6 is attempting to make claim that he did not sell Lot 6 to District and that deed was recorded in error.

- No resolution has been forthcoming regarding well permit issued in error for well on Equestrian.

Completed:

Upcoming:

- Begin testing of Treatment Plant filtration system.
- Install blow-off on Lalaponzi.
- Replace blow-off at 13029 Umtali.
- Complete treatment plant generator installation.
- Install treatment plant generator propane tank.
- Complete site grading.
- Relocate existing Montclair tank to West Tank site and install tank.
- Install blow-off at east and west ends of Umtali to facilitate flushing Umtali line.
- Oversee well construction and re-hab. **(In Process)**
- Cleanup along Umtali (complete services, install valve boxes, backfill, etc.).
- Re-roof office building.
- Finish Building remodel-Dan.
- Replace door on garage-Dan.
- Install cross and valves at Umtali and Roper for service on Roper and Inyanga.
- Finish Insulating Country Canyon booster building **(Near Completion)**
- Complete installation of HOA switch, hour meter and pilot light at Tanganda well.
- Repair storm damage at Pretoria and Hackamore wells.
- Install back-up generator at Office.