

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 19, 2022, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT ELITHARP

NOTICE TO THE PUBLIC

Meetings of the Board of Directors of the Vallecitos Water District will be held in the Board Room at the District Office located at 201 Vallecitos de Oro, San Marcos, California, on the date and time identified above.

Vallecitos Water District is following the guidance issued by the County of San Diego, effective March 1, 2022, which follows the California Department of Public Health guidance which recommends that persons attending public meetings are strongly recommended to wear a face covering in indoor public settings, whether vaccinated or not. The Department of Industrial Relations also strongly recommends, but does not require, the use of face coverings by all visitors.

BROADCAST OF THE MEETING. Members of the public may watch the meeting live via computer or smart device by going to the District’s website: www.vwd.org/meetings and clicking on the “Watch Live” icon; however, they will not be able to participate in the meeting remotely.

LISTEN TO THE MEETING. Members of the public may listen to the meeting live on their phone by dialing (888) 788-0099 (Toll Free) or (877) 853-5247 (Toll Free). When prompted, enter the meeting ID and Passcode displayed on the District’s website.

PLEDGE OF ALLEGIANCE

ROLL CALL

ADDITIONS TO THE AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code upon a determination by a majority vote of the Vallecitos Board that an emergency situation exists, as defined in Section 54956.5, or upon a determination by a two-thirds vote of the Board present at the meeting, or, if less than two-thirds of the Board are present, a unanimous vote of Board members present, that there is a need to take immediate action and that the need for action came to the attention of the Vallecitos Water District subsequent to the agenda being posted.

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 19, 2022

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Senior Executive Assistant prior to the start of the meeting, if possible. Public comment should start by stating name, address, and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

PRESENTATION(S)

The Board will be presented with the 2022 Award for Achievement – Information Technology Practices that was awarded to the District by the Municipal Information Systems Association of California for meeting or surpassing local government standards in technology.

General Manager Pruim will recognize staff achievements during the first quarter of Fiscal Year 2022-2023.

CONSENT CALENDAR

All matters listed under the Consent Calendar are expected to be routine and non-controversial, to be acted upon by the Board by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

1.1 APPROVAL OF MINUTES (pp. 6 – 13)

- A. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – OCTOBER 3, 2022
- B. CLOSED SESSION BOARD MEETING – OCTOBER 5, 2022
- C. REGULAR BOARD MEETING – OCTOBER 5, 2022

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH OCTOBER 19, 2022 - \$4,893,785.97 (pp. 14 – 16)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 17 – 39)

- A. WATER METER COUNT – SEPTEMBER 30, 2022
- B. WATER PRODUCTION/SALES REPORT – 2022/2023
- C. QUARTERLY FINANCIAL REPORT – SEPTEMBER 30, 2022

- D. PER CAPITA WATER CONSUMPTION – SEPTEMBER 30, 2022
 - E. WATER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2022
 - F. SEWER REVENUE AND EXPENSE REPORT – SEPTEMBER 30, 2022
 - G. RESERVE FUNDS ACTIVITY – SEPTEMBER 30, 2022
 - H. INVESTMENT REPORT – SEPTEMBER 30, 2022
 - I. LEGAL FEES SUMMARY – SEPTEMBER 30, 2022
- 1.4 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – SEPTEMBER 30, 2022 (pp. 40 – 48)

Recommendation: For information only

- 1.5 APPROVE ADDITIONAL AS-NEEDED ENGINEERING PROFESSIONAL SERVICES AGREEMENT WITH ENTERPRISE AUTOMATION (pp. 49)

The District intends to utilize Enterprise Automation on upcoming requests for professional services as part of its Capital Improvement Program.

Recommendation: Authorize the General Manager to enter into an as-needed consultant professional services agreement with Enterprise Automation

*****END OF CONSENT CALENDAR*****

PUBLIC HEARING

- 2.1 CONTINUED FROM OCTOBER 5, 2022, BOARD OF DIRECTORS MEETING – CONSIDER ADOPTING RESOLUTIONS OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS IN (1) ASSESSOR’S PARCEL NUMBER (APN) 228-360-43 AND (2) APNS 228-370-38 AND 228-370-04 FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA (pp. 50 – 267)

The immediate need for the easement acquisitions is necessary to proceed with the construction of the project which will benefit the community.

Recommendation: (1) Hold public hearing; and (2) Adopt Resolutions of Necessity for the acquisition of certain permanent and temporary easement interests by Eminent Domain for the Montiel Lift Station and Forcemain Rehabilitation Project

*****END OF PUBLIC HEARING*****

ACTION ITEM(S)

3.1 WATER SUPPLY CONDITIONS UPDATE (pp. 268)

Urban water suppliers are required to submit a completed and validated water loss audit annually to the California Department of Water Resources.

Recommendation: For information only

3.2 URBAN RETAIL WATER SUPPLIERS: WATER LOSS MANAGEMENT (pp. 269 – 282)

Recommendation: For information only

3.3 FISCAL YEAR 2023 TACTICAL PLAN INITIATIVES (pp. 283 – 300)

Tactical Plan 2023 covers the remainder of Fiscal Year 2023.

Recommendation: Adopt Tactical Plan 2023

3.4 APPROVE GENERAL MANAGER CONTRACT EXTENSION (pp. 301 – 304)

The Board recently conducted an annual performance evaluation of the General Manager.

Recommendation: Approve Amendment to the General Manager's Employment Agreement

*****END OF ACTION ITEMS*****

REPORTS

4.1 GENERAL MANAGER

4.2 DISTRICT LEGAL COUNSEL

4.3 SAN DIEGO COUNTY WATER AUTHORITY

4.4 ENCINA WASTEWATER AUTHORITY

- *Board of Directors Meeting*
- *Capital Improvement Committee*
- *Policy and Finance Committee*

4.5 STANDING COMMITTEES

4.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

OTHER BUSINESS

5.1 QUARTERLY BOARD EXPENSES (pp. 305 – 307)

Recommendation: For information only

*****END OF OTHER BUSINESS*****

6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

7.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Senior Executive Assistant at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Anthony Flores, Senior Executive Assistant of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Thursday, October 13, 2022.

Anthony Flores

MINUTES OF A MEETING OF THE
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, OCTOBER 3, 2022, AT 10:00 A.M.
AT THE DISTRICT OFFICE IN THE BOARD ROOM
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Director Boyd-Hodgson called the meeting to order at the hour of 10:00 a.m.

Present: Director Boyd-Hodgson
Director Pennock
General Manager Pruim
Assistant General Manager Gumpel
Information Technology Analyst Todd
Senior Executive Assistant Flores

PUBLIC COMMENT

None.

ITEMS FOR DISCUSSION

PERSONNEL

None.

PUBLIC AWARENESS

(New Business) San Marcos Promise Student Expedition at the District on November 8, 2022

Public Information/Conservation Supervisor Robbins provided the Committee with an update on the San Marcos Promise Student Expedition that the District will be hosting November 8, 2022.

General discussion took place regarding the event and future events with surrounding San Marcos High Schools.

Public Information/Conservation Supervisor Robbins provided the Committee with an update on the current District Intern and their activities during the work week.

(New Business) Opportunities for the District to Support Charitable Organizations

General Manger Pruim informed the Committee that depending on the event, legal may need to be consulted prior to participating in the event involving District funds.

Director Pennock stated he would take the lead in a regional cleanup event in a collaboration effort with other water districts that would include an invite to the public.

Public Information/Conservation Supervisor Robbins provided the Committee with current charitable activities that District staff participate in that include Breast Cancer Awareness Month, blood drives, and Lions Club. In addition, Assistant General Manager Gumpel informed the Committee that the District has participated in the Marines Toys for Tots events.

Director Boyd-Hodgson requested the cleanup event and various staff activities be presented to the full Board for support at a future Board meeting.

POLICY

(Old Business) Ordinances, Policies, Resolutions, and Practices Discussion/Update

General Manager Pruum presented a list of ordinances and policies that the District is currently working on.

General Discussion took place in regard to prioritizing the list of ordinances and policies according to District staff needs. An updated list will be presented to the Committee at its next meeting.

NEXT MEETING DATE – NOVEMBER 7, 2022

The next Committee meeting is scheduled for 10:00 a.m. on Monday, November 7, 2022, in the Board Room.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at the hour of 10:50 a.m.

MINUTES OF A CLOSED SESSION MEETING
OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 5, 2022, IMMEDIATELY FOLLOWING
THE REGULAR MEETING, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA, AND TELECONFERENCE
LOCATION AT 5447 ENGLISH ELM COURT, LAS VEGAS, NEVADA 89031

President Elitharp called the Closed Session meeting to order at the hour of 5:32 p.m.

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Pennock (Participated via teleconference)
Director Sannella

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Senior Executive Assistant Flores

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE CLOSED SESSION MEETING OF OCTOBER 5, 2022

22-10-04 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Closed Session Meeting of October 5, 2022.

PUBLIC COMMENT

None.

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

(Per Government Code § 54957) – Title: General Manager

22-10-05 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to move into Closed Session pursuant to Government Code § 54957.

REPORT AFTER CLOSED SESSION

The Board adjourned to Open Session at 6:06 p.m. There was no reportable action from the Closed Session Meeting.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Closed Session Meeting of the Board of Directors at the hour of 6:06 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 19, 2022, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 5, 2022, AT 5:00 PM, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Elitharp called the Regular meeting to order at the hour of 5:00 p.m.

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Sannella

Absent: Director Pennock

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Lopez
Public Information Representative Urabe
Information Technology Analyst Todd
Senior Executive Assistant Flores

Director Hernandez led the pledge of allegiance.

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 5, 2022

22-10-01 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Sannella, and carried unanimously, with Director Pennock absent, to adopt the agenda for the Regular Board Meeting of October 5, 2022.

PUBLIC COMMENT

None.

PRESENTATIONS

The Board recognized the top three winners of the Regional WaterSmart Landscape Contest whose yards best exhibit the beauty of a California-friendly garden: Third Place, Tania and Tony Lopez and Second Place, Stephanie and Davis Chen. First Place winners, John and Jay Delaplaine, were not able to attend the presentation.

CONSENT CALENDAR

- 22-10-02 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, with Director Pennock absent, to approve the Consent Calendar as presented.
- 1.1 Approval of Minutes
- A. Closed Session Board Meeting – September 21, 2022
 - B. Regular Board Meeting – September 21, 2022
 - C. Special Board Meeting – September 28, 2022
- 1.2 Warrant List through October 5, 2022 - \$1,462,667.17
- 1.3 Approval of Construction Agreement for North City Utility Relocations (Urban Villages San Marcos, LLC)
- 1.4 Award of Construction Contract for the Painting of District Facilities

PUBLIC HEARING

PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTIONS OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS IN (1) ASSESSOR'S PARCEL NUMBER (APN) 228-360-43 AND (2) APNS 228-370-38 AND 228-370-04 FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA

President Elitharp stated staff recommended this item be continued to the October 19, 2022, Regular Board meeting to allow the District time to continue discussions with the property owners.

General discussion took place.

- 22-10-03 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, with Director Pennock absent, to continue the Public Hearing to the October 19, 2022, Regular Board Meeting.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- District crews will be performing night work this evening. A water valve is being replaced at the intersection of San Marcos Boulevard and Discovery Street as part of the City's Discovery Street project.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp reported on actions taken at the SDCWA Board's Regular meeting on September 22. He noted that the Board elected Mel Katz, City of Del Mar, as Board Chair, Nick Serrano, City of San Diego, as Board Vice-Chair, and Frank Hilliker, Lakeside Water District, as Secretary of the Board.

ENCINA WASTEWATER AUTHORITY

None.

STANDING COMMITTEES

Directors Hernandez and Sannella reported on the Hillside Property Development Ad Hoc Committee.

Director Boyd-Hodgson reported on the Public Awareness/Personnel/Policy Committee.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella requested a status update on South Lake. General Manager Pruum informed the Board that the South Lake item is scheduled to go to the Regular Board meeting on October 19, 2022.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 5:32 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, October 19, 2022, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

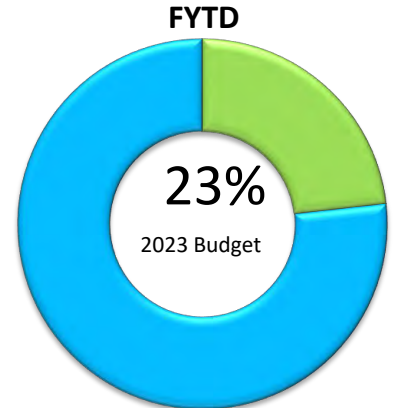
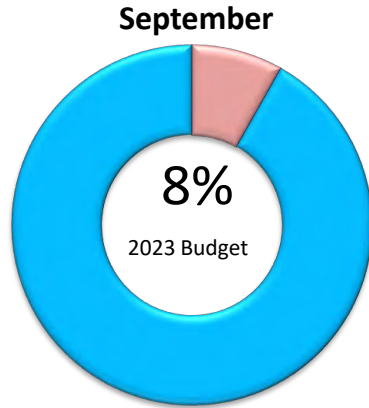
Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
September 30, 2022**

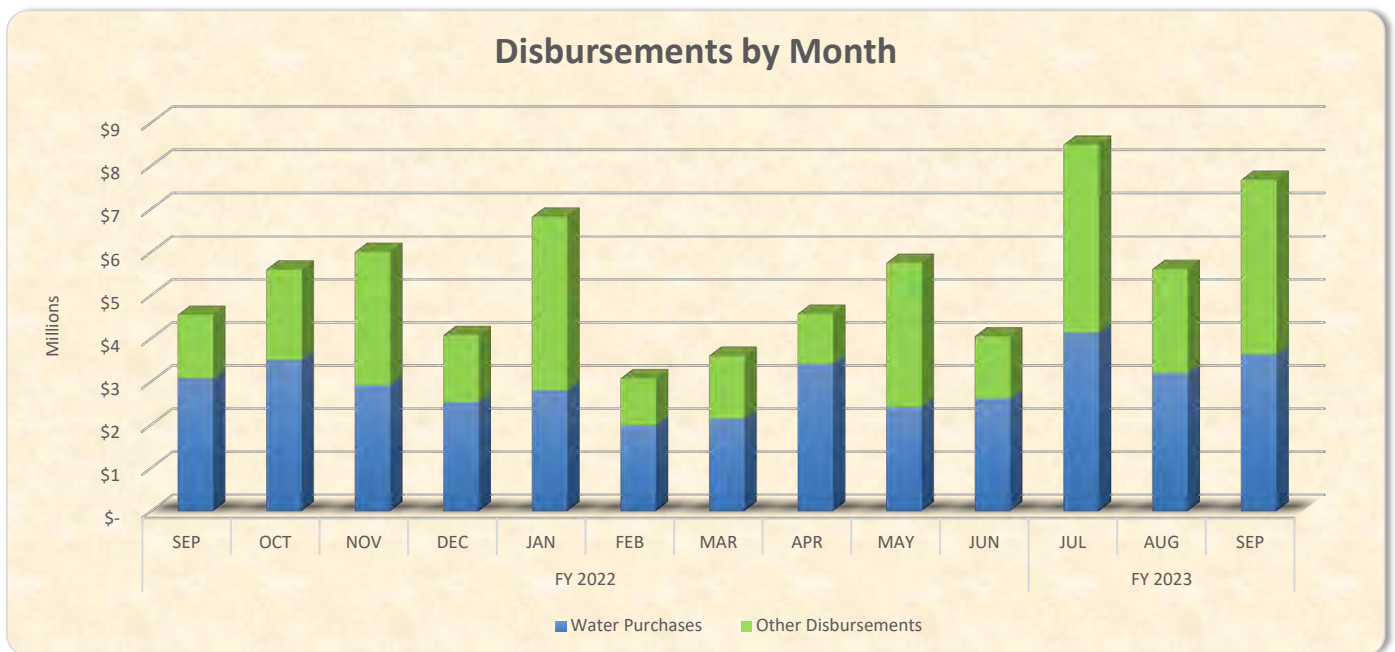
Summary

September Disbursements	\$	7,674,327 *
YTD Disbursements	\$	21,766,849 *
FY2023 Budget	\$	93,704,000

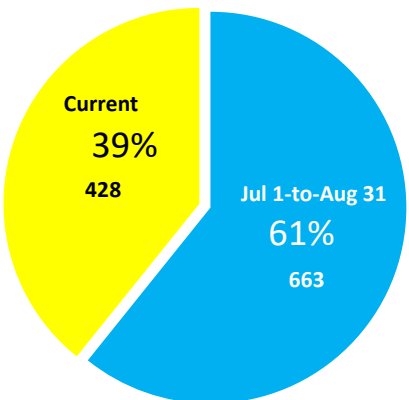
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$10.9M
ENCINA WASTEWATER AUTHORITY	\$5.2M
PUBLIC EMPLOYEES RETIRE SYSTEM	\$1.4M
ACWA/JOINT POWERS INSURANCE	\$836.5K
ADVANCED INDUSTRIAL SERVICES, INC.	\$359.9k
J.R.FILANC CONSTRUCTION CO INC	\$263.2K
PENCCO, INC.	\$192.1K
AQUA-METRIC SALES CO	\$145.9K
SSA SOLAR OF CA 5, LLC	\$123.6K
NV5, INC.	\$117.4K

VALLECITOS WATER DISTRICT
WARRANTS LIST
October 19, 2022

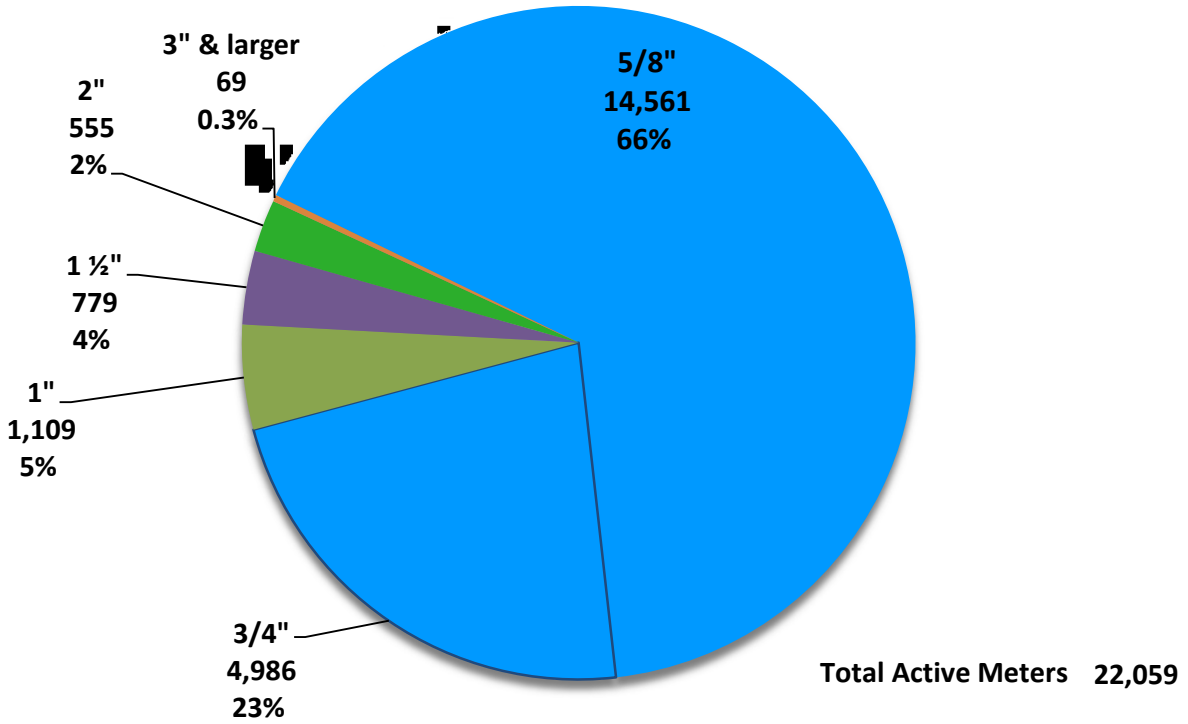
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Garnishments	Payroll Garnishments	125157 through	125158 -
Akeso Occupational Medical Group	Medical Svcs & Covid Testing - Sept	125159	3,376.00
Alison Fretwell	Reimbursement - Filing Fee - Montiel Lift Station & Force Main Replacement Prj 20201-2	125160	52.50
Allie's Party Rental	Spring Fest Canopy, Table, Chair Rentals Prj 20231-67	125161	456.14
AP Technology LLC	Check Stock	125162	554.46
APGB Inc.	Aeration Blower Maintenance Parts & Filters - Qty 66	125163	3,214.94
Armorcast Products Co	Warehouse Meter Box & Lid Inventory - Qty 508	125164	48,360.24
Backflow Solutions Inc.	Backflow Testing Aug & Sept Qty 861 & Annual BSI Online Subscription Renewal 22-23	125165	13,366.95
Bergelectric Corp.	Palos Vista Pump Station Motor Starter Upgrade Prj 20201-11	125166	29,450.00
Biotechnical Services Inc	Service To Lab Incubator - Temperature Mapping	125167	1,390.00
Boot World Inc	Safety Boots	125168	145.44
CDW Government Inc	Adobe Government Acrobat - 5 Additional Licenses, Cables - 6	125169	611.69
DirecTV Inc	Satellite Svc - Oct	125170	93.24
DLT Solutions LLC	AutoCAD & Electrical Annual Subscription Renewal 22-23	125171	3,994.78
Craig Durban	Reimbursement of Key Copies & Ignition Coils	125172	128.95
Edco Waste & Recycling Serv	Trash Svc - Sept	125173	957.72
EHS Analytical Solutions, Inc.	AC Pipe Disposal Testing - Required Prior To Disposal of AC Pipes	125174	450.00
Electrical Sales Inc	Reclaimed Pump 2 Variable Frequency Drive Fan Kit - MRF	125175	10,547.62
Employment Screening Services Inc	Employment Screening Svcs	125176	24.00
Enterprise Automation	SCADA Assessment & Master Plan Capital Improvement Prj 20201-4	125177	4,053.25
Erika Williams	Closed Account Refund	125178	25.29
Ferguson Enterprises, Inc	Air Release Valves - 10, Air Vac Cans - 4	125179	3,786.87
J.R. Filanc Construction Co Inc	MRF Tertiary Structural Rehabilitation Prj 20181-11	125180	20,634.39
Firehawk Corporation	Annual Fire Extinguisher Servicing - District HQ & MRF	125181	1,947.25
Grainger Inc	Portable 2 Way Radios - 5, ClaVal Parts, Chlorine Filter Cartridges - 12, Sample Dippers - 4, Supplies	125182	4,177.30
Harris	GEMS AB Suite 7.0 Upgrade	125183	10,700.00
James R Hernandez	CASA Conference 8-9-22, Urban Water Institute Conference 8-24-22, Watereuse Conference 9-11-22	125184	996.58
Infosend Inc	Postage, Printing, & Door Hangers - Sept	125185	5,029.31
Infrastructure Engr Corp	Emergency Bypass Sewer Rehabilitation Prj 20211-3	125186	950.00
Intellisite LLC	South Lake Camera System Equipment - Cameras - 2 & Remote Design Prj 20201-4	125187	4,816.43
Interstate Civil Construction	Closed Account Refund	125188	475.75
J F Shea Construction	Closed Account Refund	125189	845.28
Jack Henry & Assoc Inc	Remit Plus Support - Sept	125190	162.40
Jim Pennock	4 Conferences - CASA 8-9-22, CSDA 8-22-22, Watereuse 9-11-22 & Special District Leadership Academy 9-18-22	125191	1,949.59
JCI Jones Chemicals Inc	Chlorine	125192	5,353.13
Joseph Heaphy	Closed Account Refund	125193	48.34
Kevin Fitzpatrick	Closed Account Refund	125194	100.93
Knight Security & Fire Systems	Monitoring, Answering, & Patrol Svcs - Sept	125195	656.69
Lennar San Diego	Closed Account Refund	125196	150.00
Liz Kenny	Closed Account Refund	125197	46.77
Dick Miller Inc	Reimbursement - Construction Meter Application	125198	1,250.00
Mission Janitorial & Abrasive Supplies	Cleaning Supplies	125199	317.43
Mission Resource Conservation District	Water Use Evaluations - 7 Prj 20231-68	125200	397.00
Monika Menze	Closed Account Refund	125201	36.22
Ostari Inc	IT Support & Duo Software Subscription - Sept	125202	3,071.00
Parkhouse Tire Inc	Tires - 4 Veh 161, F-150 Stock Tires - 8	125203	2,094.88
Richard W. Gittings	Hillside Development, Invoices For: Geo-Teck & Rincon Consultants - Sept	125204	12,730.56
Rick Crawford	Reimbursement - SWRCB Cert Renewal	125205	120.00
Rick Post Welding	Welding Services - Craven Pressure Station & Coggan Tank	125206	3,552.75
Rusty Wallis Inc	Water Softener & Water System Service Sept - MRF	125207	1,194.00
Safety-Kleen Systems Inc	Oil Disposal Services	125208	95.00
San Diego County Water Authority	Meeting 9-20-22 - J Gumpel & J Hernandez	125209	110.00
SDG&E	Power - Aug	125210	2.83
Savita Devi	Closed Account Refund	125211	45.66
Scada Integrations	Troubleshooting Svcs - Primary Skimmer Valve Programming - MRF	125212	4,420.00
Jeremy Scott	Reimbursement - Meals For Discovery Street Sewer Pipe Repair	125213	91.96
Sharon Steadman	Closed Account Refund	125214	51.80
Shea Homes	Closed Account Refund	125215	188.54
SHI International Corp.	Cisco Smartnet Contract Renewal 22-23, Notebook Batteries - 2	125216	8,398.43
Southern Counties Lubricants, LLC	Diesel & Unleaded Fuel	125217	28,053.02
SSA Solar of CA 5, LLC	District Wide Solar Project	125218	27,873.36
Standard Insurance Company	LIFE, LTD, & ADD Insurance - Sept & Oct	125219	12,586.16
Staples Advantage	Office Supplies - Sept	125220	1,223.08
Steel-Toe-Shoes.com	Safety Boots	125221	209.44
Steven Enterprises Inc	Ink - OCE Printer	125222	122.99
Univar USA Inc	Sodium Bisulfite & Caustic Soda	125223	8,361.55
UPS	Shipping Svcs - Sept	125224	48.95
Vortex Industries Inc	Repairs - Middle Gate - District HQ	125225	1,040.47
Justin Woodard	Reimbursement - Hardware Supplies	125226	10.46
Ababa Bolt Inc	Hardware Supplies	125227	213.61
ACWA/Joint Powers Insurance	Medical Insurance - Nov	125228	231,502.69
Advanced Industrial Services, Inc.	Sage Canyon Tank Refurbishment Prj 20201-6	125229	142,310.00
Airwave Mechanical	HVAC Repair - Bldg B	125230	400.00
Aqua-Metric Sales Co	3/4" Meters - 150, 1" Meters -50, 1 1/2" Meters - 2, Iperl Cables - 42	125231	45,579.55
Bill Howe Plumbing	Toilet Repair - Bldg A	125232	210.42
Bonsall Petroleum Constr Inc	Fuel Island Repair - Unleaded Pump #1	125233	834.99

VALLECITOS WATER DISTRICT
WARRANTS LIST
October 19, 2022

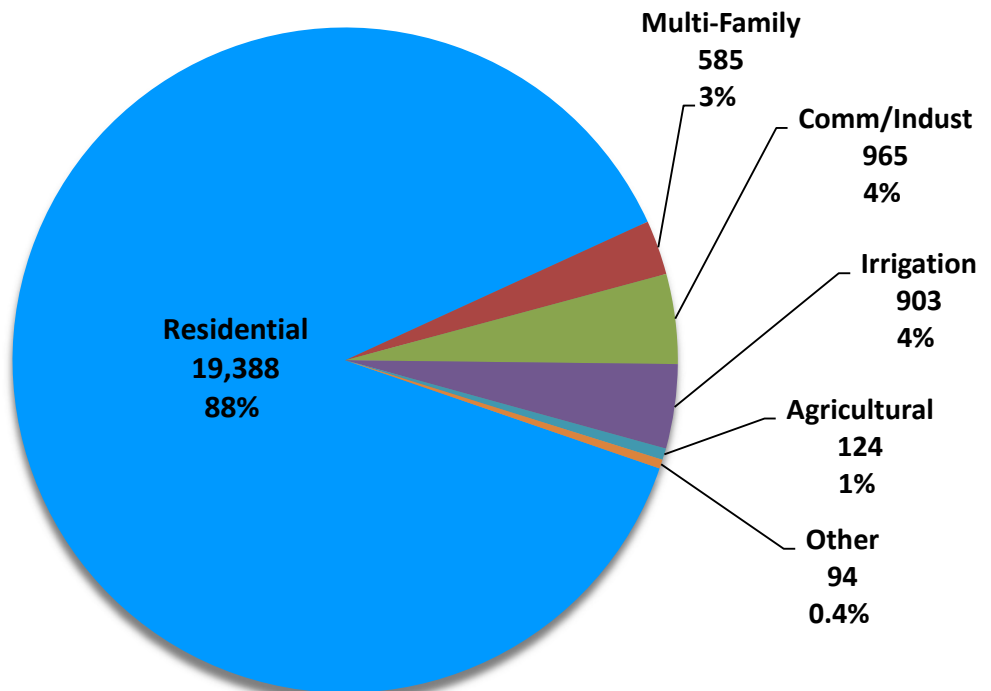
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CCI	Supplies - District Chiller Plant	125234	285.12
Consolidated Electrical Distributors, Inc.	LED Lights - 84	125235	1,701.37
Chandler Asset Management, Inc.	Investment Management Svcs - Sept	125236	3,831.26
Doane & Hartwig Water Systems Inc	Chlorine Analyzer Parts - MRF	125237	504.53
Deer Springs Fire Protection District	Property Taxes 22-23	125238	567.00
Elogger Inc.	Elogger Maintenance Agreement 22-23	125239	10,016.90
Fisher Scientific LLC	Lab Supplies	125240	528.59
Granicus, LLC	Support & Maintenance of District Website Subscription Renewal 22-23	125241	11,635.23
Hach Company	Reagents & Water Quality Supplies	Water	2,593.23
Jan-Pro of San Diego	Janitorial Svcs - District HQ	125243	5,107.00
Kaman Industrial Technologies	Flight Drives VFDs 2 - MRF	125244	1,743.91
KRC Rock Inc	Mulch - Bldg A	125245	2,979.35
Lloyd Pest Control	Pest Control Svcs - Sept	125246	3,027.00
Mallory Safety & Supply, LLC	Safety Gloves	125247	657.83
MGM Plastics Inc	Hardware Supplies	125248	150.00
Pacific Pipeline Supply	10" Gate Valve, Gasket Ring, PVC Pipe, Couplings - 2	125249	1,894.12
Penco, Inc.	Calcium Nitrate	125250	30,461.03
Schmidt Fire Protection Co Inc	Quarterly Fire Sprinkler Inspection - District HQ	125251	353.00
Sunbelt Rentals Inc	Concrete Mixer Rental	125252	448.19
T.S. Industrial Supply	50 ft. Vacuum Hose & Hot Water Source Combo	125253	408.37
Traffic Safety Solutions LLC	Traffic Control Svcs - New Valve Installation	125254	3,885.00
Underground Service Alert	Dig Alert Svc & State of CA Regulatory Fees - Oct	125255	665.74
Unifirst Corporation	Uniform Delivery	125256	930.14
Utility Systems, Science & Software Inc	Flodar Meter Calibrations - 3 Sites	125257	1,704.00
Vesta Housing Solutions LLC	Covid Trailer Rental Prj 20211-850	125258	511.82
Weck Analytical Environmental Services, Inc.	Water Sampling/Testing	125259	160.00
Total Disbursements (101 Checks)			<u>809,578.75</u>
WIRES			
San Diego County Water Authority	September Water Bill	Wire	3,312,762.25
San Diego County Water Authority	Capacity Charges	Wire	265,104.00
Public Employees Retirement System	Retirement Contribution - September 20, 2022 Payroll	Wire	79,332.81
Total Wires			<u>3,657,199.06</u>
PAYROLL			
Total direct deposits			Wire 267,019.18
VWD Employee Association		125157	566.00
Payroll & Garnishments	Payroll Garnishments	125158	997.37
IRS	Federal payroll tax deposits	Wire	104,147.32
Employment Development Department	California payroll tax deposit	Wire	22,209.95
CalPERS	Deferred compensation withheld	Wire	21,947.79
VOYA	Deferred compensation withheld	Wire	8,306.85
Total September 20, 2022 Payroll Disbursements			<u>425,194.46</u>
Total direct deposits			Wire 793.38
IRS	Federal payroll tax deposits	Wire	547.04
Employment Development Department	California payroll tax deposit	Wire	103.28
CalPERS	Deferred compensation withheld	Wire	370.00
Special Payroll Disbursements (i.e., final checks, accrual payouts, etc.)			<u>1,813.70</u>
Total Payroll Disbursements			<u>427,008.16</u>
TOTAL DISBURSEMENTS			<u><u>4,893,785.97</u></u>

Vallecitos Water District
 Active Water Meters
 September 30, 2022

Active Meters by Size as of September 30, 2022

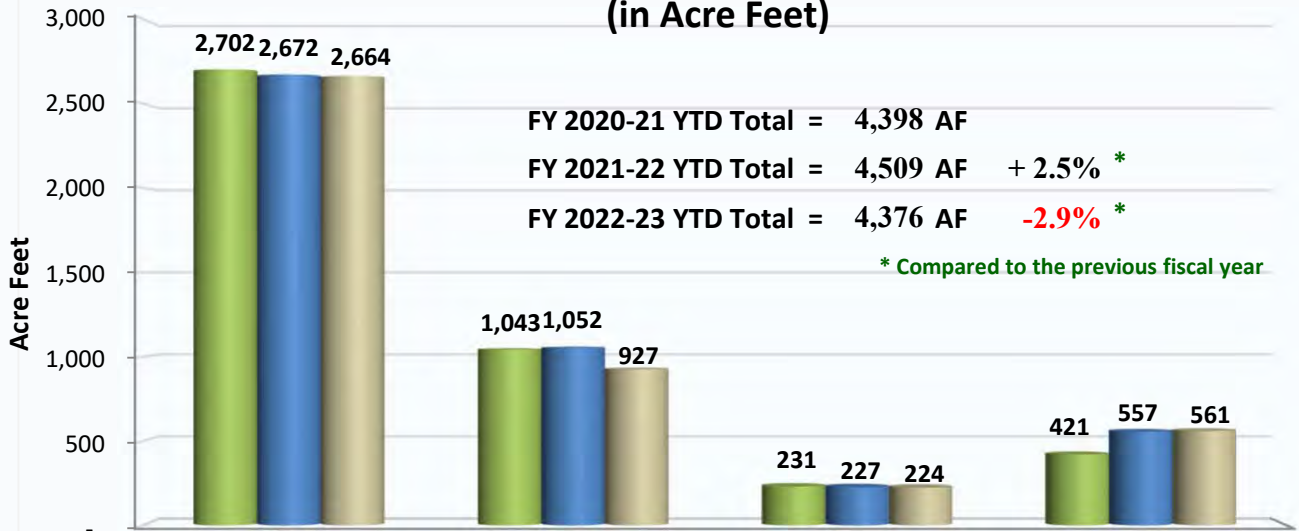


Active Meters by Type as of September 30, 2022



Vallejos Water District
 Water Production/Sales
 September 30, 2022

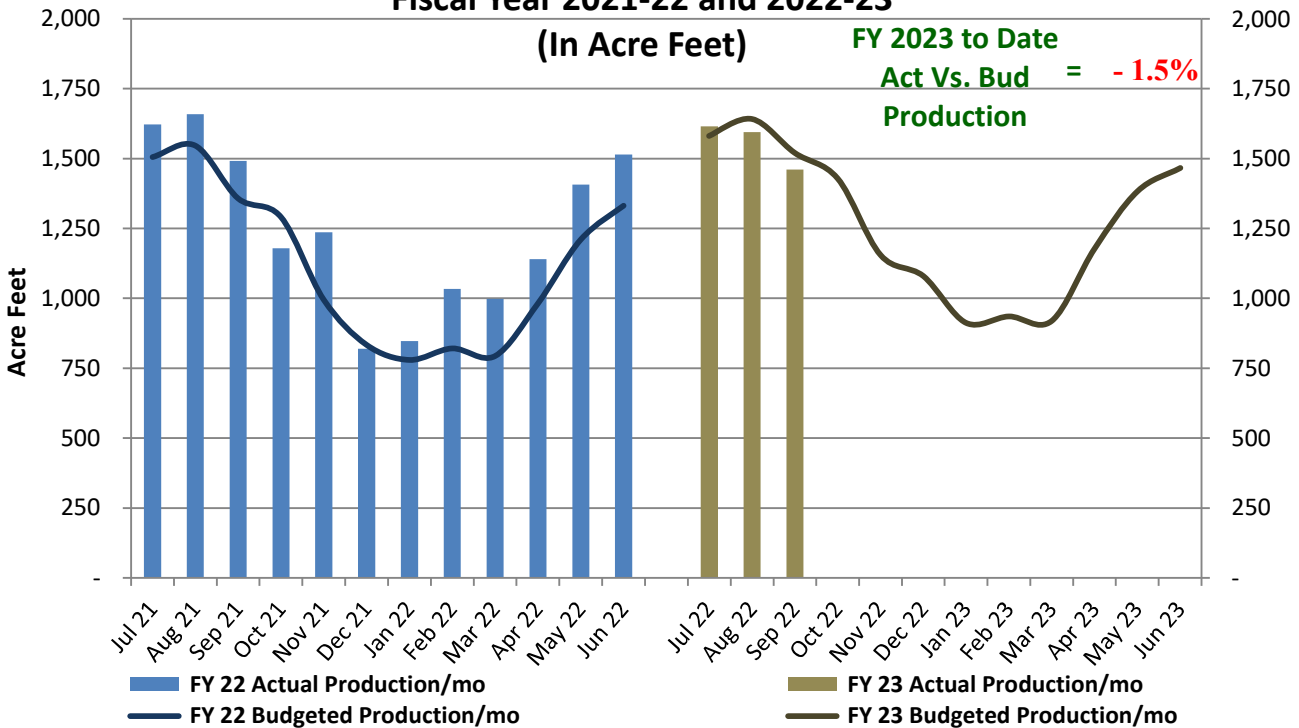
Water Sales FY 20-21, FY 21-22 and FY 22-23 (FYTD)
 (in Acre Feet)



	Residential	Irrigation	Agricultural	Commer/ Indust/ Const/ Oth
FY 20-21	2,702	1,043	231	421
FY 21-22	2,672	1,052	227	557
FY 22-23	2,664	927	224	561

Water Production Budget vs. Actual
 Fiscal Year 2021-22 and 2022-23

(In Acre Feet)





**VALLECITOS WATER DISTRICT
QUARTERLY FINANCIAL REPORT
QUARTER ENDED SEPTEMBER 30, 2022**

OVERVIEW

With the first quarter complete, the District's water fund had a net operating income of \$2.3 million (before depreciation) while the sewer fund had a net operating income of \$2.4 million (before depreciation). The District is cash funding capital projects and is current on all debt service payments.

WATER FUND

Overall, the Water Fund performed better than expected during the first quarter of Fiscal Year 2023.

Revenues: Water sales were 33% of total budget as a result of high demand during the summer months. Ready to Serve (RTS) performed as expected. Pumping Charges are low as a result of lower power costs than anticipated. Other Revenue is slightly low due to less reimbursements than budgeted.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 31,732,000	\$ 10,457,005	33%
Ready to Serve	14,850,000	3,695,131	25%
Pumping Cost Rec	435,000	92,678	21%
Other	717,000	148,742	21%
Total	\$ 47,734,000	\$ 14,393,556	30%

Expenses: Water Purchases were 28% of total budget in response to Water Sales. Operating expenses are low due to the timing of outside services and less than expected power costs. Supporting expenses are low due to less materials purchased than anticipated to date. General & Administrative expenses were low primarily as a result of lower outside services and staffing costs.

Expense	Budget	YTD Actual	Percent
Water Purchases	\$ 34,405,000	\$ 9,688,795	28%
Operating	4,975,000	1,067,111	21%
Supporting	5,025,000	772,732	15%
General & Admin	3,310,000	541,705	16%
Total	\$ 47,715,000	\$ 12,070,343	25%

SEWER FUND

The Sewer Fund continues to be stable as revenues received in this fund stem from monthly fixed charges.

Revenues: Sewer service charges performed as planned and Reclaimed Water Sales are adjusted at the end of each fiscal year to recover actual costs. Other Revenue is slightly low due to less reimbursements than budgeted to date.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 18,222,000	\$ 4,738,688	26%
Reclaimed	3,080,000	770,000	25%
Other	281,000	25,764	9%
Total	\$ 21,583,000	\$ 5,534,452	26%

SEWER FUND (continued)

Expenses: Treatment, Operating, and General and Administrative expenses performed as expected. Supporting costs were low primarily as a result of lower outside service and staffing costs.

Expense	Budget	YTD Actual	Percent
Treatment	\$ 6,219,000	\$ 1,521,693	24%
Operating	3,169,000	695,088	22%
Supporting	3,299,000	563,990	17%
General & Admin	1,550,000	373,660	24%
Total	\$ 14,237,000	\$ 3,154,431	22%

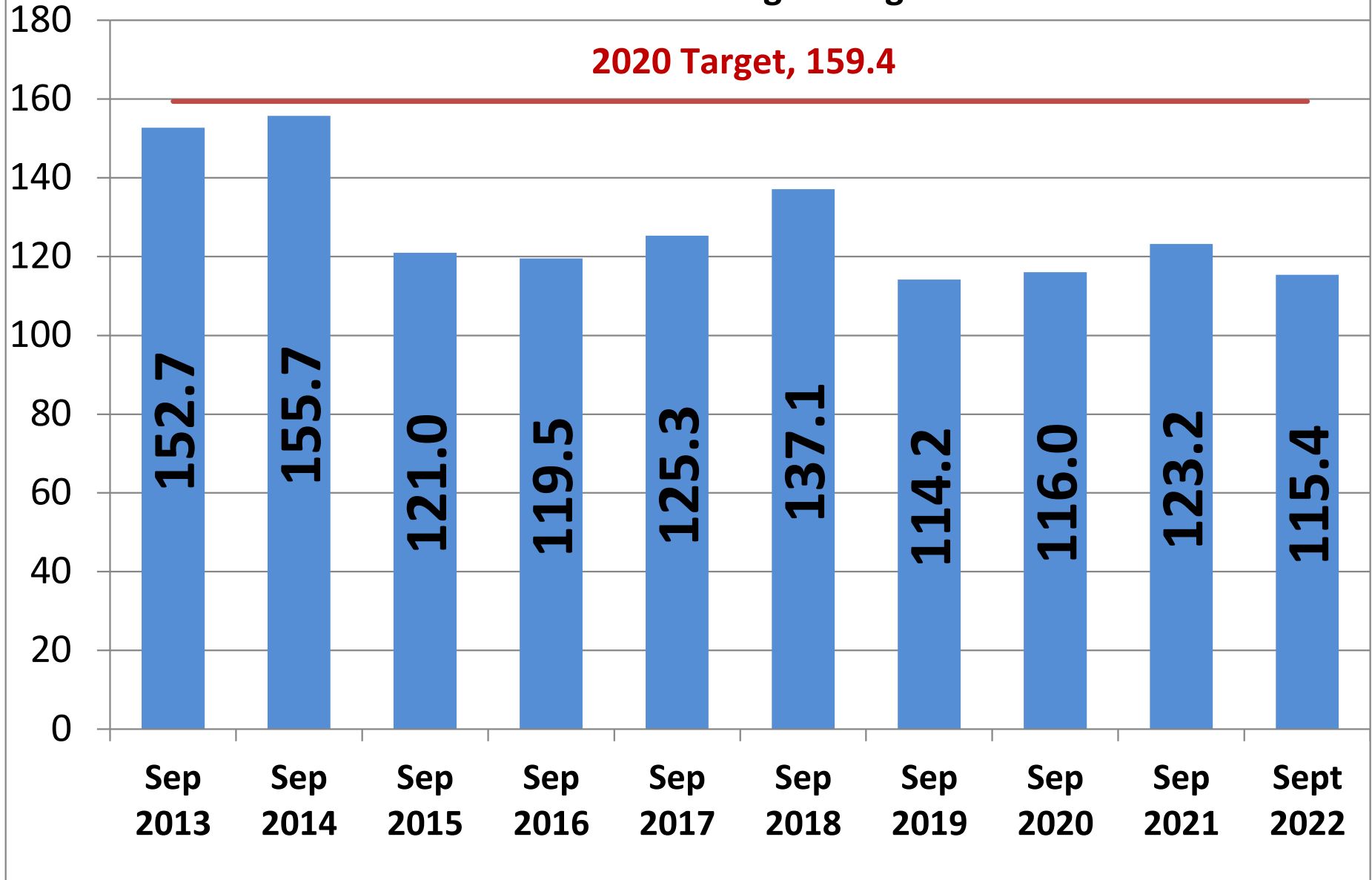
RESERVES AND FUNDS:

The following is a summary of the replacement reserves and capacity funds as of September 30, 2022.

Water:		
Revenues	Replacement	Capacity
Debt Proceeds	\$ 453,810	\$ -
Interfund Transfer	-	453,810
FY 21/22 Operating Transfers	2,323,213	-
Capital Facility Fees	-	156,642
Property tax & Other	223,389	5,799
Total Revenue	3,000,412	616,251
Distributions		
Capital Projects	773,330	-
Interfund Transfer	453,810	-
Debt Service	-	303,175
Total Distributions	1,227,140	303,175
Beginning Balance	44,495,222	2,851,869
Ending Balance	46,268,494	3,164,946
Less: Operating Reserves	6,563,800	-
Replacement Reserve Balance	\$ 39,704,694	\$ 3,164,946
Replacement Reserve Floor	\$ 11,981,000	
Replacement Reserve Ceiling	\$ 46,233,100	

Wastewater:		
Revenues	Replacement	Capacity
Debt Proceeds	\$ 1,017,550	\$ 32,565
Interfund Transfer	-	1,017,550
FY 21/22 Operating Transfers	2,380,021	-
Capital Facility Fees	-	568,628
Property tax & Other	207,964	2,021
Total Revenue	3,605,535	1,620,764
Distributions		
Capital Projects	5,662,880	32,733
Interfund Transfer	1,017,550	-
Debt Service	-	669,229
Total Distributions	6,680,430	701,962
Beginning Balance	63,145,239	317,030
Ending Balance	60,070,344	1,235,832
Less: Operating Reserves	7,021,000	-
Replacement Reserve Balance	\$ 53,049,344	\$ 1,235,832
Replacement Reserve Floor	\$ 22,684,800	
Replacement Reserve Ceiling	\$ 72,950,000	

Gallons per Capita per Day 12-Month Rolling Average



DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the three months ended September 30, 2022 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 3-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and any excess of expenses above revenues are paid for out of reserves. It's important to note that amounts shown in the in the Revenue and Expense reports are unaudited and do not reflect actual transfers to/from reserves. Actual transfers will be posted upon completion of the fiscal year-end audit.

The Monthly Reserve Report presents the balances in each of the District's reserve funds. The report summarizes all sources and uses of reserves. Sources consist of operating transfers, capital facility fees, property taxes, dissolved RDA distributions, investment earnings and annexation fees. Uses are distributions for capital projects, debt service, PERS UAL Additional Discretionary Payments (ADP), and interest expense. Unaudited amounts for operating transfers are reflected in the reserve report using the most recent information available at the time of reporting. Actual transfers will be posted upon completion of the audit in November of the following fiscal year which may result in adjustments to the beginning reserve balances.

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the Three Months Ended September 30, 2022

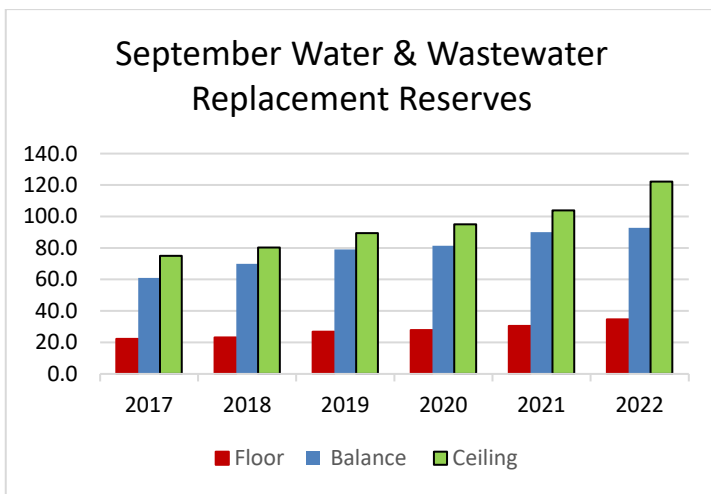
	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$10,457,005	\$10,587,312	\$ (130,307)	-1.2%	\$10,197,000	\$ 260,005	2.5%
Ready-to-serve	3,695,131	3,668,143	26,988	0.7%	3,708,000	(12,869)	-0.3%
Pumping charges	92,678	135,245	(42,567)	-31.5%	140,000	(47,322)	-33.8%
Late & lock charges	89,741	73,893	15,848	21.4%	92,000	(2,259)	-2.5%
Backflow fees	20,830	29,704	(8,874)	-29.9%	24,000	(3,170)	-13.2%
Other revenue	38,171	148,044	(109,873)	-74.2%	61,400	(23,229)	-37.8%
Total Revenue	<u>14,393,556</u>	<u>14,642,341</u>	(248,785)	-1.7%	<u>14,222,400</u>	171,156	1.2%
Expenses							
Water costs	9,688,795	9,259,990	428,805	4.6%	9,886,000	(197,205)	-2.0%
Pumping cost recovery	93,761	141,293	(47,532)	-33.6%	266,000	(172,239)	-64.8%
Water quality	17,935	19,815	(1,880)	-9.5%	37,000	(19,065)	-51.5%
Water treatment	148,358	93,948	54,410	57.9%	124,000	24,358	19.6%
Tanks & reservoirs	67,011	90,358	(23,347)	-25.8%	117,000	(49,989)	-42.7%
Trans & distribution	456,700	363,434	93,266	25.7%	472,000	(15,300)	-3.2%
Services	22,381	12,577	9,804	78.0%	19,000	3,381	17.8%
Meters	142,236	186,344	(44,108)	-23.7%	243,000	(100,764)	-41.5%
Backflow prevention	27,155	3,992	23,163	580.2%	22,000	5,155	23.4%
Customer accounts	103,874	202,983	(99,109)	-48.8%	221,000	(117,126)	-53.0%
Building & grounds	91,788	102,404	(10,616)	-10.4%	139,000	(47,212)	-34.0%
Equipment & vehicles	91,574	56,066	35,508	63.3%	90,000	1,574	1.7%
Engineering	276,305	333,677	(57,372)	-17.2%	421,000	(144,695)	-34.4%
Safety & compliance	50,531	26,950	23,581	87.5%	91,000	(40,469)	-44.5%
Information Technology	250,234	199,660	50,574	25.3%	282,000	(31,766)	-11.3%
General & administrative	541,705	552,587	(10,882)	-2.0%	829,000	(287,295)	-34.7%
Total Expenses	<u>12,070,343</u>	<u>11,646,078</u>	424,265	3.6%	<u>13,259,000</u>	(1,188,657)	-9.0%
Net Operating Income	<u>\$ 2,323,213</u>	<u>\$ 2,996,263</u>	(673,050)	-22.5%	<u>\$ 963,400</u>	1,359,813	141.1%

Vallecitos Water District
Sewer Revenue and Expense Report
For the Three Months Ended September 30, 2022

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Sewer service charges	\$ 4,738,688	\$ 4,670,906	\$ 67,782	1.5%	\$ 4,548,000	\$ 190,688	4.2%
Reclaimed water sales	770,000	743,750	26,250	3.5%	772,000	(2,000)	-0.3%
Other revenue	25,764	110,190	(84,426)	-76.6%	44,000	(18,236)	-41.4%
Total Revenue	5,534,452	5,524,846	9,606	0.2%	5,364,000	170,452	3.2%
Expenses							
Collection & conveyance	620,082	481,971	138,111	28.7%	668,000	(47,918)	-7.2%
Lift stations	40,095	42,356	(2,261)	-5.3%	66,000	(25,905)	-39.3%
Source Control	34,911	38,371	(3,460)	-9.0%	50,000	(15,089)	-30.2%
Effluent disposal	800,091	834,750	(34,659)	-4.2%	829,000	(28,909)	-3.5%
Meadowlark	721,602	674,888	46,714	6.9%	728,000	(6,398)	-0.9%
Customer accounts	92,596	103,041	(10,445)	-10.1%	146,000	(53,404)	-36.6%
Building & grounds	53,823	67,462	(13,639)	-20.2%	94,000	(40,177)	-42.7%
Equipment & vehicles	59,389	42,185	17,204	40.8%	71,000	(11,611)	-16.4%
Engineering	114,111	149,122	(35,011)	-23.5%	218,000	(103,889)	-47.7%
Safety & compliance	31,291	14,510	16,781	115.7%	73,000	(41,709)	-57.1%
Information technology	212,780	181,279	31,501	17.4%	222,000	(9,220)	-4.2%
General & administrative	373,660	281,848	91,812	32.6%	389,000	(15,340)	-3.9%
Total Expenses	3,154,431	2,911,783	242,648	8.3%	3,554,000	(399,569)	-11.2%
Net Operating Income	\$ 2,380,021	\$ 2,613,063	(233,042)	-8.9%	\$ 1,810,000	570,021	31.5%

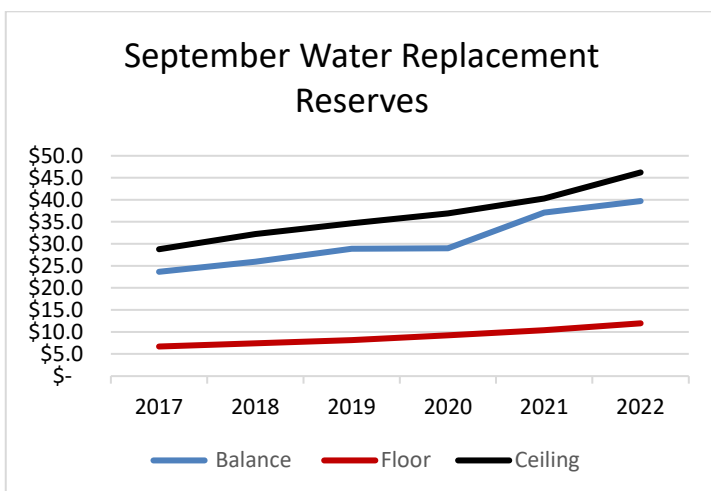
REPLACEMENT RESERVES

The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system and the other for the District’s wastewater system. The District’s reserve policy establishes a floor for replacement reserves after funding operating reserves as the sum of three years of projected system replacement costs, and a ceiling as the sum of ten years of projected system replacement costs for water or the sum of eight years of projected system replacement costs for sewer. As of September 30, 2022, the total water and wastewater replacement reserve balance was \$92.8 million, 3.0 percent higher than September 30, 2021.



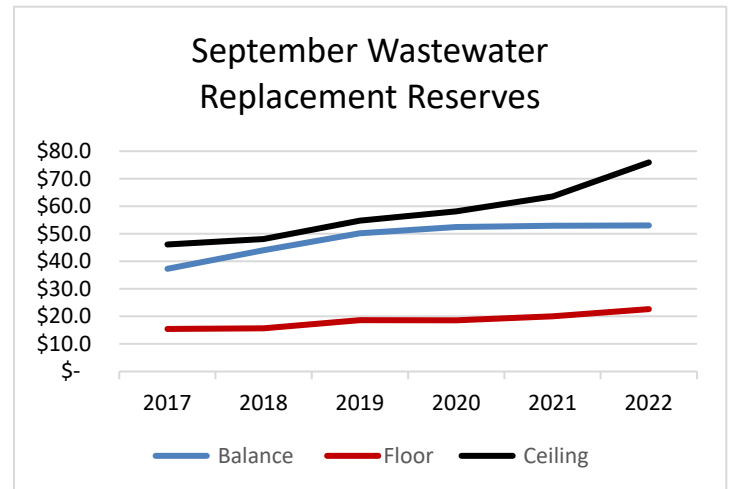
WATER REPLACEMENT RESERVE

As of September 30, 2022, the District’s water replacement reserve totaled \$39.7 million, an increase of 7.0 percent, or \$2.6 million higher from the same month of the prior year. The month-end balance is within the floor and ceiling established by the reserve policy, leaving the District with sufficient reserves to meet infrastructure replacement needs.



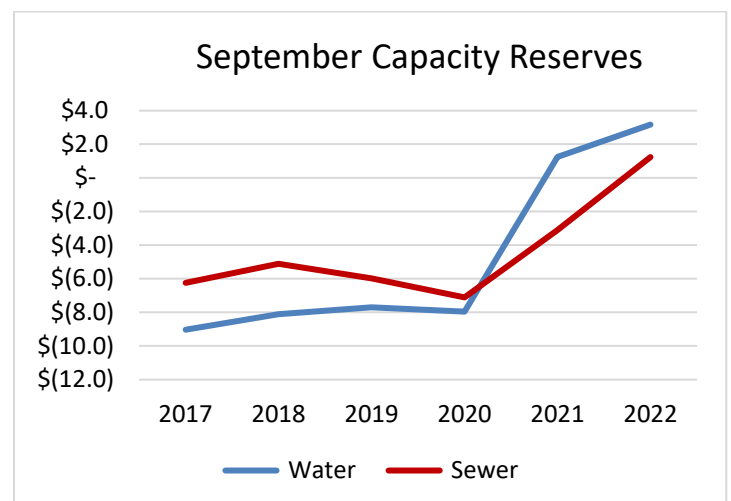
WASTEWATER REPLACEMENT RESERVE

As of September 30, 2022, the balance in the District’s wastewater replacement reserve totaled \$53.0 million, an increase of 0.2 percent, or \$0.1 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



CAPACITY RESERVES

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of September 30, 2022, the water capacity fund had a balance of \$2.6 million and the sewer capacity fund had a balance of \$1.2 million. The District’s capital facility fees situation has improved as a result of the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	110 Water		120		210 Wastewater		220		Total
	Replacement	Capacity	Replacement	Capacity	Replacement	Capacity	Replacement	Capacity	
BEGINNING BALANCE(1)	\$ 44,495,222	\$ 2,851,869	\$ 63,145,239		\$ 317,030		\$ 110,809,360		
REVENUES									
FY 22/23 Operating Transfers ⁽²⁾	2,323,213		2,380,021				4,703,234		
Debt Proceeds	453,810		1,017,550		32,565		1,503,925		
Interfund Transfer		453,810			1,017,550		1,471,360		
Capital Facility Fees	-	156,642	-		568,628		725,271		
Investment Earnings	155,148	5,799	145,518		2,021		308,486		
Property Tax	61,720	-	50,231		-		111,951		
Annexation Fees	6,521	-	12,215		-		18,736		
TOTAL REVENUES	3,000,412	616,251	3,605,535		1,620,764		8,842,963		
LESS DISTRIBUTIONS									
Carryover Projects									
Encina Wastewater Authority Five Year Plan	-	-	4,893,626		-		4,893,626		
Sage Canyon Tank Refurbishment	433,412	-	-		-		433,412		
MRF - Tertiary Influent Chamber Repairs	-	-	282,866		-		282,866		
MRF - Conversion to Sodium Hypochlorite	-	-	97,607		-		97,607		
MRF - Biological Selector Improvements	-	-	71,192		-		71,192		
Montiel Lift Station And Forcemain Replacement	-	-	33,895		32,565		66,460		
District-Wide Valve Replacement Program	62,684	-	-		-		62,684		
16-Inch Emergency Bypass Pipeline Rehabilitation	-	-	60,702		-		60,702		
5 Year Pc/Laptop Refresh Plan	26,153	-	25,128		-		51,281		
Failsafe Buena Sewer Outfall Condition Assessment	-	-	41,676		-		41,676		
Energy Management Study	17,301	-	16,622		-		33,923		
Meadowlark - Landscaping Improvements	-	-	31,684		-		31,684		
Trussel FCF - Water Quality Analyzer	28,747	-	-		-		28,747		
San Elijo Pump Station - Water Quality Analyzer	28,747	-	-		-		28,747		
Chlorine Contact Tank Expansion	-	-	26,638		-		26,638		
District-Wide Valve Replacement Program	22,015	-	-		-		22,015		
Administration Building - Roof Improvements	20,843	-	-		-		20,843		
Coggan Pump Station: Facility Improvements	19,713	-	-		-		19,713		
Sewer Lining and Rehab	-	-	19,090		-		19,090		
Mountain Belle Tank: Asphalt Repair & Sealcoat	16,048	-	-		-		16,048		
District-Wide SCADA Upgrade Project	7,512	-	7,217		-		14,729		
Service Line Replacement & Meter Relocations	12,608	-	-		-		12,608		
Tres Amigos Water Line Replacement Phase I	11,081	-	-		-		11,081		
Las Posas Water Line Replacement	9,317	-	-		-		9,317		
MRF Battery Energy Storage System Retaining Wall	-	-	9,109		-		9,109		
N. Twin Oaks #2 Tank: Asphalt Improvements	7,952	-	-		-		7,952		
Palos Vista Pump Station - Motor Starter Upgrade	7,161	-	-		-		7,161		
Meadowlark FCF - Water Quality Analyzer	4,832	-	-		-		4,832		
Rock Springs Valve Replacement	4,282	-	-		-		4,282		
Asset Managment Replacement Schedule	2,161	-	2,077		-		4,238		
Wulff Pressure Reducing Station	3,973	-	-		-		3,973		
Website Redesign - VWD.Org	1,530	-	1,470		-		3,000		
Craven Pressure Station - Interior Refurbishment	1,708	-	-		-		1,708		
MRF - Flow Control Valve & Actuator	-	-	1,540		-		1,540		
All other capital projects	7,814	-	2,331		167		10,312		
Capital Budget - Vehicles/Mobile Equipmnt	15,739	-	38,409		-		54,148		
Total Capital Project Expenditures	773,330	-	5,662,880		32,733		6,468,943		
Interfund Transfer	453,810	-	1,017,550		-		1,471,361		
Debt Service	-	303,175	-		669,229		972,404		
TOTAL DISTRIBUTIONS	1,227,140	303,175	6,680,430		701,962		8,912,708		
ENDING BALANCE	\$ 46,268,494	\$ 3,164,946	\$ 60,070,344		\$ 1,235,832		\$ 110,739,616		
Less: Operating Reserves	6,563,800	-	7,021,000		-		13,584,800		
Replacement Reserves/Restricted Funds	\$ 39,704,694	\$ 3,164,946	\$ 53,049,344		\$ 1,235,832		\$ 97,154,816		
Replacement reserve floor	\$ 11,981,000		\$ 22,684,800						
Replacement reserve ceiling	\$ 46,233,100		\$ 72,950,000						

Notes:

(1) Beginning balances represent ending balances from the prior year which are adjusted to actual cash and investment balances after completion of the audit around November of the current year

(2) Operating transfers from the unaudited revenue and expense reports are calculated using the most recent information available at the time of this report. Included for reporting purposes, actual transfer amounts will differ.

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR SEPTEMBER 2022

Attached is a detailed list of investments for all District funds that are not needed to meet current obligations. In accordance with Government Code Section 53646, the information is presented to the Board on a monthly basis and includes a breakdown by fund, financial institution, settlement and maturity date, yield, and investment amount. In addition, the report indicates the various percentages of investments in each type of institution.

The process and the presentation of the information to the Board are in compliance with requirements outlined in the District Investment Policy adopted on an annual basis. In addition to the investment portfolio, there are sufficient funds in the Operating Account to meet District obligations for the next 30 days. Maturity dates on investments are structured to meet the future financial obligations of the District (i.e., bond payments and construction projections). In that regard, the District will be able to meet expenditure requirements for the next six months without a need to liquidate an investment earlier than scheduled maturity dates.

Investment activity for the month of September follows:

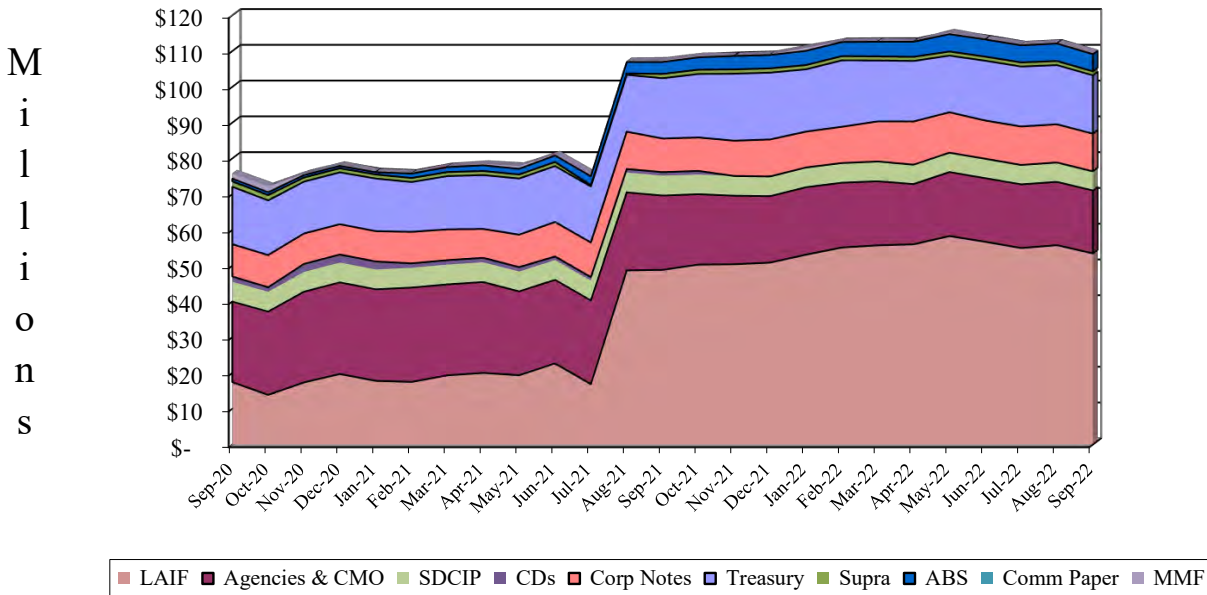
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
09/07/22	Deposit	LAIF	700,000	Open	1.51%
09/12/22	Deposit	LAIF	800,000	Open	1.51%
09/15/22	Paid Down	John Deere	(11,430)	08/15/24	1.10%
09/15/22	Paid Down	Toyota Auto Receivables	(13,687)	01/15/25	0.35%
09/15/22	Paid Down	Toyota Auto Rec. Trust	(28,417)	05/15/25	0.26%
09/16/22	Withdrawal	LAIF	(2,000,000)	Open	1.51%
09/21/22	Paid Down	Honda Auto Receivables	(8,356)	04/21/25	0.27%
09/22/22	Deposit	LAIF	800,000	Open	1.51%
09/29/22	Withdrawal	LAIF	(1,850,000)	Open	1.51%
09/30/22	Withdrawal	LAIF	(750,000)	Open	1.51%
Change in investments during the month			<u>\$ (2,361,890)</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	1.420%
Weighted average days to maturity	270

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of June 30, 2022. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for August 31, 2022. Fair values for federal agency obligations and corporate notes are provided by US Bank trust account reporting.

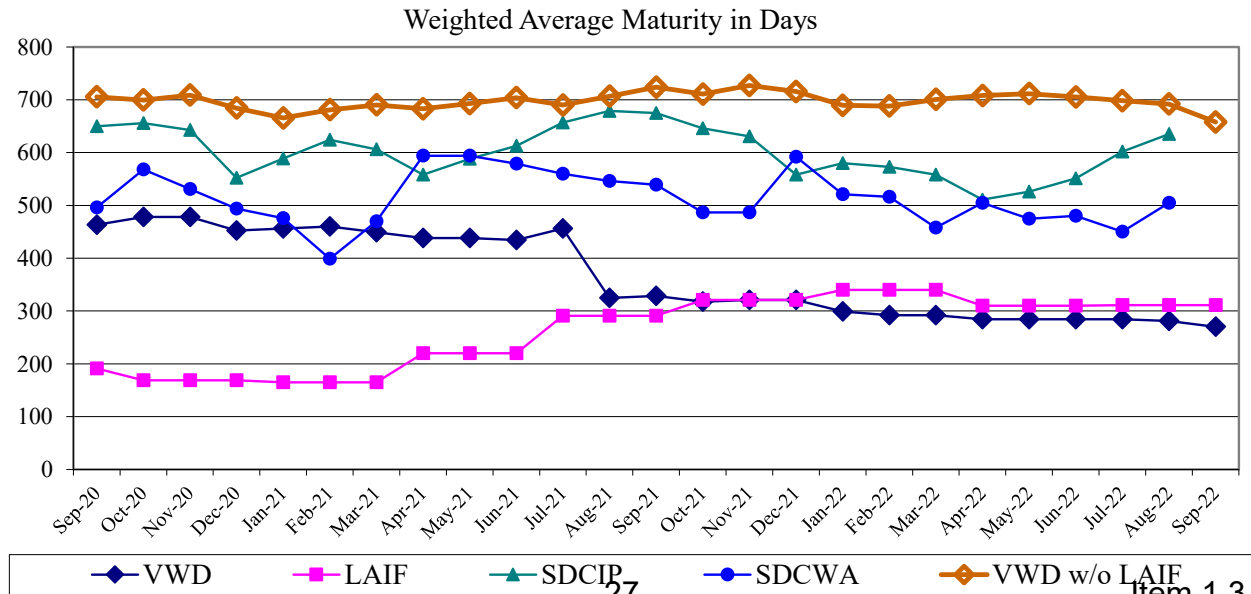
Safety

Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by the Board adopted investment policy and within the limits established by the policy. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The District also limits risk by investing in a range of investments to ensure diversification as indicated in the graph below.



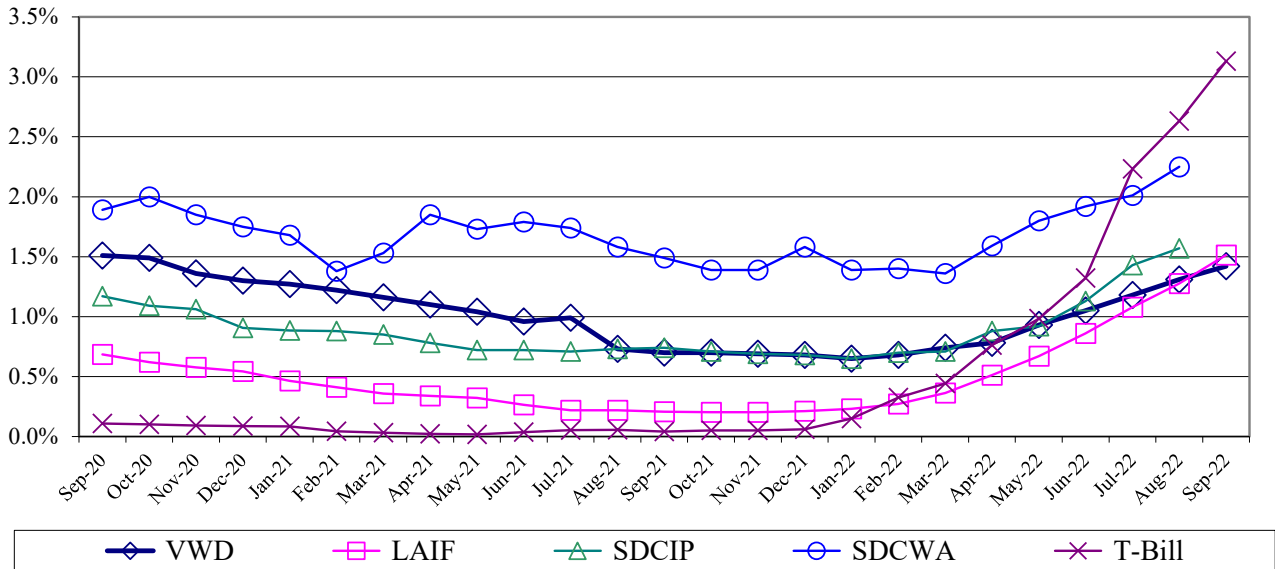
Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District's liquidity to other managed portfolios. The District's liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$53.4 million available the same day. But for comparative purposes LAIF is eliminated from the District's portfolio and shown separately.



Yield

The next graph compares the District’s effective yield to LAIF, SDCIP, San Diego County Water Authority (SDCWA), and the average 91-day Treasury bill rate.



Investment/Debt Management

On March 7, 2018 the District entered into a contract with Chandler Asset Management to provide professional investment management and advisory services. Chandler manages the District’s investments in accordance with the District’s policy of safety, liquidity, and yield and continues to maintain investments of varying types within limits allowed by the investment policy (100% in federal agency obligations, 100% in LAIF, 100% in other local government investment pools, 25% in FDIC-backed corporate notes, 25% in commercial paper, 20% in certificates of deposit). Chandler’s portfolio summary is attached.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	0.74
Average Coupon	1.47%
Average Purchase YTM	1.42%
Average Market YTM	2.88%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	0.85 yrs
Average Life	0.77 yrs

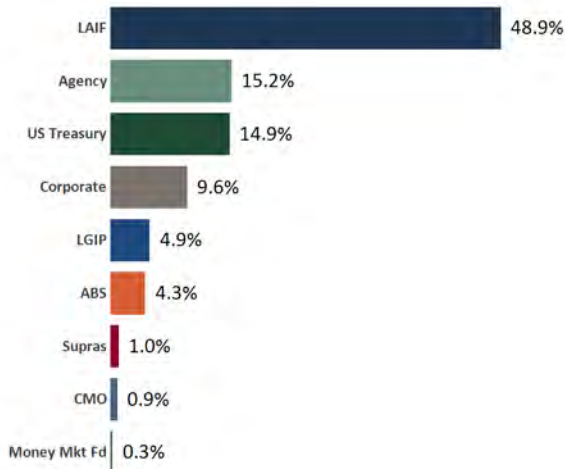
ACCOUNT SUMMARY

	Beg. Values as of 8/31/22	End Values as of 9/30/22
Market Value	112,276,880	109,416,731
Accrued Interest	262,883	336,693
Total Market Value	112,539,763	109,753,423
Income Earned	112,532	122,314
Cont/WD		
Par	114,179,537	111,883,598
Book Value	114,207,371	111,906,875
Cost Value	114,410,812	112,114,882

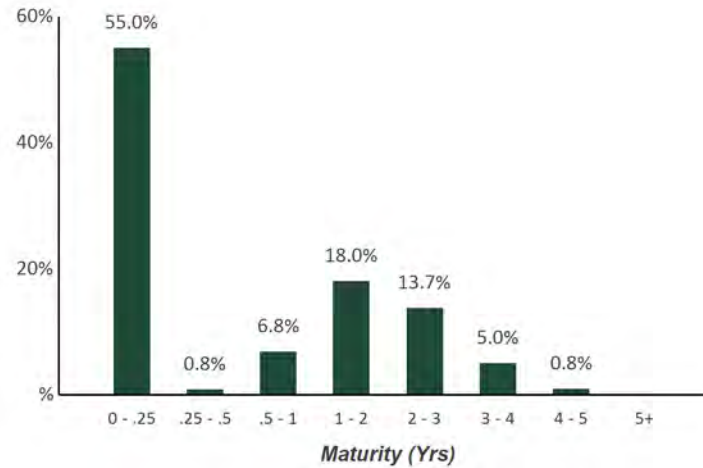
TOP ISSUERS

Local Agency Investment Fund	48.9%
Government of United States	14.9%
Federal Home Loan Mortgage Corp	5.5%
County of San Diego Pooled Inve	4.9%
Federal Farm Credit Bank	4.1%
Federal Home Loan Bank	3.3%
Federal National Mortgage Assoc	3.0%
JP Morgan Chase & Co	0.8%
Total	85.5%

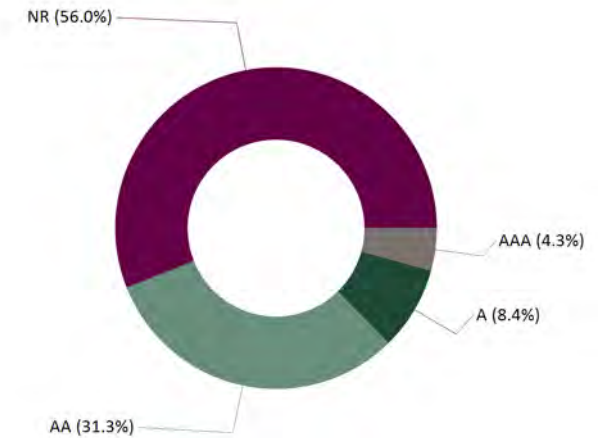
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



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Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	99,052.96	03/04/2020 1.11%	99,046.90 99,050.40	99.01 4.14%	98,070.35 48.43	0.09% (980.05)	Aaa / NR AAA	1.88 0.32
36262XAC8	GM Financial Auto Lease Trust 2021-3 A2 0.39% Due 10/21/2024	360,000.00	08/10/2021 0.39%	359,995.10 359,997.36	96.64 4.56%	347,911.56 42.90	0.32% (12,085.80)	NR / AAA AAA	2.06 0.81
58769KAD6	Mercedes-Benz Auto Lease Trust 2021- B A3 0.4% Due 11/15/2024	255,000.00	06/22/2021 0.40%	254,980.75 254,990.25	96.54 4.75%	246,181.85 45.33	0.22% (8,808.40)	NR / AAA AAA	2.13 0.80
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.33% Due 12/26/2024	160,000.00	09/08/2021 0.34%	159,983.49 159,991.06	97.15 4.51%	155,437.60 8.80	0.14% (4,553.46)	Aaa / NR AAA	2.24 0.68
89236XAC0	Toyota Auto Receivables 2020-D A3 0.35% Due 1/15/2025	139,362.60	10/06/2020 0.36%	139,336.64 139,348.63	98.07 4.58%	136,668.44 21.68	0.12% (2,680.19)	NR / AAA AAA	2.30 0.46
05601XAC3	BMW Vehicle Lease Trust 2022-1 A3 1.1% Due 3/25/2025	170,000.00	01/11/2022 1.11%	169,974.59 169,982.73	96.29 4.76%	163,687.05 31.17	0.15% (6,295.68)	NR / AAA AAA	2.48 1.02
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.27% Due 4/21/2025	113,318.03	02/17/2021 0.27%	113,315.95 113,317.03	97.08 4.95%	110,012.43 8.50	0.10% (3,304.60)	Aaa / NR AAA	2.56 0.62
89240BAC2	Toyota Auto Receivables Owners 2021- A A3 0.26% Due 5/15/2025	401,441.65	02/02/2021 0.27%	401,367.14 401,406.67	97.43 4.30%	391,138.25 46.39	0.36% (10,268.42)	Aaa / NR AAA	2.62 0.63
47788UAC6	John Deere Owner Trust 2021-A A3 0.36% Due 9/15/2025	185,000.00	03/02/2021 0.37%	184,964.44 184,979.85	96.11 4.92%	177,796.10 29.60	0.16% (7,183.75)	Aaa / NR AAA	2.96 0.86
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.38% Due 9/15/2025	225,000.00	04/20/2021 0.38%	224,976.33 224,987.41	96.68 4.59%	217,522.35 38.00	0.20% (7,465.06)	NR / AAA AAA	2.96 0.79
43815EAC8	Honda Auto Receivables 2021-3 A3 0.41% Due 11/18/2025	340,000.00	08/17/2021 0.41%	339,995.04 339,996.73	95.30 4.63%	324,005.72 50.34	0.30% (15,991.01)	NR / AAA AAA	3.14 1.13
44934KAC8	Hyundai Auto Receivables Trust 2021-B A3 0.38% Due 1/15/2026	465,000.00	07/20/2021 0.39%	464,897.37 464,935.91	95.32 4.99%	443,238.93 78.53	0.40% (21,696.98)	NR / AAA AAA	3.30 1.02
43815GAC3	Honda Auto Receivables Trust 2021-4 A3 0.88% Due 1/21/2026	175,000.00	11/16/2021 0.89%	174,963.11 174,972.79	94.61 4.70%	165,569.78 42.78	0.15% (9,403.01)	Aaa / NR AAA	3.31 1.43

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
47789QAC4	John Deere Owner Trust 2021-B A3 0.52% Due 3/16/2026	220,000.00	07/13/2021 0.52%	219,980.38 219,986.81	94.50 4.71%	207,905.72 50.84	0.19% (12,081.09)	Aaa / NR AAA	3.46 1.33
89238JAC9	Toyota Auto Receivables Trust 2021-D A3 0.71% Due 4/15/2026	160,000.00	11/09/2021 0.71%	159,996.59 159,997.51	94.72 4.62%	151,557.76 50.49	0.14% (8,439.75)	NR / AAA AAA	3.54 1.37
05602RAD3	BMW Vehicle Owner Trust 2022-A A3 3.21% Due 8/25/2026	185,000.00	05/10/2022 3.23%	184,990.38 184,991.53	97.34 4.81%	180,082.15 98.98	0.16% (4,909.38)	Aaa / AAA NR	3.90 1.70
362554AC1	GM Financial Securitized Term 2021-4 A3 0.68% Due 9/16/2026	130,000.00	10/13/2021 0.68%	129,996.69 129,997.61	94.24 5.04%	122,513.69 36.83	0.11% (7,483.92)	Aaa / AAA NR	3.96 1.34
47787JAC2	John Deere Owner Trust 2022-A A3 2.32% Due 9/16/2026	215,000.00	03/10/2022 2.34%	214,952.44 214,959.84	95.59 5.00%	205,528.82 221.69	0.19% (9,431.02)	Aaa / NR AAA	3.96 1.67
380146AC4	GM Financial Auto Receivables 2022-1 A3 1.26% Due 11/16/2026	115,000.00	01/11/2022 1.27%	114,990.01 114,992.11	95.13 4.79%	109,403.76 60.38	0.10% (5,588.35)	NR / AAA AAA	4.13 1.40
362585AC5	GM Financial Securitized ART 2022-2 A3 3.1% Due 2/16/2027	170,000.00	04/05/2022 3.13%	169,964.47 169,969.32	96.93 4.92%	164,783.21 219.58	0.15% (5,186.11)	Aaa / AAA NR	4.38 1.72
02582JIT8	American Express Credit Trust 2022-2 A 3.39% Due 5/17/2027	475,000.00	05/17/2022 3.42%	474,894.93 474,907.50	96.77 4.75%	459,657.50 715.67	0.42% (15,250.00)	NR / AAA AAA	4.63 2.44
92348KAV5	Verizon Master Trust 2022-5 A1A 3.72% Due 7/20/2027	195,000.00	08/02/2022 3.75%	194,991.42 194,991.85	99.05 4.51%	193,139.70 221.65	0.18% (1,852.15)	NR / AAA AAA	4.81 1.79
Total ABS		4,953,175.24	1.19%	4,952,554.16 4,952,750.90	4.70%	4,771,812.72 2,168.56	4.35% (180,938.18)	Aaa / AAA AAA	3.25 1.20
AGENCY									
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,000,523.25	99.93 3.35%	999,270.00 9,333.33	0.92% (1,253.25)	Aaa / AA+ AAA	0.19 0.19
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	985,000.00	05/05/2020 0.39%	984,586.30 984,918.24	97.79 4.16%	963,248.25 1,498.02	0.88% (21,669.99)	Aaa / AA+ AAA	0.59 0.58
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	1,055,000.00	05/20/2020 0.35%	1,051,824.45 1,054,324.29	97.61 4.04%	1,029,824.54 945.10	0.94% (24,499.75)	Aaa / AA+ AAA	0.64 0.63
3135G05G4	FNMA Note 0.25% Due 7/10/2023	875,000.00	07/08/2020 0.32%	873,118.75 874,515.51	97.13 4.04%	849,866.50 492.19	0.77% (24,649.01)	Aaa / AA+ AAA	0.78 0.76

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,001,030.36	97.68 4.33%	976,832.00 2,088.89	0.89% (24,198.36)	Aaa / AA+ AAA	0.87 0.85
3137EAEV7	FHLMC Note 0.25% Due 8/24/2023	1,000,000.00	09/24/2020 0.24%	1,000,230.00 1,000,070.75	96.54 4.21%	965,423.00 256.94	0.88% (34,647.75)	Aaa / AA+ AAA	0.90 0.88
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 705,950.66	98.31 4.23%	688,167.90 1,062.15	0.63% (17,782.76)	Aaa / AA+ NR	0.94 0.91
3137EAEW5	FHLMC Note 0.25% Due 9/8/2023	660,000.00	09/02/2020 0.26%	659,782.20 659,932.22	96.24 4.38%	635,168.16 105.42	0.58% (24,764.06)	Aaa / AA+ AAA	0.94 0.92
3133EMBS0	FFCB Note 0.2% Due 10/2/2023	1,000,000.00	11/12/2020 0.28%	997,720.00 999,207.52	96.06 4.24%	960,631.00 994.44	0.88% (38,576.52)	Aaa / AA+ AAA	1.01 0.98
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	825,000.00	10/14/2020 0.25%	821,922.75 823,932.10	95.71 4.37%	789,619.05 472.66	0.72% (34,313.05)	Aaa / AA+ AAA	1.04 1.02
3137EAEZ8	FHLMC Note 0.25% Due 11/6/2023	1,075,000.00	11/03/2020 0.28%	1,074,032.50 1,074,646.02	95.64 4.35%	1,028,118.18 1,082.47	0.94% (46,527.84)	Aaa / AA+ AAA	1.10 1.07
3137EAF2	FHLMC Note 0.25% Due 12/4/2023	770,000.00	12/02/2020 0.28%	769,237.70 769,701.35	95.43 4.27%	734,784.82 625.63	0.67% (34,916.53)	Aaa / AA+ AAA	1.18 1.15
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,009,088.96	97.68 4.27%	976,816.00 7,062.50	0.90% (32,272.96)	Aaa / AA+ NR	1.19 1.15
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,013,853.86	97.59 4.36%	975,941.00 3,888.89	0.89% (37,912.86)	Aaa / AA+ AAA	1.35 1.30
3133EKM1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 753,187.50	97.20 4.31%	729,028.50 1,765.42	0.67% (24,159.00)	Aaa / AA+ AAA	1.40 1.35
3133EMR27	FFCB Note 0.25% Due 2/26/2024	850,000.00	02/22/2021 0.26%	849,694.00 849,856.64	94.60 4.25%	804,063.45 206.60	0.73% (45,793.19)	Aaa / AA+ AAA	1.41 1.37
3130A7PH2	FHLB Note 1.875% Due 3/8/2024	1,000,000.00	03/03/2020 0.85%	1,040,350.00 1,014,432.35	96.66 4.29%	966,594.00 1,197.92	0.88% (47,838.35)	Aaa / AA+ NR	1.44 1.39
3133ENKS8	FFCB Note 1.125% Due 1/6/2025	395,000.00	01/06/2022 1.20%	394,111.25 394,325.49	93.16 4.32%	367,983.19 1,049.22	0.34% (26,342.30)	Aaa / AA+ AAA	2.27 2.19
3133ENPY0	FFCB Note 1.75% Due 2/25/2025	750,000.00	03/03/2022 1.76%	749,865.00 749,891.16	94.21 4.31%	706,598.25 1,312.50	0.65% (43,292.91)	Aaa / AA+ AAA	2.41 2.31

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G05X7	FNMA Note 0.375% Due 8/25/2025	500,000.00	12/20/2021 1.06%	487,610.00 490,230.07	89.43 4.29%	447,148.00 187.50	0.41% (43,082.07)	Aaa / AA+ AAA	2.90 2.83
Total Agency		17,190,000.00	0.90%	17,325,293.90 17,223,618.30	4.20%	16,595,125.79 35,627.79	15.15% (628,492.51)	Aaa / AA+ AAA	1.13 1.09
CMO									
3137BKRJ1	FHLMC K047 A2 3.329% Due 5/25/2025	500,000.00	05/19/2022 3.05%	502,890.63 502,540.41	96.81 4.62%	484,042.00 1,387.08	0.44% (18,498.41)	NR / NR AAA	2.65 2.37
3137BM7C4	FHLMC K051 A2 3.308% Due 9/25/2025	500,000.00	05/16/2022 2.96%	503,886.72 503,449.83	96.42 4.62%	482,090.50 1,378.33	0.44% (21,359.33)	NR / NR AAA	2.99 2.65
Total CMO		1,000,000.00	3.00%	1,006,777.35 1,005,990.24	4.62%	966,132.50 2,765.41	0.88% (39,857.74)	NR / NR AAA	2.82 2.51
CORPORATE									
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 401,252.76	99.75 4.17%	399,005.60 2,933.33	0.37% (2,247.16)	A2 / A- AA-	0.28 0.28
90331HNL3	US Bank NA Callable Note Cont 12/23/2022 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 480,637.18	99.62 4.05%	478,184.64 2,584.00	0.44% (2,452.54)	A1 / AA- AA-	0.32 0.31
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 503,020.76	99.43 4.34%	497,149.00 5,493.06	0.46% (5,871.76)	A2 / A A+	0.69 0.67
69371RQ82	Paccar Financial Corp Note 0.8% Due 6/8/2023	300,000.00	06/01/2020 0.85%	299,583.00 299,904.79	97.64 4.31%	292,931.70 753.33	0.27% (6,973.09)	A1 / A+ NR	0.69 0.67
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 502,285.01	99.51 4.07%	497,565.00 4,486.11	0.46% (4,720.01)	Aa2 / AA AA	0.74 0.72
808513BN4	Charles Schwab Corp Callable Note Cont 2/18/2024 0.75% Due 3/18/2024	600,000.00	Various 0.70%	600,858.00 600,406.24	94.59 4.60%	567,554.40 162.50	0.52% (32,851.84)	A2 / A A	1.47 1.43

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CORPORATE									
023135BW5	Amazon.com Inc Note 0.45% Due 5/12/2024	420,000.00	05/10/2021 0.50%	419,386.80 419,670.46	93.77 4.49%	393,813.00 729.75	0.36% (25,857.46)	A1 / AA AA-	1.62 1.57
91324PEB4	United Health Group Inc Callable Note Cont 5/15/2022 0.55% Due 5/15/2024	230,000.00	11/08/2021 0.78%	228,679.80 229,147.70	93.65 4.65%	215,404.20 477.89	0.20% (13,743.50)	A3 / A+ A	1.62 1.58
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	665,000.00	05/10/2021 0.50%	664,108.90 664,517.05	93.55 4.60%	622,138.09 1,113.88	0.57% (42,378.96)	A2 / A A	1.63 1.59
24422EVQ9	John Deere Capital Corp Note 0.45% Due 6/7/2024	395,000.00	06/07/2021 0.49%	394,506.25 394,722.18	93.29 4.63%	368,512.88 562.88	0.34% (26,209.30)	A2 / A A	1.69 1.64
89114QCA4	Toronto Dominion Bank Note 2.65% Due 6/12/2024	500,000.00	08/25/2021 0.61%	528,130.00 517,098.63	96.05 5.10%	480,243.00 4,011.81	0.44% (36,855.63)	A1 / A AA-	1.70 1.62
89236TJH9	Toyota Motor Credit Corp Note 0.5% Due 6/18/2024	400,000.00	06/15/2021 0.54%	399,524.00 399,728.12	93.23 4.65%	372,920.00 572.22	0.34% (26,808.12)	A1 / A+ A+	1.72 1.67
06367TQW3	Bank of Montreal Note 0.625% Due 7/9/2024	500,000.00	12/15/2021 1.21%	492,645.00 494,910.50	92.61 5.03%	463,056.00 711.81	0.42% (31,854.50)	A2 / A- AA-	1.78 1.72
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 7/15/2024	105,000.00	06/29/2021 0.64%	104,946.45 104,968.18	93.24 4.60%	97,896.96 138.54	0.09% (7,071.22)	A2 / A+ NR	1.79 1.74
69371RR40	Paccar Financial Corp Note 0.5% Due 8/9/2024	255,000.00	08/03/2021 0.52%	254,862.30 254,914.82	92.71 4.64%	236,399.03 184.17	0.22% (18,515.79)	A1 / A+ NR	1.86 1.81
78015K7C2	Royal Bank of Canada Note 2.25% Due 11/1/2024	500,000.00	05/19/2021 0.74%	525,645.00 515,509.12	94.66 4.97%	473,311.00 4,687.50	0.44% (42,198.12)	A1 / A AA-	2.09 1.98
89236TJT3	Toyota Motor Credit Corp Note 1.45% Due 1/13/2025	275,000.00	01/10/2022 1.50%	274,631.50 274,719.25	92.73 4.85%	255,008.88 863.96	0.23% (19,710.37)	A1 / A+ A+	2.29 2.20
46647PBY1	JP Morgan Chase & Co Callable Note Cont 2/16/2024 0.563% Due 2/16/2025	365,000.00	02/09/2021 0.56%	365,000.00 365,000.00	93.52 4.66%	341,340.34 256.87	0.31% (23,659.66)	A1 / A- AA-	2.38 2.30
57636QAN4	MasterCard Inc Callable Note 1x 02/03/2025 2% Due 3/3/2025	600,000.00	10/28/2021 1.04%	618,294.00 613,159.38	94.15 4.57%	564,912.00 933.33	0.52% (48,247.38)	A1 / A+ NR	2.42 2.32
24422EWB1	John Deere Capital Corp Note 2.125% Due 3/7/2025	215,000.00	03/02/2022 2.14%	214,907.55 214,925.10	94.14 4.70%	202,398.42 304.58	0.18% (12,526.68)	A2 / A A	2.44 2.33
87612EBL9	Target Corp Callable Note Cont 4/15/25 2.25% Due 4/15/2025	500,000.00	03/15/2022 2.53%	495,935.00 496,650.44	94.35 4.63%	471,740.00 5,187.50	0.43% (24,910.44)	A2 / A A	2.54 2.40

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CORPORATE									
06406RBC0	Bank of NY Mellon Corp Callable Note Cont 3/25/2025 3.35% Due 4/25/2025	475,000.00	04/19/2022 3.35%	474,933.50 474,943.10	96.60 4.77%	458,835.28 6,851.22	0.42% (16,107.82)	A1 / A AA-	2.57 2.39
46647PCH7	JP Morgan Chase & Co Callable Note Cont 6/1/2024 0.824% Due 6/1/2025	555,000.00	05/24/2021 0.78%	555,720.85 555,400.55	92.60 4.81%	513,926.12 1,524.40	0.47% (41,474.43)	A1 / A- AA-	2.67 2.56
438516CB0	Honeywell Intl Callable Note Cont 5/1/2025 1.35% Due 6/1/2025	500,000.00	03/09/2022 2.31%	485,140.00 487,713.38	92.05 4.54%	460,256.50 2,250.00	0.42% (27,456.88)	A2 / A A	2.67 2.56
63743HFE7	National Rural Utilities Note 3.45% Due 6/15/2025	160,000.00	04/27/2022 3.46%	159,956.80 159,962.49	96.49 4.85%	154,380.32 2,254.00	0.14% (5,582.17)	A2 / A- A	2.71 2.51
26442UAA2	Duke Energy Progress LLC Callable Note Cont 5/15/25 3.25% Due 8/15/2025	500,000.00	04/18/2022 3.21%	500,605.00 500,516.49	95.82 4.82%	479,084.00 2,076.39	0.44% (21,432.49)	Aa3 / A NR	2.88 2.69
857477BR3	State Street Bank Callable Note Cont 2/6/2025 1.746% Due 2/6/2026	175,000.00	02/02/2022 1.75%	175,000.00 175,000.00	93.15 4.85%	163,019.50 466.81	0.15% (11,980.50)	A1 / A AA-	3.36 3.17
Total Corporate		11,070,000.00	1.48%	11,171,259.50 11,100,683.68	4.62%	10,520,985.86 52,571.84	9.63% (579,697.82)	A1 / A A+	1.81 1.74
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	53,446,238.51	Various 1.60%	53,446,238.51 53,446,238.51	1.00 1.60%	53,446,238.51 180,484.30	48.86% 0.00	NR / NR NR	0.00 0.00
Total LAIF		53,446,238.51	1.60%	53,446,238.51	1.60%	53,446,238.51 180,484.30	48.86% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,387,000.00	Various 1.66%	5,387,000.00 5,387,000.00	1.00 1.66%	5,387,000.00 0.00	4.91% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,387,000.00	1.66%	5,387,000.00	1.66%	5,387,000.00 0.00	4.91% 0.00	NR / NR AAA	0.00 0.00

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND									
261908206	Dreyfus Treasury Money Market Fund	287,183.83	Various 2.60%	287,183.83 287,183.83	1.00 2.60%	287,183.83 0.00	0.26% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund		287,183.83	2.60%	287,183.83 287,183.83	2.60%	287,183.83 0.00	0.26% 0.00	Aaa / AAA NR	0.00 0.00

SUPRANATIONAL									
459058JM6	Intl. Bank Recon & Development Note 0.25% Due 11/24/2023	395,000.00	11/17/2020 0.32%	394,150.75 394,675.04	95.45 4.35%	377,013.28 348.37	0.34% (17,661.76)	Aaa / AAA AAA	1.15 1.12
4581X0DZ8	Inter-American Dev Bank Note 0.5% Due 9/23/2024	830,000.00	09/15/2021 0.52%	829,385.80 829,594.83	92.88 4.29%	770,937.20 92.22	0.70% (58,657.63)	Aaa / AAA NR	1.98 1.93
Total Supranational		1,225,000.00	0.46%	1,223,536.55 1,224,269.87	4.31%	1,147,950.48 440.59	1.05% (76,319.39)	Aaa / AAA AAA	1.71 1.67

US TREASURY									
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,237.22	97.18 4.31%	971,797.00 6,800.27	0.89% (28,440.22)	Aaa / AA+ AAA	1.08 1.05
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	1,000,000.00	01/12/2021 0.24%	996,445.31 998,471.00	94.80 4.31%	947,969.00 264.95	0.86% (50,502.00)	Aaa / AA+ AAA	1.29 1.26
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,006,859.05	97.36 4.31%	973,555.00 3,790.76	0.89% (33,304.05)	Aaa / AA+ AAA	1.34 1.29
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	03/03/2020 0.71%	1,052,539.06 1,019,970.38	96.48 4.32%	964,805.00 8,369.57	0.89% (55,165.38)	Aaa / AA+ AAA	1.58 1.52
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	1,000,000.00	05/12/2021 0.36%	996,875.00 998,308.96	93.71 4.30%	937,070.00 944.29	0.85% (61,238.96)	Aaa / AA+ AAA	1.62 1.59
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	1,000,000.00	06/10/2021 0.33%	997,695.31 998,689.94	93.42 4.29%	934,180.00 737.70	0.85% (64,509.94)	Aaa / AA+ AAA	1.71 1.67
91282CCX7	US Treasury Note 0.375% Due 9/15/2024	1,000,000.00	09/10/2021 0.44%	997,929.69 998,649.39	92.80 4.25%	927,969.00 165.75	0.85% (70,680.39)	Aaa / AA+ AAA	1.96 1.91

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of September 30, 2022

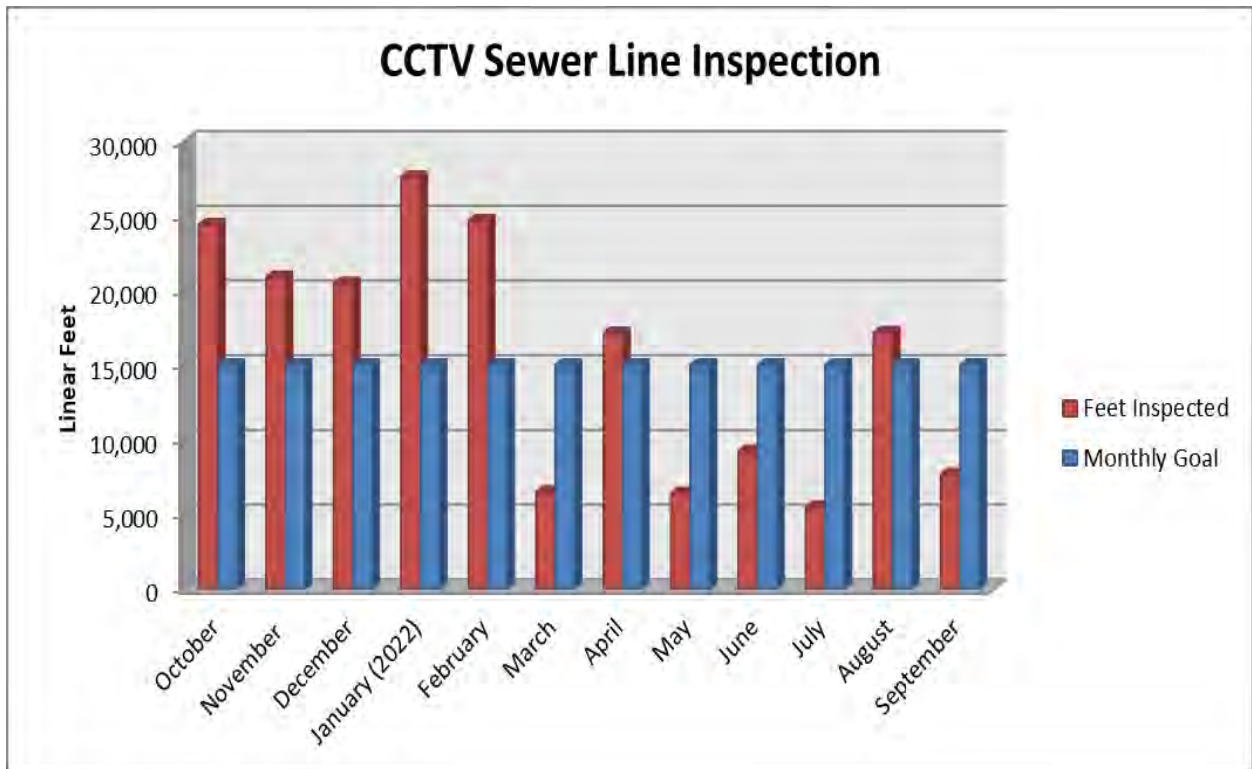


CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828YM6	US Treasury Note 1.5% Due 10/31/2024	1,000,000.00	08/06/2021 0.45%	1,033,554.69 1,021,658.29	94.59 4.24%	945,898.00 6,277.17	0.87% (75,760.29)	Aaa / AA+ AAA	2.09 2.00
91282CDH1	US Treasury Note 0.75% Due 11/15/2024	1,000,000.00	11/29/2021 0.81%	998,164.06 998,682.06	92.95 4.26%	929,453.00 2,832.88	0.85% (69,229.06)	Aaa / AA+ AAA	2.13 2.06
91282CDN8	US Treasury Note 1% Due 12/15/2024	500,000.00	03/15/2022 2.03%	486,347.66 489,050.96	93.23 4.25%	466,133.00 1,475.41	0.43% (22,917.96)	Aaa / AA+ AAA	2.21 2.14
912828ZC7	US Treasury Note 1.125% Due 2/28/2025	1,250,000.00	02/09/2022 1.59%	1,232,666.02 1,236,291.53	92.89 4.25%	1,161,181.25 1,204.25	1.06% (75,110.28)	Aaa / AA+ AAA	2.42 2.34
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	1,000,000.00	03/03/2021 0.54%	998,515.63 999,090.22	91.25 4.22%	912,500.00 13.74	0.83% (86,590.22)	Aaa / AA+ AAA	2.50 2.44
912828ZL7	US Treasury Note 0.375% Due 4/30/2025	950,000.00	04/12/2021 0.66%	939,238.28 943,141.04	90.60 4.25%	860,715.20 1,490.83	0.79% (82,425.84)	Aaa / AA+ AAA	2.58 2.52
912828ZT0	US Treasury Note 0.25% Due 5/31/2025	1,000,000.00	10/14/2021 0.78%	980,976.56 986,019.78	89.97 4.27%	899,688.00 840.16	0.82% (86,331.78)	Aaa / AA+ AAA	2.67 2.60
9128285C0	US Treasury Note 3% Due 9/30/2025	650,000.00	04/29/2022 2.90%	652,005.86 651,761.36	96.53 4.24%	627,452.80 53.57	0.57% (24,308.56)	Aaa / AA+ AAA	3.00 2.83
9128285J5	US Treasury Note 3% Due 10/31/2025	975,000.00	06/02/2022 2.87%	978,999.02 978,613.88	96.45 4.24%	940,379.70 12,240.49	0.87% (38,234.18)	Aaa / AA+ AAA	3.09 2.87
912828M56	US Treasury Note 2.25% Due 11/15/2025	1,000,000.00	07/08/2022 3.18%	970,742.19 972,703.87	94.19 4.25%	941,914.00 8,498.64	0.87% (30,789.87)	Aaa / AA+ AAA	3.13 2.94
9128285T3	US Treasury Note 2.625% Due 12/31/2025	1,000,000.00	08/17/2022 3.25%	980,234.38 980,940.87	95.16 4.23%	951,641.00 6,633.83	0.87% (29,299.87)	Aaa / AA+ AAA	3.25 3.05
Total US Treasury		17,325,000.00	1.31%	17,315,038.10 17,279,139.80	4.27%	16,294,300.95 62,634.26	14.90% (984,838.85)	Aaa / AA+ AAA	2.18 2.10
TOTAL PORTFOLIO		111,883,597.58	1.42%	112,114,881.90 111,906,875.13	2.88%	109,416,730.64 336,692.75	100.00% (2,490,144.49)	Aa1 / AA AAA	0.85 0.74
TOTAL MARKET VALUE PLUS ACCRUED						109,753,423.39			

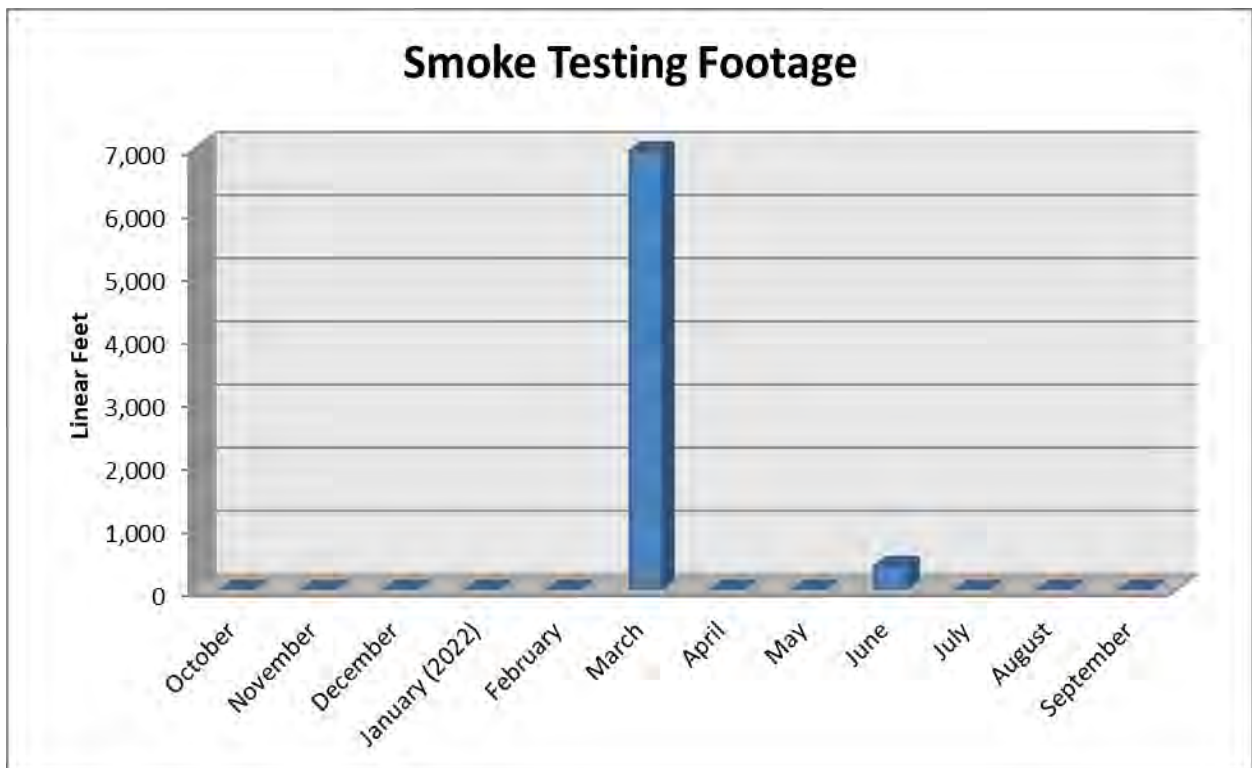
**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Total
General Counsel Services	\$ 6,265	\$ 5,404	\$ 9,160	\$ 14,725	\$ 10,616	\$ 8,361	\$ 17,888	\$ 3,317	\$ 5,420	\$ 22,505	\$ 9,905	\$ 7,227	\$ 7,292	\$ 128,083
Labor/Employment	1,075	368	461	890	1,965	860	1,934	829	1,013	184	1,658	1,044	1,001	13,281
Engineering - Construction/Contracting	2,640	990	2,915	3,025	2,915	3,548	3,316	2,303	2,533	4,298	4,810	2,088	1,865	37,243
Fees and Taxes	-	-	461	-	-	154	-	-	-	276	3,776	2,198	2,623	9,487
Environmental	-	-	-	-	-	-	-	-	1,689	-	215	-	-	1,903
Adv. Butler	1,267	3,489	2,947	-	550	1,100	1,089	1,013	1,965	4,115	4,225	1,488	323	23,571
Renewable Energy	-	-	215	-	-	110	399	-	307	92	-	-	-	1,123
Litigation	3,745	3,469	3,991	4,329	368	1,228	1,259	1,842	4,166	2,456	450	92	-	27,395
Driscoll & Omens Prop 218 Sole	3,935	333	324	2,945	647	1,074	795	246	43	-	-	-	-	10,341
Driscoll & Omens Prop 218 Shared	229	151	85	95	23	602	240	223	170	-	34	-	-	1,851
Driscoll & Omens Prop 218 PRA Requests	252	545	835	290	1,028	186	17	104	-	-	-	-	-	3,257
Total	\$ 19,407	\$ 14,751	\$ 21,392	\$ 26,299	\$ 18,112	\$ 17,221	\$ 26,936	\$ 9,876	\$ 17,305	\$ 33,927	\$ 25,072	\$ 14,136	\$ 13,104	\$ 257,536

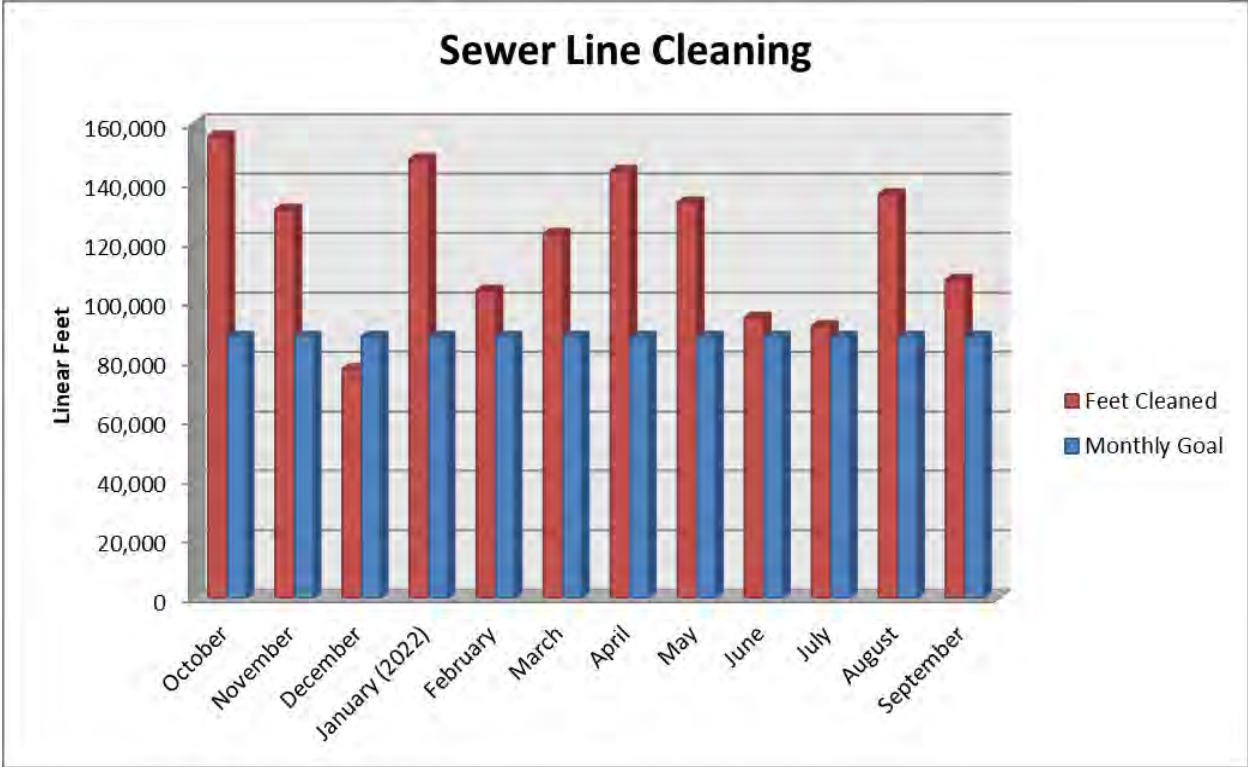
Quarterly O&M Metrics Report



CCTV Sewer Line Inspection Totals in Feet
 Total for Calendar Year 2022 = 121,861 ft.
 (Goal is to inspect at least 180,000 feet of gravity lines per calendar year)

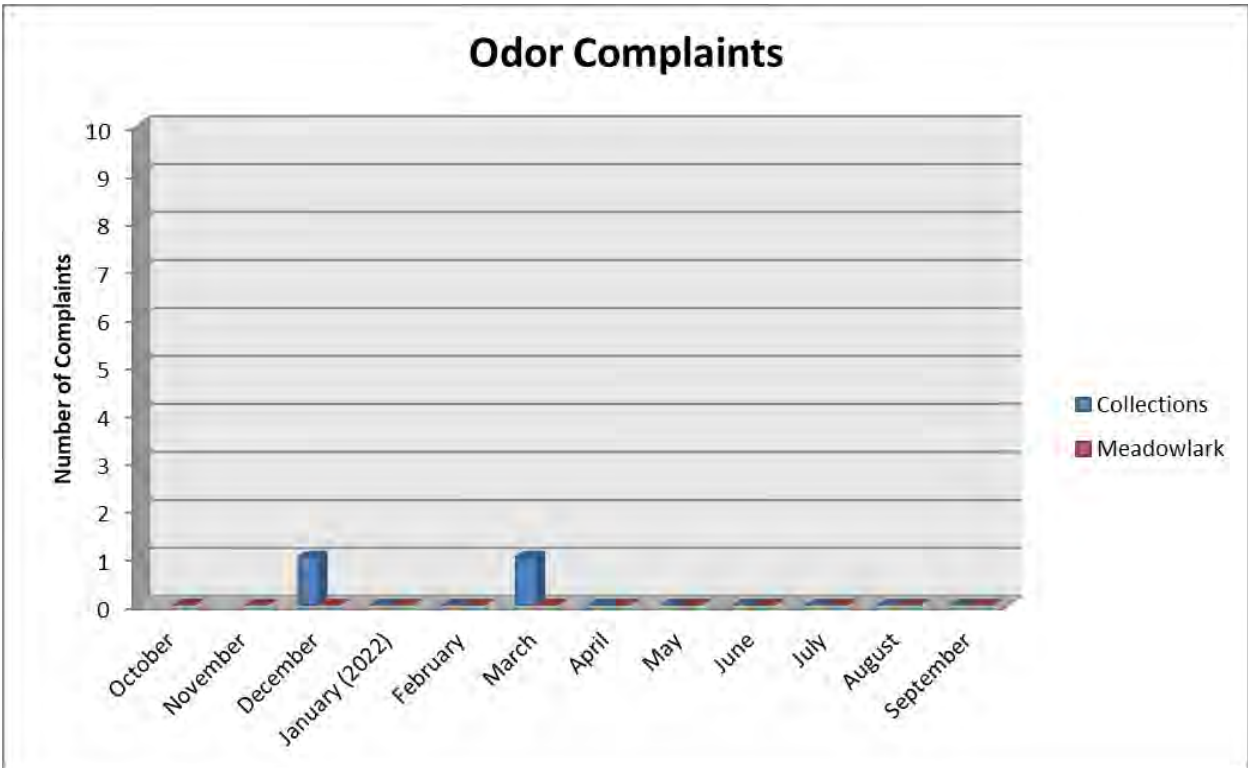


Smoke Testing of Sewer Lines in Feet
 (Goal is to smoke test three areas per calendar year based on suspected I&I)

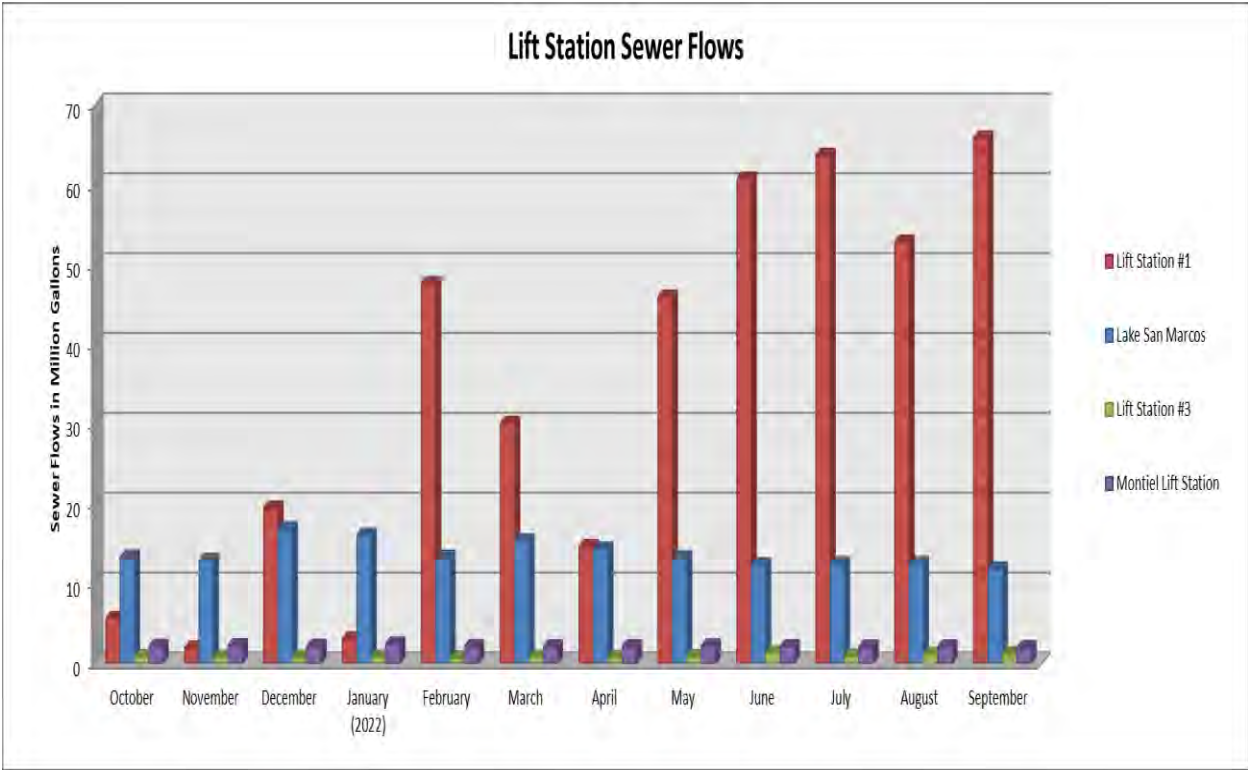


Sewer Line Cleaning Totals in Feet
Total for Calendar Year 2022 = 1,079,816 ft.

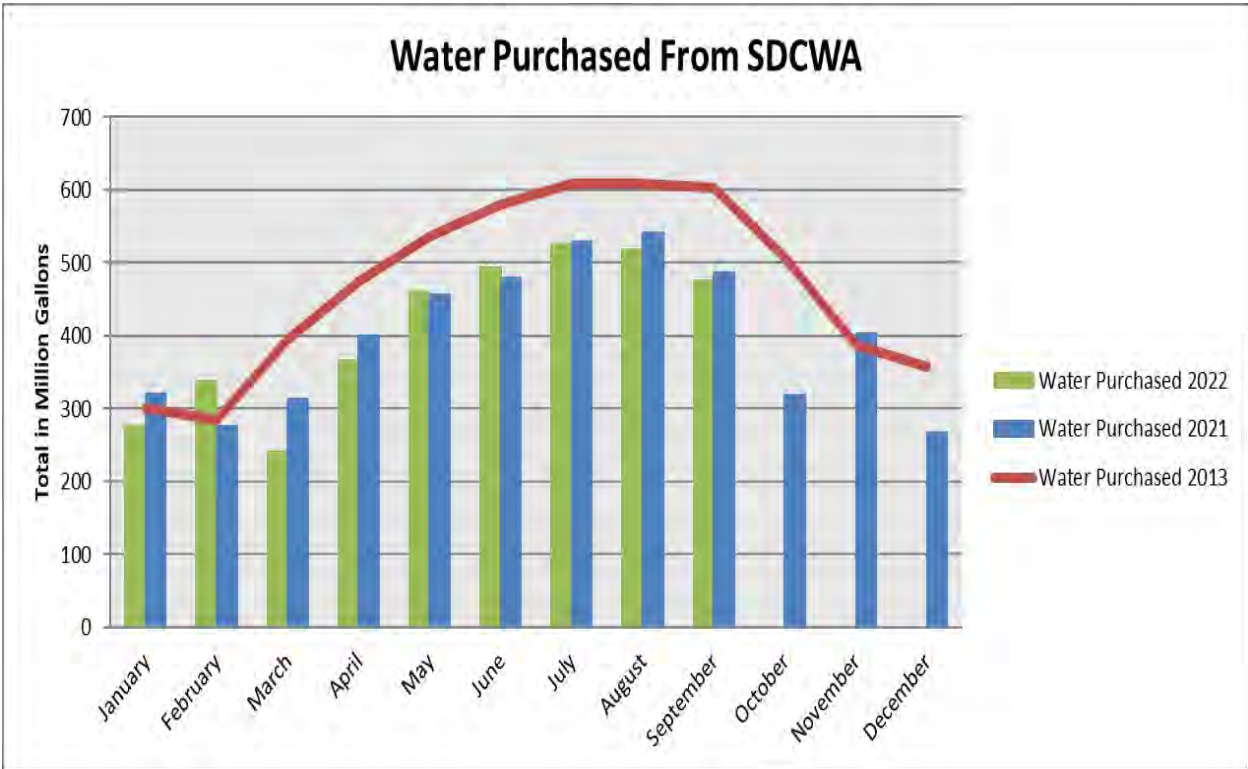
(Goal is to clean 1,000,000 ft. of gravity lines per year and clean the entire system in 15 months or less)



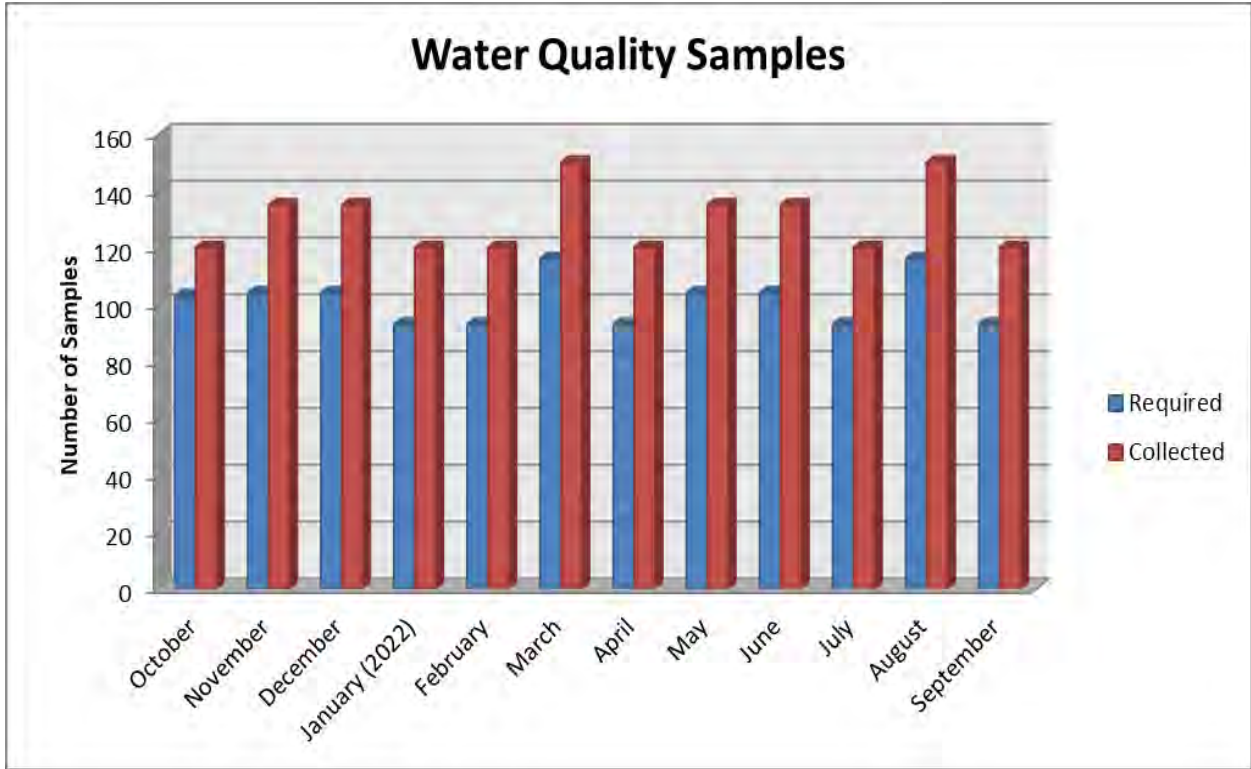
Customer Sewer Odor Complaints



Sewer Flows Pumped from District Lift Stations

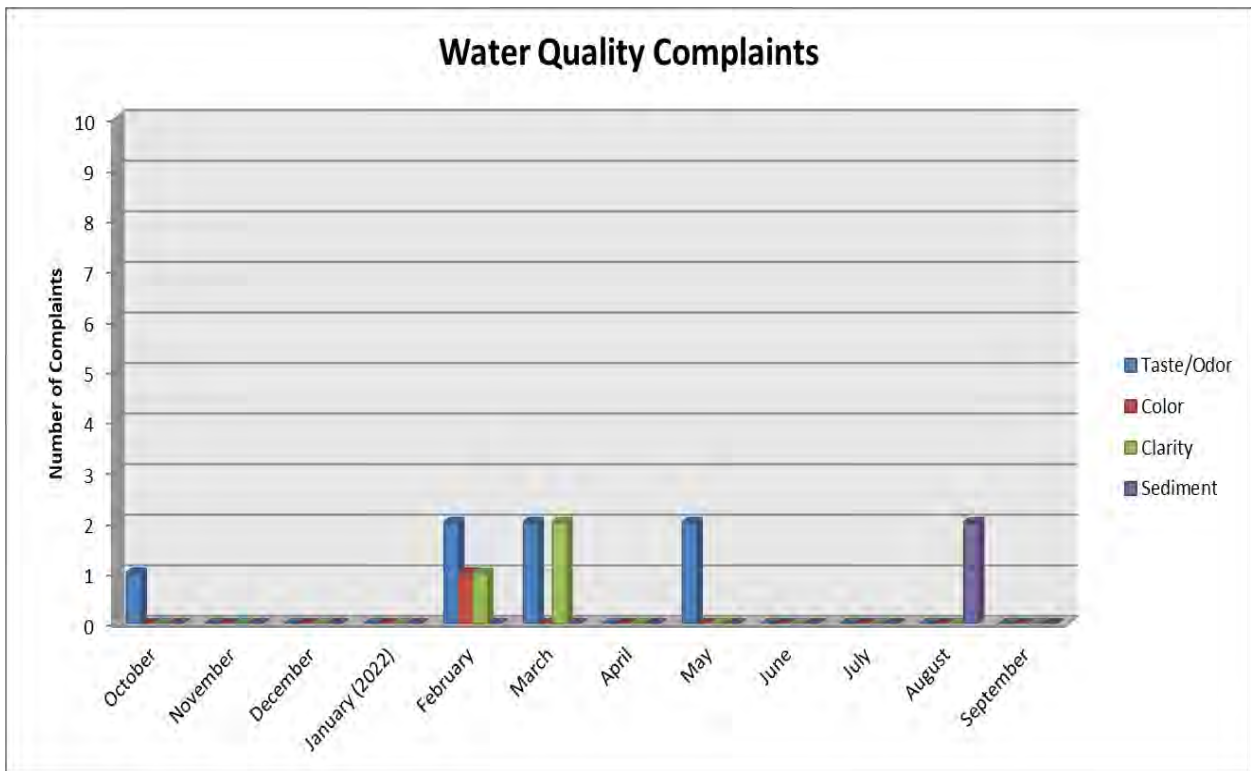


Water Purchased from the San Diego County Water Authority
 Calendar Year 2013 was used by the SWRCB as a baseline for water conservation efforts
 (Includes water from the desalination and OMWD plants)



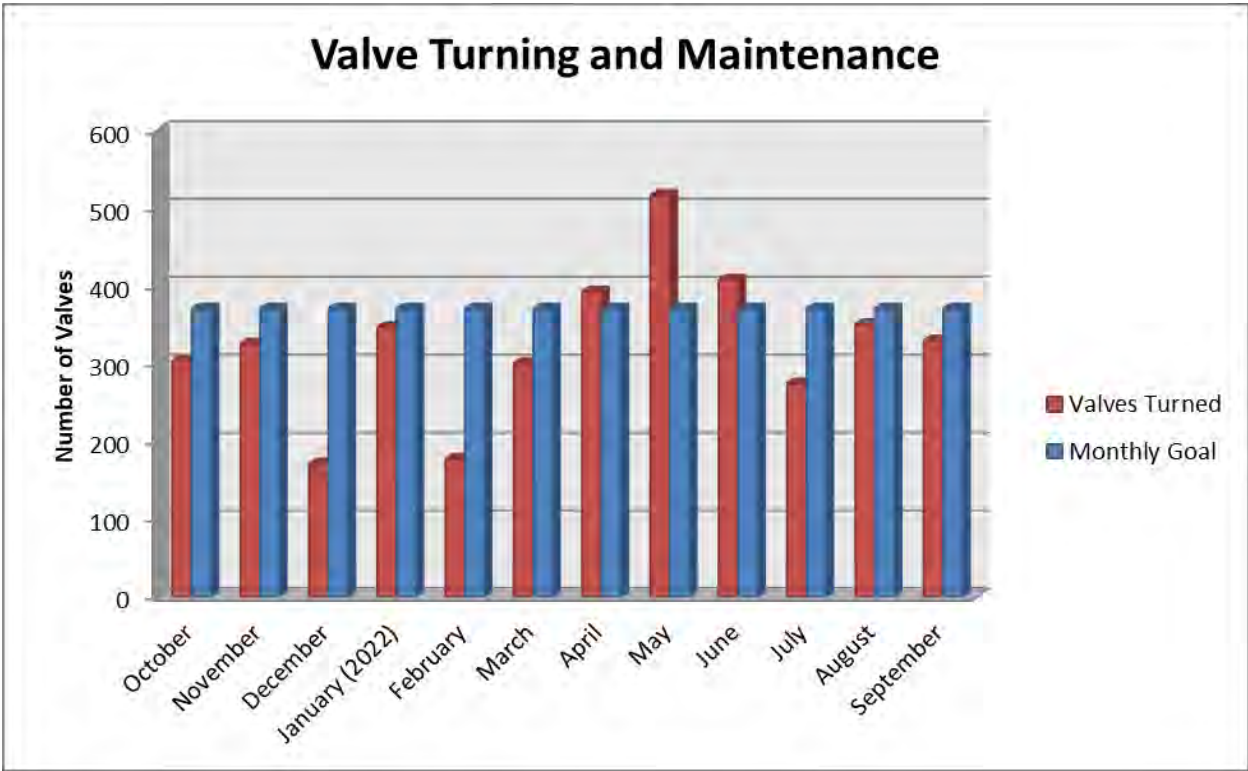
Bacteriological Water Quality Samples

(Number of samples required each month is based on SWRCB regulations & the number of weeks per month)

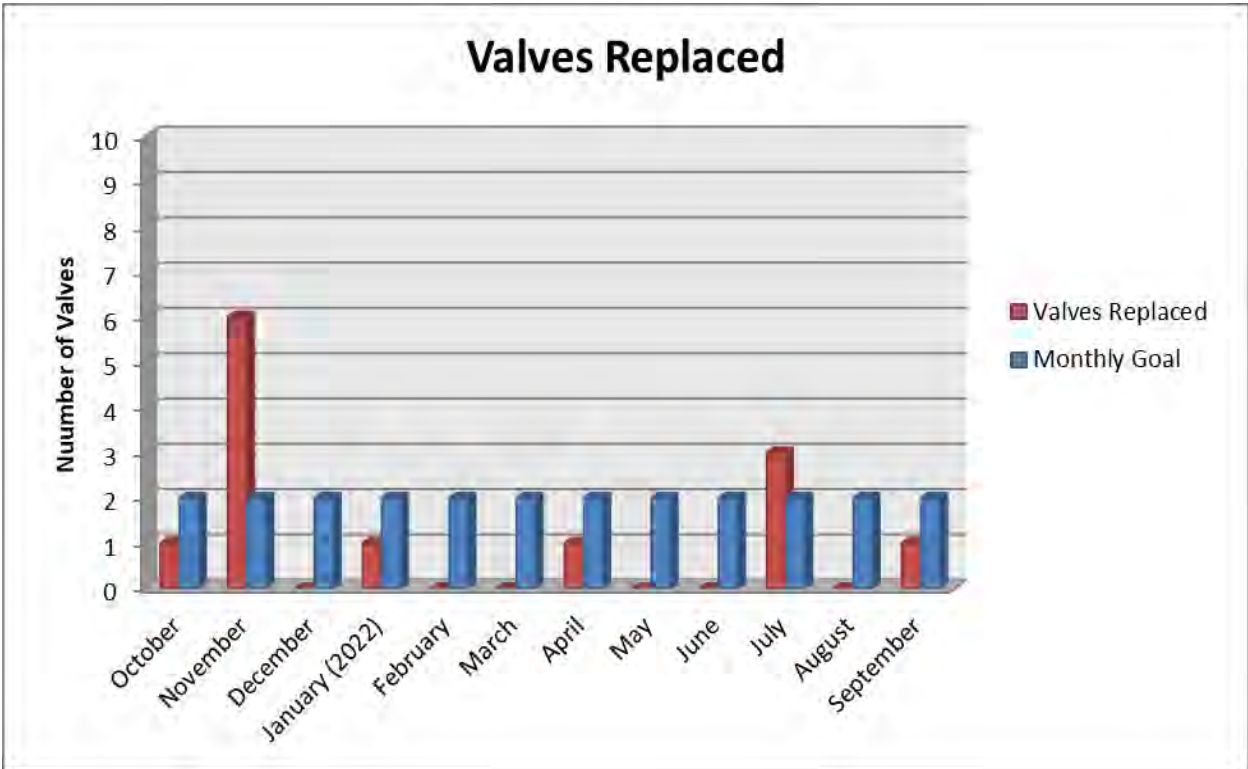


Customer Water Quality Complaints

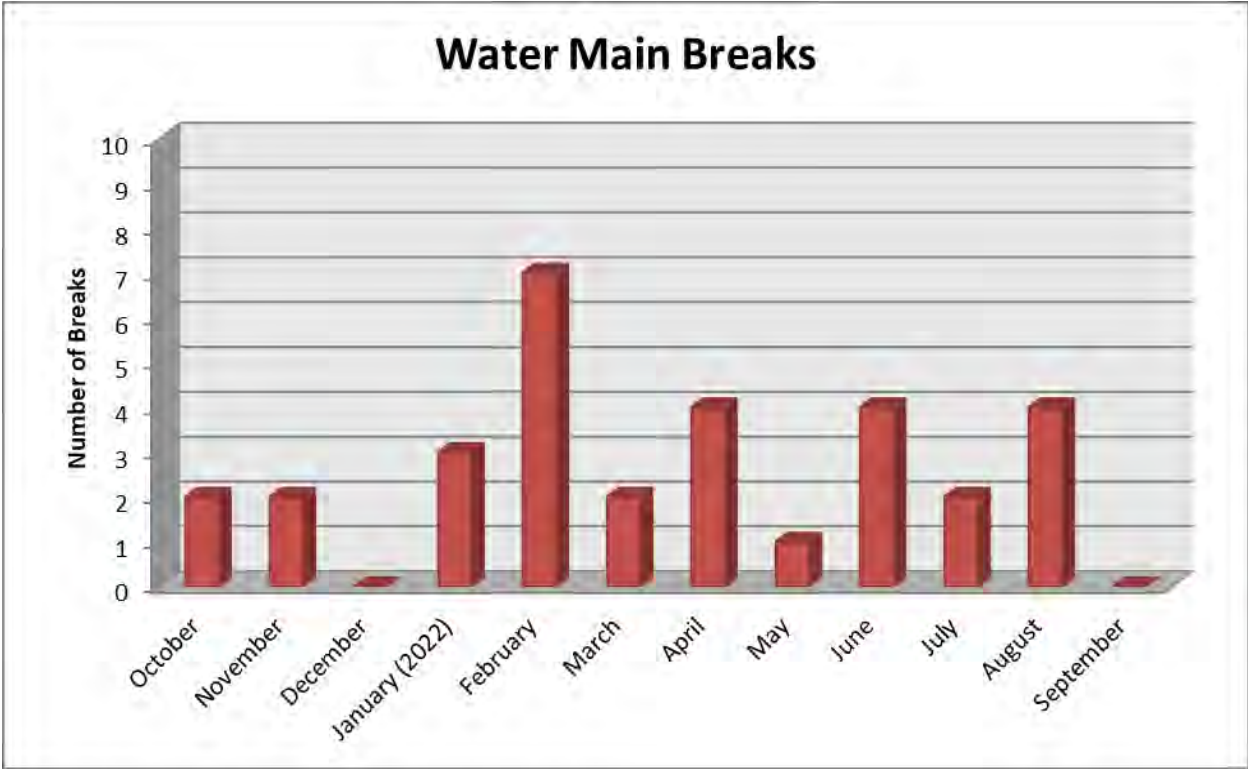
(Water quality issues are typically caused by main breaks, construction activities & customers' plumbing)



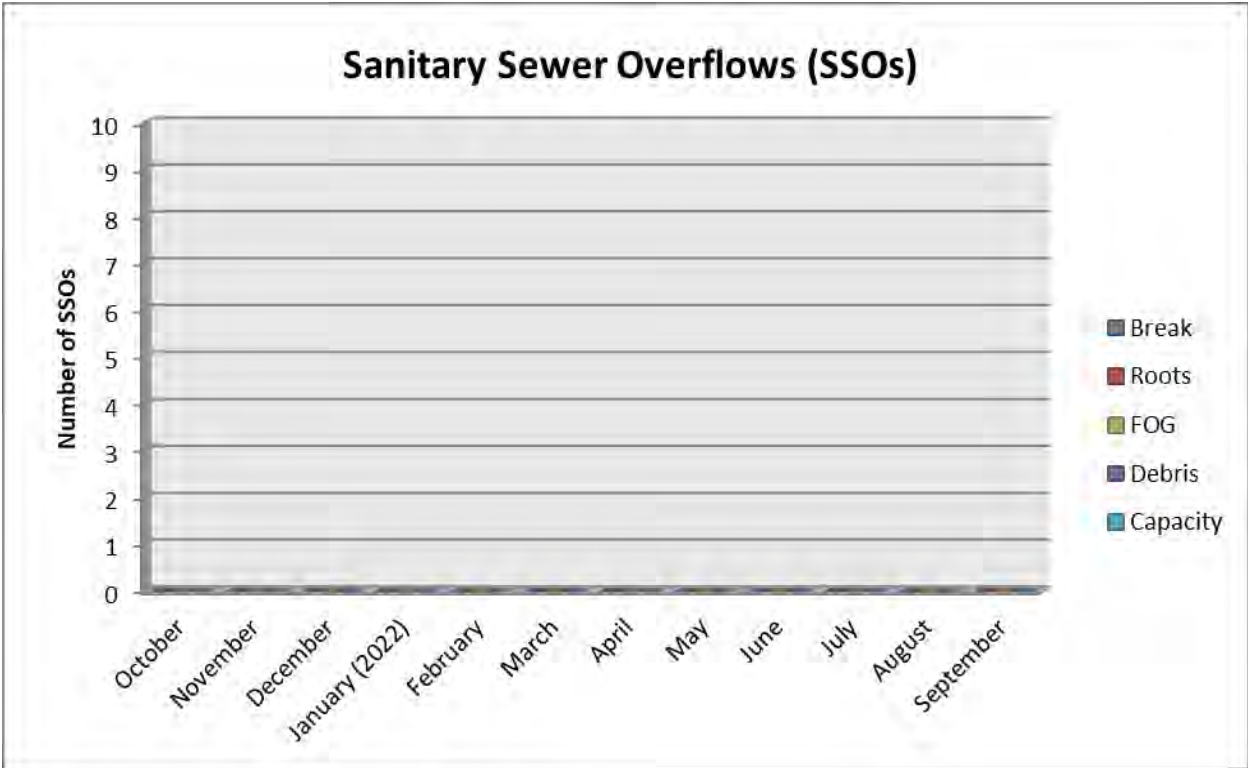
Water Valves Turned in the Distribution System
 The District has 8,874 valves / 35% of the valves have been turned in Calendar Year 2022
 (Goal is to turn 50% of valves every calendar year or about 370/Month)



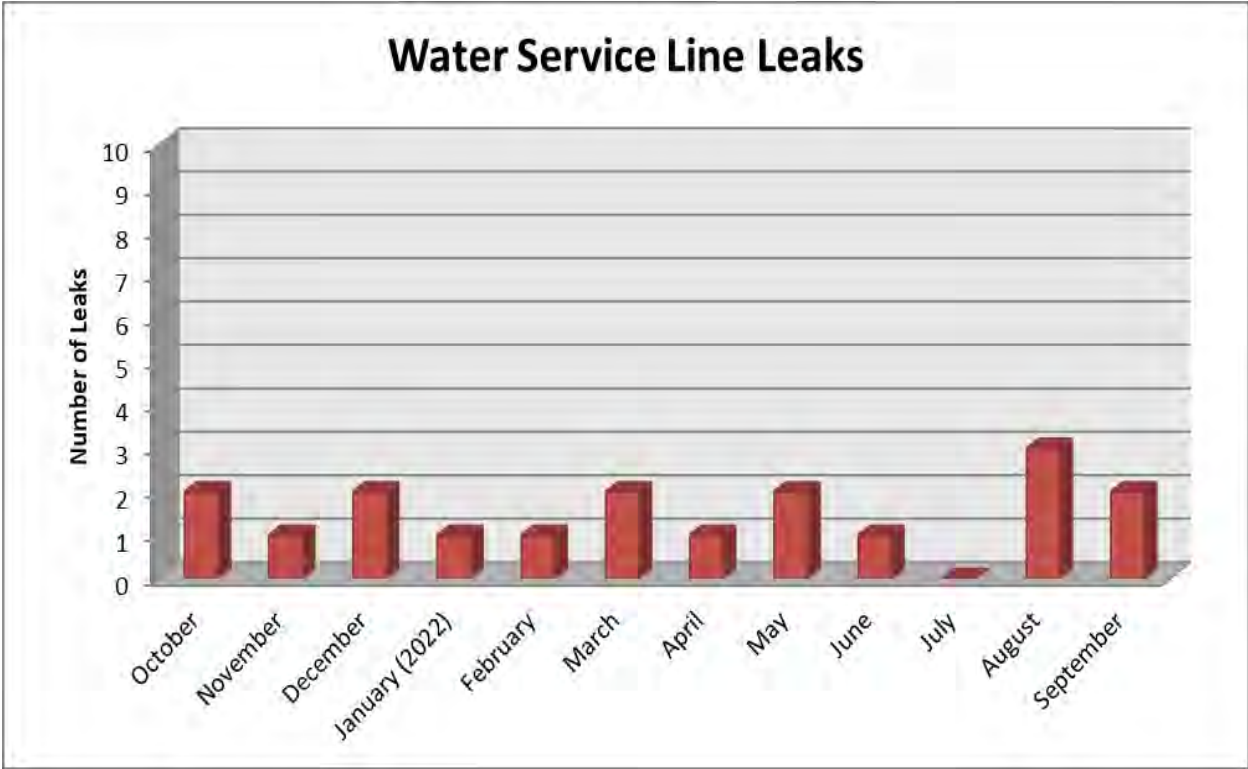
Water Valves Replaced in the Distribution System
 Total replaced so far for Fiscal Year 2022/23 = 4 / There are currently 25 broken valves that need replacing
 (Goal is to replace 20 valves every fiscal year or around 2 per month)



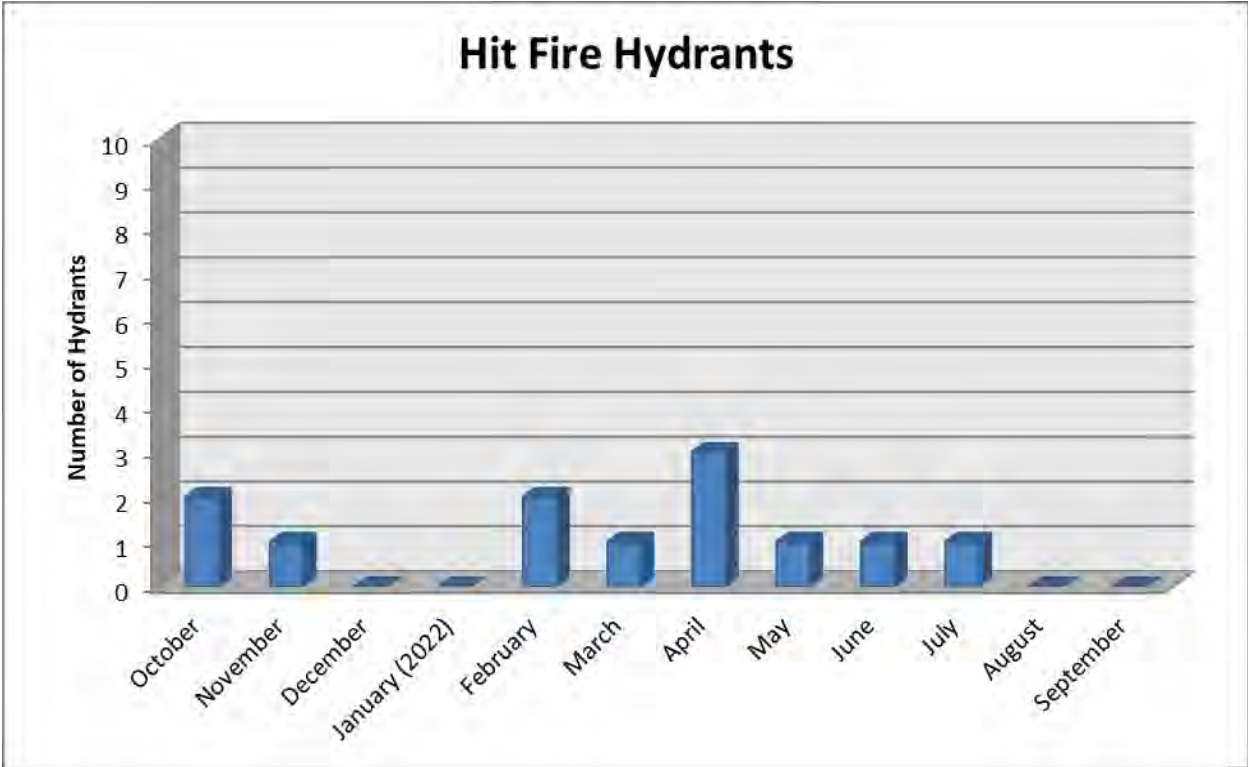
Water Mainline Breaks in the Distribution System
 (There have been 27 water main breaks in calendar year 2022 / There were 18 in 2021)



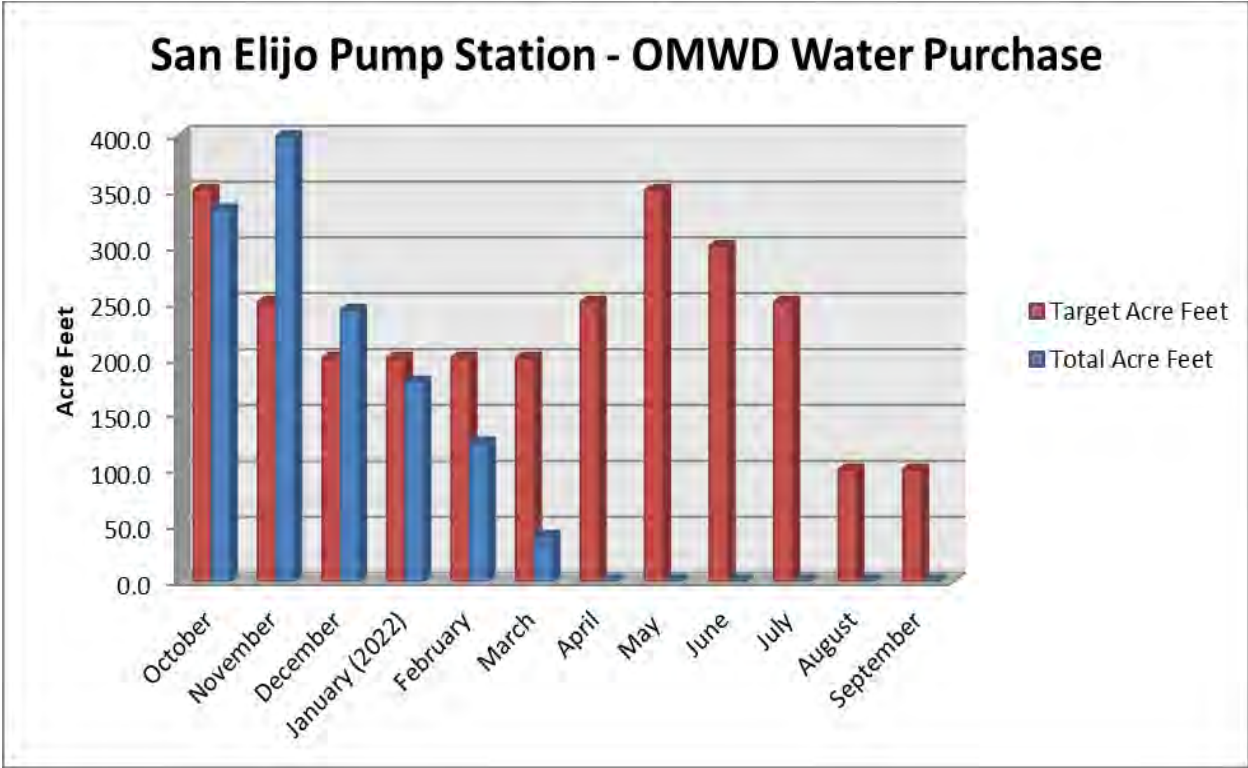
Sanitary Sewer Overflows (sewer spills and their cause) in the Wastewater Collections System
 (There have been 0 SSOs in calendar year 2022 / There were 0 in 2021)



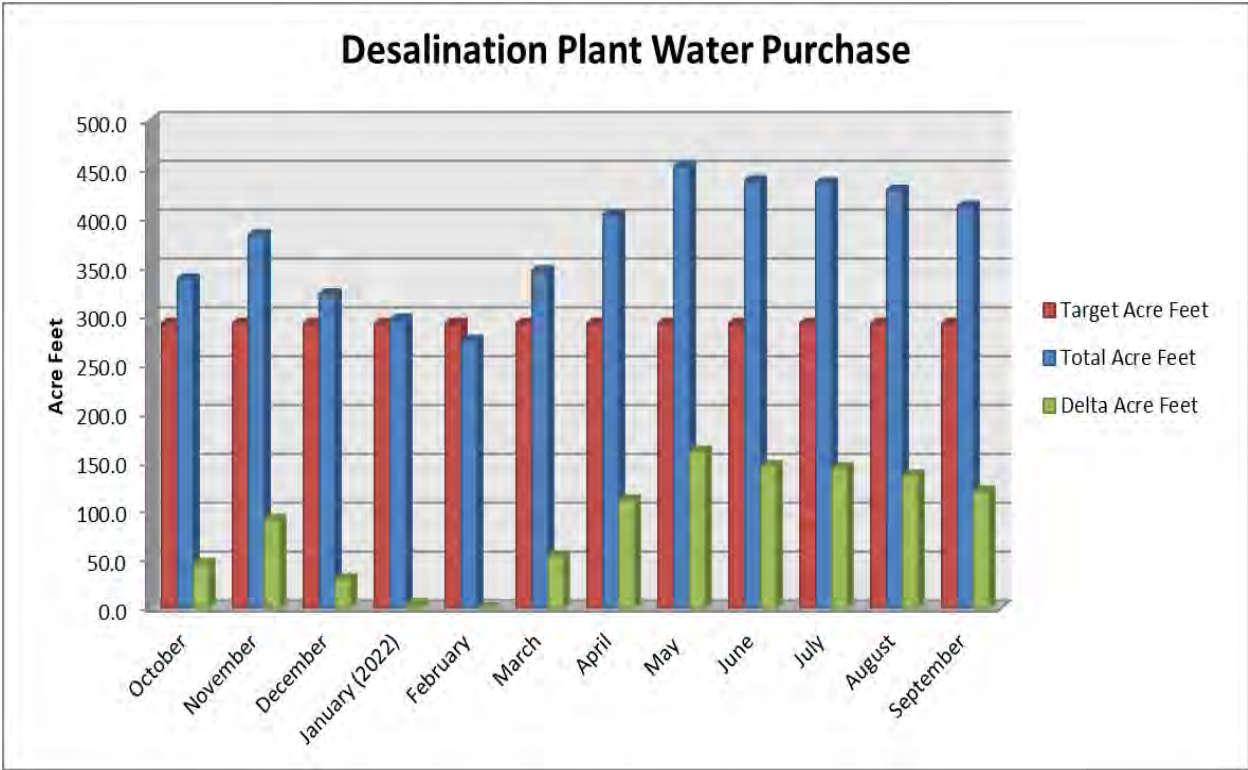
Water Service Line Leaks in the Distribution System
 (There have been 13 water service line leaks in calendar year 2022 / There were 18 in 2021)



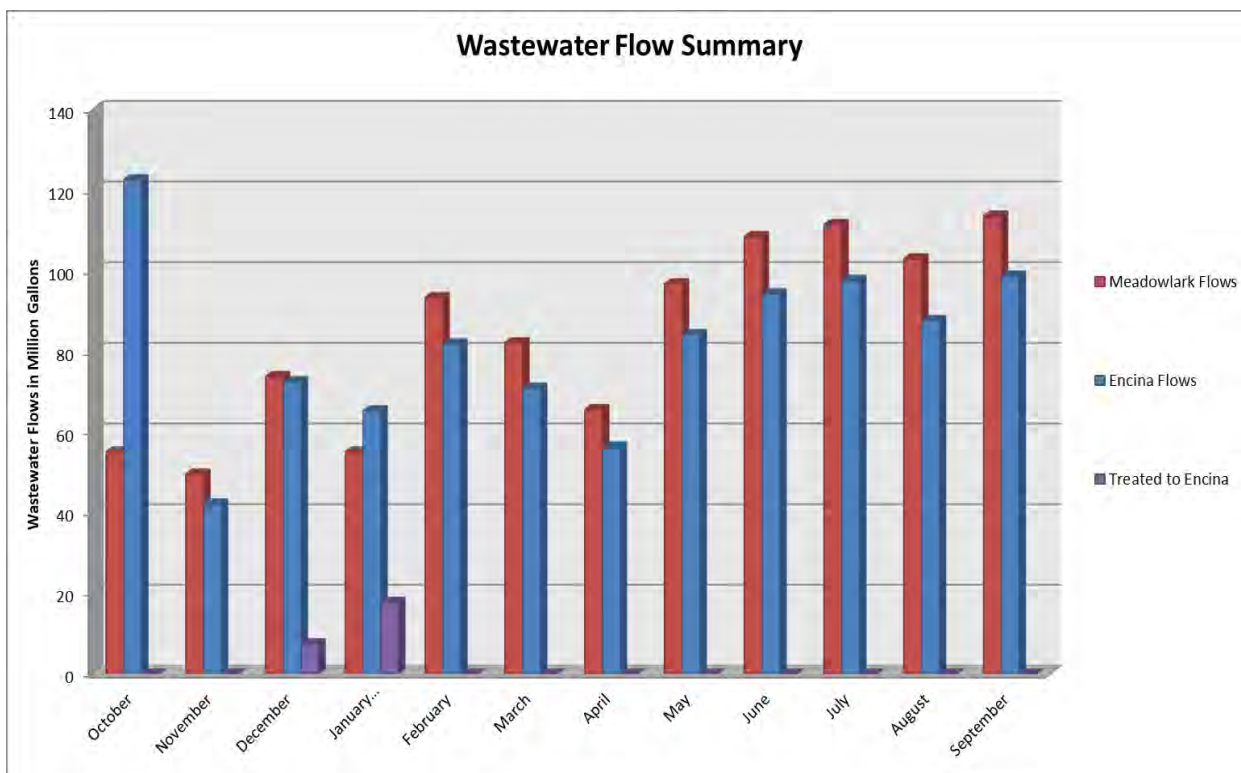
Fire Hydrants Hit in the Distribution System
 (There have been 9 fire hydrants hit in calendar year 2022 / There were 10 in 2021)



Acre Feet (AF) of Water Purchased from Olivenhain MWD – San Elijo Pump Station
 Our annual minimum take from OMWD is 2,750 AF / We have purchased 343 AF in CY 2022
 (The monthly Target Acre Feet varies throughout the year based on the agreement with OMWD)



Acre Feet (AF) of Water Purchased from the Carlsbad Desalination Plant
 Our annual minimum take from Desal is 3,500 AF / We have purchased 3483 AF in CY 2022
 The Delta Acre Feet is the amount of Desal water taken above the target amount in the Rider Agreement
 A total of 1394.8 Acre Feet of Desal water has been taken towards the goal of 4,600 Acre Feet by 2031



Total raw wastewater flows to Meadowlark Reclamation Facility (MRF) and Encina Wastewater Authority (EWA). This graph also includes secondary or reclaimed water sent to the District's Failsafe line. All totals are in Million Gallons per Month.

DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: APPROVE ADDITIONAL AS-NEEDED ENGINEERING PROFESSIONAL SERVICES AGREEMENT WITH ENTERPRISE AUTOMATION

BACKGROUND:

Vallecitos Water District (District) routinely requires engineering, design, and construction management services for its budgeted capital projects and other unforeseen small projects. The level of effort and associated costs of these services does not require the formal engineering Request For Proposals selection process.

DISCUSSION:

Based on experience, it is often in the best interest of the District to negotiate standard fees for these types of services. Staff negotiates reduced rates on a bi-annual basis with selected engineering/design/specialty firms which have submitted resumes, provided statements of qualifications and/or proposals, and have successfully completed projects for the District. Staff and Counsel have reviewed the engineering services agreements and find them consistent with similar, past agreements.

Staff has selected Enterprise Automation (EA) for as-needed SCADA integration and controls professional services. EA became familiar to the District through a study which aims to standardize the District's Supervisory Control and Data Acquisition (SCADA) hardware. EA specializes in instrumentation and control design and SCADA integration services, and the District intends to utilize EA on upcoming requests for professional services as part of its Capital Improvement Program.

FISCAL IMPACT:

There are no direct costs associated with the staff recommendation to enter into an as-needed consultant services agreement. Fees associated with specific work under these as-needed contracts will be directly reimbursed through developer deposits or charged to specific capital projects. EA has submitted a statement of qualifications for professional services on a time and material basis. As-needed agreements are utilized for contracts in accordance with the District's purchasing policy.

RECOMMENDATION:

Authorize the General Manager to enter into an as-needed consultant professional services agreement with EA.

ATTACHMENT(S):

None.

DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: CONSIDER ADOPTING RESOLUTIONS OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS IN (1) ASSESSOR'S PARCEL NO. 228-360-43 AND (2) ASSESSOR'S PARCEL NOS. 228-370-38 AND 228-370-04 FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA

BACKGROUND:

The Board of Directors is being asked to consider the adoption of two Resolutions of Necessity declaring its intent to acquire certain easement interests in certain real property by eminent domain for the Montiel Lift Station and Forcemain Replacement Project in San Marcos, California (Project). The properties are generally described as Assessor's Parcel Number 228-360-43 and Assessor's Parcel Numbers 228-370-38 and 228-370-04, and are further described below.

The immediate need for the easement acquisitions is to proceed with the construction of the Project. The acquisitions are required for and will benefit the community by replacing the existing Montiel sewer basin sewage conveyance facility (lift station) that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands.

Preliminary title reports were obtained from Corinthian Title Company and Chicago Title Company to confirm and identify the record owners of the parcels affected by the Project. District staff then provided the affected property owners with a notice of the District's decision to appraise the property.

The District had the properties appraised and made offers to the record owners. Negotiations have thus far been unsuccessful for the purchase of the easement interests necessary for the Project. The adoption of Resolutions of Necessity for the interests will not prevent negotiations from continuing.

Since agreements have not been reached with the owners of record, it may be necessary to acquire the easement interests described in the attachments by eminent domain. The authorization for the District's General Counsel to initiate the eminent domain process is included in the proposed Resolutions of Necessity.

DISCUSSION:

Description of the Affected Properties and Easements To Be Acquired:

Coles Parcel:

Assessor Parcel No. 228-360-43 (Coles Property) is owned by MONTIEL RD., LLC. The property is located at 2175 Montiel Road in San Marcos, San Diego County, California. The property is occupied. The District desires to acquire permanent easement interests on a portion of the Coles Property in order to construct, operate, maintain, repair, and replace

Montiel Lift Station, which is part of the scope of the Project. The legal description and depiction of the Coles Property and the easement to be acquired thereon are attached.

Future Hotel Property:

Assessor Parcel Nos. 228-370-38 and 228-370-04 (Future Hotel Property) are owned by SAN MARCOS HOSPITALITY, LLC. The property is located at Leora Lane in San Marcos, San Diego County, California. The property is unoccupied. The District desires to acquire permanent easement interests on a portion of the Future Hotel Property in order to access, operate, maintain, and repair the proposed Montiel Lift Station. The District also desires to acquire temporary construction easements on a portion of the future site of the hotel property for the District's construction activities, including earthwork, drainage and grading improvements, construction staging and temporarily spoils storage from the construction activities in the immediate vicinity of the replacement of the Montiel Lift Station which is part of the Project. The legal description and depiction of the Future Hotel Property and the easements to be acquired are attached.

Project Description:

This Project is known as the Montiel Lift Station and Forcemain Replacement Project. The Project is located at 2175 Montiel Road, Leora Lane, and the surrounding vicinity in San Marcos, San Diego County, California.

The District's Montiel Lift Station pumps wastewater collected from the Montiel sewer basin through a 6-inch diameter force main to a gravity sewer heading west through the Nordahl Shopping Center at the intersection of Nordahl Road and Montiel Road. Several system deficiencies have been identified with this current infrastructure:

- The Montiel Lift Station was constructed in 1985 as a temporary facility intended to be in operation for less than 5 years. The lift station has exceeded its useful life expectancy and requires replacement. The District's 2018 Master Plan identifies replacement of this lift station.
- The 6-inch diameter force main serving the Montiel Lift Station is corroded, at-risk of failing, and is in severe need of replacement.
- The existing 8-inch diameter gravity sewer conveys wastewater from the 6-inch force main through the Nordahl Shopping Center is undersized and cannot serve additional development in the Montiel sewer basin without replacement. The District's 2018 Master Plan identifies upsizing of this pipeline.

The Montiel Lift Station has a history of operational ineffectiveness including occasional pump failure in the wet well requiring emergency action to make repairs. The Board of Directors authorized a professional services agreement (PSA) for engineering design and environmental services on November 6, 2019, with Michael Baker International (MBI) to design the Montiel Lift Station and Forcemain Replacement Improvements (Project). The Board of Directors adopted a resolution approving an addendum to the 2018 Program Environmental Impact Report on September 7, 2022, and Notice of Determination was filed on September 13, 2022. The Project is currently in final design.

The Project will include demolition, grading, drainage, yard piping replacements, structural improvements, electrical and telemetry improvements, standby generator improvements, gravity sewer rehabilitation or replacement, forcemain replacement and extension, surface restoration, and connection to the existing gravity sewer system. Temporary fencing will be placed around the construction area or environmentally sensitive areas during construction.

Subject to the timely acquisition of the necessary property interests and bidding and award of a construction contract, construction is expected to commence in January 2023 and extend through approximately January 2024.

Hearing and Required Findings:

The action requested of the Board at the conclusion of this hearing is the adoption of two Resolutions of Necessity, authorizing the acquisition of real property interests by eminent domain. Title to the Coles Property is vested in Montiel Rd., a limited liability company. Title to the Future Hotel Property is vested in San Marcos Hospitality, a limited liability company. The requested action would authorize the acquisition of permanent easements over a portion of the Coles Property, and permanent and temporary easements over a portion of the Future Hotel Property.

The properties and proposed easement interests are further identified in the legal descriptions and depictions attached hereto.

California eminent domain law provides that a public entity may not commence with eminent domain proceedings until its governing body has adopted a resolution of necessity, which resolution may only be adopted after the governing body has given each party with an interest in the affected property, or their representatives, a reasonable opportunity to appear and be heard on the following matters:

1. The public interest and necessity require the proposed project,
2. The project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury,
3. The real property to be acquired is necessary for the project, and
4. The offer of just compensation has been made to the property owner.

A notice of the hearing was sent by first class mail to the property owners and stated the District's intent to consider the adoption of a resolution, the right of the property owners to appear and be heard on these issues, and failure to file a written request to appear would result in a waiver of the right to appear and be heard. The Board has scheduled this hearing at which all persons who filed a written request within 15 days of the date of notice was mailed may appear and be heard. The District mailed the required notice to the property owners on September 13, 2022, in accordance with California Code of Civil Procedure, Section 1245.235.

The public hearing was originally scheduled for the September 21, 2022, Board meeting; however, representatives for the property owners requested the date be moved to the October 5 Board meeting. Staff accommodated this request and an additional request to

continue the item from the October 5 Board meeting due to progression of ongoing negotiations with the property owners. The item was granted continuance from the October 5 public hearing to the October 19 Board meeting.

The property owners were also invited to meet with District staff to discuss the Project and address any concerns the property owners may have with the design of the Project in the manner proposed and the necessity of the acquisition.

The four required findings of the public hearing are addressed as follows:

1. The Public Interest and Necessity Require the Proposed Project.
The Project is required for and will benefit the community by replacing the existing Montiel sewer lift station that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands for existing and future sewer customers served by the facilities.
2. The Project Is Planned or Located in a Manner That Will Be Most Compatible with the Greatest Public Good and the Least Private Injury.
A thorough analysis was conducted to find the single best location for this Project. Environmental analyses and findings indicate that this and other sites uniquely satisfy the engineering, public health, and environmental issues, and these locations are the most compatible with the greatest public good, as the proposed improvement location occupies the footprint of the existing lift station being replaced which resides within existing District sewer easements. This location will result in the least private injury.
3. The Property Sought To Be Acquired Is Necessary for the Proposed Project.
As described above, a careful analysis was performed regarding this (and other) locations and what property and property rights were needed, and easements on these parcels meet all the desired characteristics for the construction of the improvements for the Project. Based on that analysis, the acquisition of the easement interests in the properties is necessary for construction of the Project.
4. The Offers of Just Compensation Have Been Made.
Appraisals were prepared by the District's appraiser Anderson & Brabant, MAI, of California, to establish the fair market value of the real property interests the District is seeking to acquire from the interest owned by the property owner identified herein. An offer of just compensation was made to the property owners to purchase the property interests, based on the approved appraisals, as required by Section 7267.2 of the California Government Code. The District made an offer of \$9,000 for the permanent easement interests on Coles Property on August 4, 2022 and an offer of \$61,000 for the permanent and temporary easement interests on the Future Hotel Property on August 11, 2022.

Although negotiated settlements may still be possible, it would be appropriate to commence the procedures to acquire the interests sought through eminent domain, to ensure that the property will be available to meet the timeframes associated with the Montiel Lift Station and Forcemain Rehabilitation Project.

Environmental Compliance:

Compliance with the California Environmental Quality Act (CEQA) has been satisfied by the September 7, 2022, Board of Directors adoption of a resolution approving an addendum to the 2018 Program Environmental Impact Report for the Montiel Lift Station and Forcemain Replacement Project. A Notice of Determination was filed on September 13, 2022.

FISCAL IMPACT:

Funding for this Project is provided 51% through the District's Sewer Replacement Fund 210 and 49% through the District's Sewer Capacity Fund. The Project was approved in the District's Fiscal Year 2022-2023 Budget totaling \$7,215,000.

Costs associated with the acquisition of the requested easements are included in the approved project budget. Staff and legal fees to coordinate the easement acquisition has also been included in the project budget.

RECOMMENDATION:

1. Hold a hearing to consider the adoption of two Resolutions of Necessity, including providing all parties interested in the affected properties or their representatives an opportunity to be heard on the issues relevant to the Resolutions of Necessity,
2. After holding the hearing, adopt a Resolution of Necessity for the Acquisition of Certain Permanent Easement Interests in Certain Real Property Identified as Assessor Parcel No. 228-360-43 by Eminent Domain for the Montiel Lift Station and Forcemain Rehabilitation Project in San Marcos, California, including making the findings described therein, and
3. After holding the hearing, adopt a Resolution of Necessity for the Acquisition of Certain Permanent and Temporary Easement Interests in Certain Real Property Identified as Assessor Parcel Nos. 228-370-38 and 228-370-04 by Eminent Domain for the Montiel Lift Station and Forcemain Rehabilitation Project in San Marcos, California, including making the findings described therein.

ATTACHMENTS:

1 Map Exhibit – 1 Aerial Map

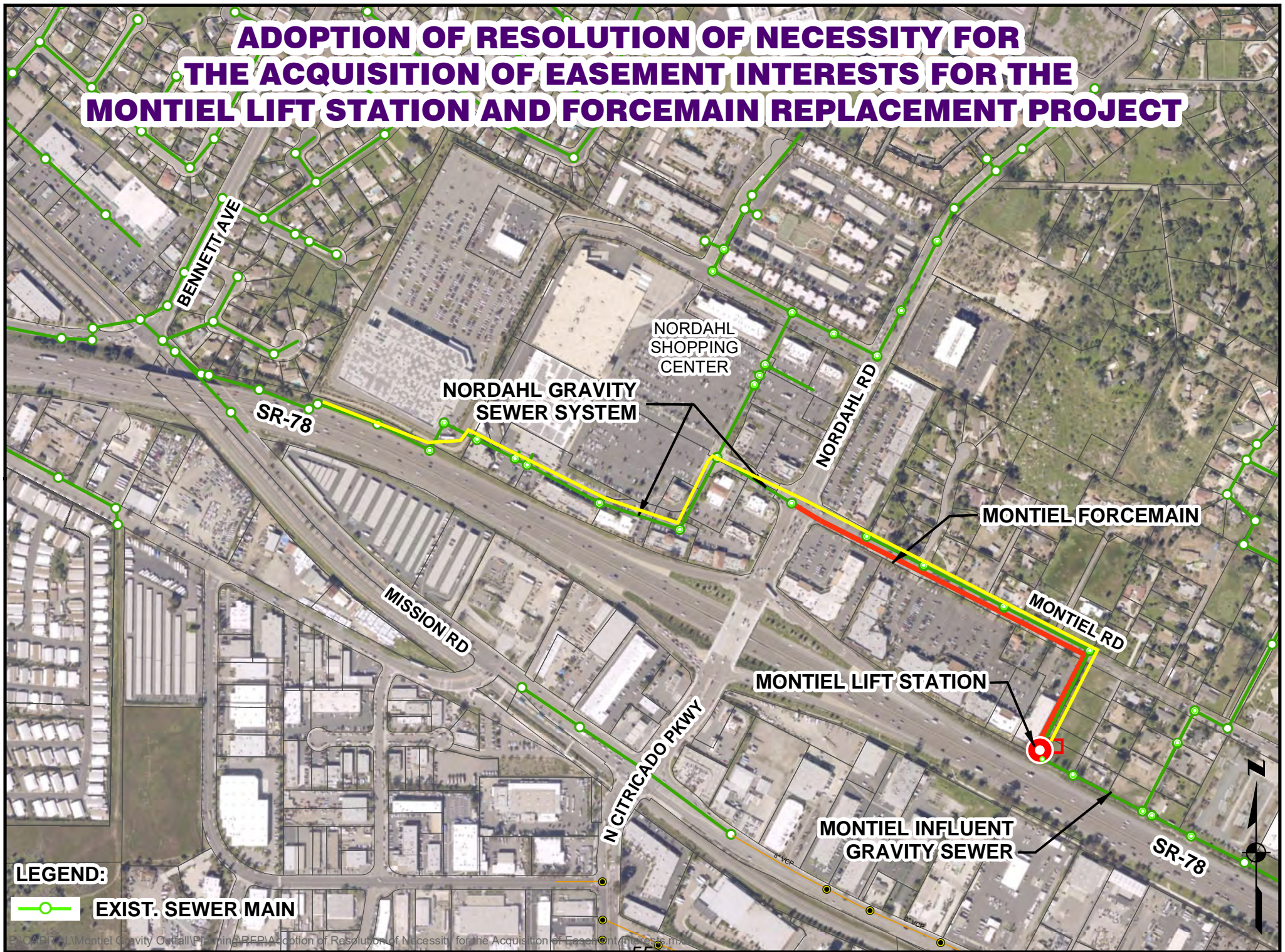
APN 228-360-43 (Coles Property):

1. Proposed Resolutions of Necessity
2. Offer Letters to Property Owner
3. Notices of Hearing to Property Owner

APN 228-370-38 and 228-370-04 (Future Hotel Property):

1. Proposed Resolutions of Necessity
2. Offer Letters to Property Owner
3. Notices of Hearing to Property Owner

ADOPTION OF RESOLUTION OF NECESSITY FOR THE ACQUISITION OF EASEMENT INTERESTS FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT



LEGEND:
—○— EXIST. SEWER MAIN

RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT DECLARING THAT ACQUISITION OF EASEMENT INTERESTS IN THE PROPERTY KNOWN AS ASSESSOR'S PARCEL NO. 228-360-43 ARE NECESSARY FOR THE FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT as follows:

WHEREAS, Vallecitos Water District ("District") is a county water District established and organized pursuant to California Water Code § 30000 *et seq.*; and

WHEREAS, the District proposes to acquire permanent easement interests in real property owned by MONTIEL RD, LLC. ("Property Owner") and generally identified as Assessor's Parcel Number ("APN") 228-360-43 for the Montiel Lift Station and Forcemain Replacement Project in San Marcos, California, pursuant to Water Code section 31040 and Code of Civil Procedure section 1240.040; and

WHEREAS, pursuant to Code of Civil Procedure section 1245.235, the District scheduled a public hearing for October 5, 2022, at 5:00 p.m. in the Board Room of Vallecitos Water District, 201 Vallecitos De Oro, San Marcos, CA 92069, and gave to each person whose property is to be acquired and whose name and address appears on the last equalized county assessment roll, notice and a reasonable opportunity to appear at said hearing and be heard on the matters referred to in Code of Civil Procedure section 1240.030; and

WHEREAS, said hearing has been held by the District and each person whose property is to be acquired by eminent domain was afforded the opportunity to be heard on said matters; and

WHEREAS, the District may adopt a resolution of necessity pursuant to Code of Civil Procedure section 1240.040.

NOW THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED, by a vote of two-thirds or more of all members of the Board of the District as follows:

SECTION 1: Notice and Hearing Compliance.

Section 1.1 The District has provided notice of this hearing as required by Code of Civil Procedure section 1245.235.

SECTION 2: Compliance with the California Environmental Quality Act.

Section 2.1: The District, as lead agency for the Project, prepared an Addendum ("Addendum") to the certified 2018 Water, Wastewater, and Recycled Water

Master Plan Program Environmental Impact Report (“PEIR”; SCH No. 2017111082) that analyzed the Project’s potential environmental impacts under the California Environmental Quality Act (“CEQA”). The Addendum concluded that the Project (1) would not result in any new significant environmental impacts or substantially increase any previously identified significant effects; (2) there are no new circumstances under which the improvements will be undertaken that would cause any new or more severe significant effects; and (3) there is no new information showing the improvements would have new or more severe significant effects or that there are new feasible mitigation measures or alternatives that would reduce any identified significant effects. On September 7, 2022, the Board of Directors of the District adopted a resolution approving the Addendum to the PEIR for the Project, which includes mitigation monitoring measures. A Notice of Determination was filed on September 13, 2022.

SECTION 3: Public Use.

Section 3.1: The public use for which the easement interests are to be acquired is for the District’s proposed Project to replace the existing Montiel sewer basin sewage conveyance facility (“Montiel Lift Station”) that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands for existing and future sewer customers in the area served by the facility. The Project will replace the existing Montiel Lift Station, which was initially constructed in 1985 as a temporary facility intended to be in operation for less than 5 years. The lift station has exceeded its useful life expectancy and requires replacement. The permanent easement interests sought are needed to construct, operate, maintain, repair, and replace Montiel Lift Station. The District is authorized to acquire by eminent domain property interests necessary for such a purpose in accordance with Water Code section 31040 and Code of Civil Procedure section 1240.040.

SECTION 4: Description of Property.

Section 4.1: The property on which the easement is sought is generally described as APN 228-360-43. Attached hereto as Exhibits are the legal descriptions and depictions of the real property interests required for the Project, which describe the general location of the property and the easement area to be acquired by the District with sufficient detail for reasonable identification.

SECTION 5: Findings.

Section 5.1: The District hereby finds and determines the following:

- a. The public interest and necessity require the proposed Project; and
- b. The proposed Project is planned or located in the manner that will be the most compatible with the greatest public good and least private injury; and
- c. The easement is necessary for the proposed Project; and
- d. The offer required by Government Code section 7267.2 was made.

SECTION 6: Further Activities.

Section 6.1: Best Best & Krieger LLP (“BBK”), as counsel for the District, is hereby authorized to acquire the described real property interests in the name of and on behalf of the District by eminent domain. BBK is further authorized to institute and prosecute such legal proceedings as may be required. BBK may take such steps as may be authorized and required by law, and make such deposits as may be required, to permit the District to take possession of and use said real property interests at the earliest possible time. BBK is further authorized to correct any errors or to make or agree to non-material changes in the legal descriptions of the real property that is deemed necessary for the conduct of the condemnation action, or any other proceedings or transactions required to acquire the property interests.

SECTION 7: Severability.

Section 7.1: If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable. The Board of Directors hereby declares that it would have adopted this resolution irrespective of the invalidity of any particular portion thereof.

SECTION 8: Effective Date.

Section 8.1: This resolution shall become effective immediately upon its final passage; this resolution being adopted pursuant to Section 32552 of the Water Code of the State of California.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 19th day of October, 2022, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Craig Elitharp, President
 Board of Directors
 Vallecitos Water District

ATTEST:

Glenn Pruum, Secretary
 Board of Directors
 Vallecitos Water District

EXHIBITS:

Legal Description and Depiction of Property

Legal Description and Depiction of Easement

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

MONTIEL RD., LLC, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: **SEE EXHIBIT "A" ATTACHED.**

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled **Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904)**, prepared by **Michael Baker International**, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

"Grantor"

Company: MONTIEL RD. LLC

Name*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: _____

Date: _____

**CERTIFICATE OF ACCEPTANCE
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By. _____

Dated: _____

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

EXHIBIT 'A'
WATER / SEWER EASEMENT

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021
MBI JN 176090
APN 228-360-43 MONTIEL RD. LLC

LEGEND



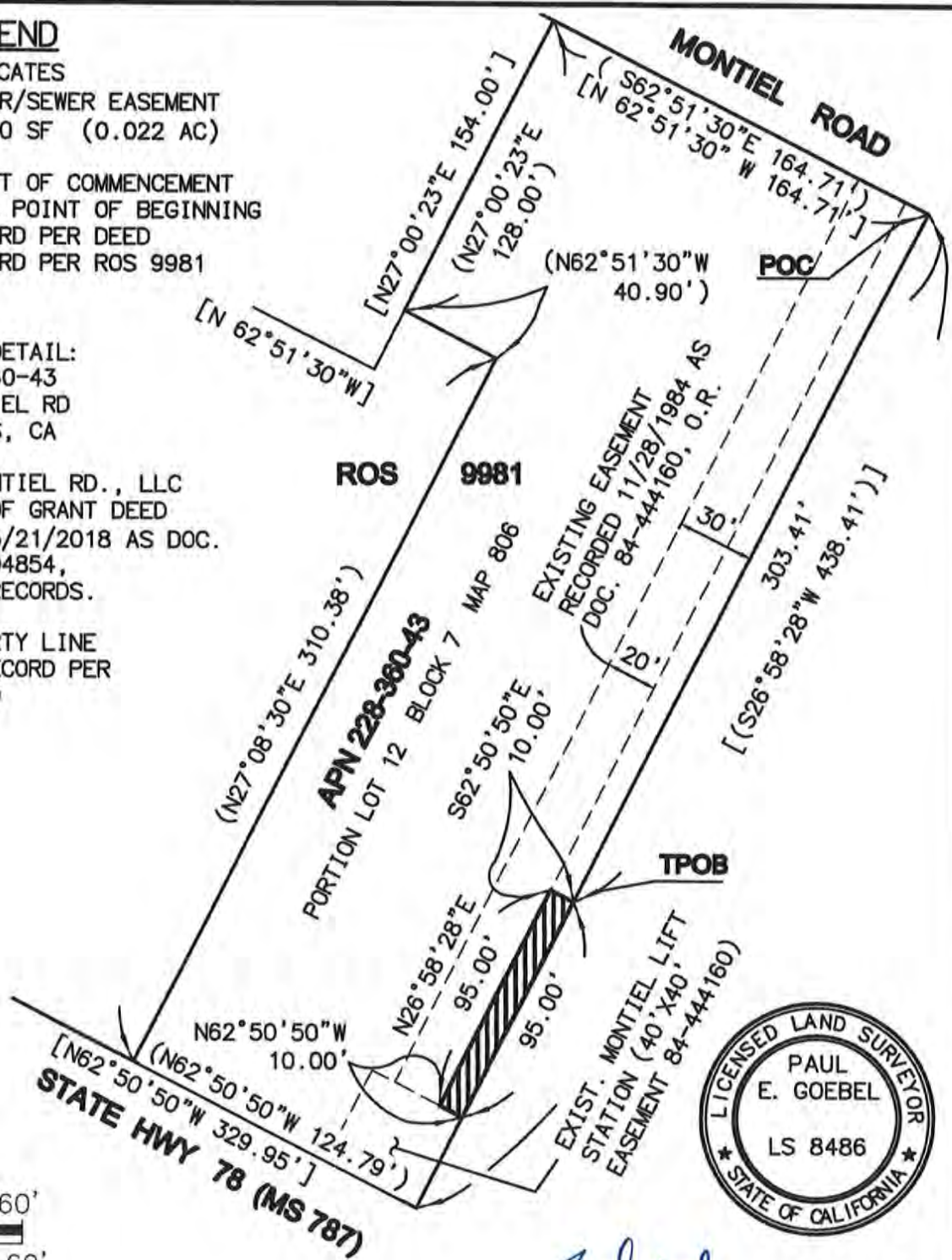
INDICATES
WATER/SEWER EASEMENT
950.0 SF (0.022 AC)

POC POINT OF COMMENCEMENT
TPOB TRUE POINT OF BEGINNING
() RECORD PER DEED
[] RECORD PER ROS 9981

NOTES:
PROPERTY DETAIL:
APN 228-360-43
2175 MONTIEL RD
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC
PARCEL 1 OF GRANT DEED
RECORDED 5/21/2018 AS DOC.
NO. 2018-204854,
OFFICIAL RECORDS.

ALL PROPERTY LINE
DATA IS RECORD PER
GRANT DEED



0 60'
SCALE: 1"=60'



Paul E. Goebel

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.
CITY OF SAN MARCOS
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET
Michael Baker International
9755 Clairemont Mesa Blvd.,
San Diego, CA 92124
(858)614-5000

DATE 10/13/2021 176090

August 4, 2022

VIA FEDERAL EXPRESS

Montiel RD., LLC
Attn: Stephen Coles
1170 W. Morena Blvd.
San Diego, CA 92110

**Subject: OFFER FOR ACQUISITION OF PROPERTY INTERESTS
2175 Montiel Road, San Marcos, CA, APN 228-360-43**

Dear Mr. Coles:

My name is Jeff Sykes, and I am the Land Manager at NV5, and we have been retained to acquire easements on behalf of Vallecitos Water District ("District") for the project described below and other projects.

The Vallecitos Water District is in the process of designing the Montiel Lift Station and Force Main Replacement Project ("Project"). The Project will demolish and replace the Montiel Lift Station that was originally designed and built in 1985 to be a temporary solution pending a new outfall, The anticipated new outfall is not going to be realized. Due to its age which has put it past its design life, and the now permanent nature the lift station, it has been budgeted and scheduled for replacement with larger pumps and new supporting infrastructure. This will add 50 years to the lift station and decrease the chances of a sewage spill in the area. The lift station serves an area of approximately 200 acres east of Nordahl Rd. and until it is replaced no additional sewer connections will be approved in the service area.

Records show that you are the property owner of the above-numbered parcel (see **Exhibit A** attached hereto). The District seeks to acquire permanent easement rights on your property located at 2175 Montiel Road, APN 228-360-43, in San Marcos, California for the Project. A copy of the legal descriptions of the easement and the easement document sought to be acquired are attached as **Exhibit B** to this letter.

Your representative, Ms. Rhea Williams, was previously contacted during the appraisal phase of this project and was offered an opportunity to meet with the VWD's independent appraiser during the inspection of the property. The appraiser was informed that the appraisal could be done without an onsite meeting with you or your representative.

A market-value appraisal has now been completed. Based on that, and pursuant to California Government Code section 7267.2, the District hereby makes an offer of \$9,000.00 ("Purchase Price") for the easement. The District had the easement appraised to determine the fair market value. The appraisal was conducted in accordance with commonly accepted appraisal standards and included consideration of the highest and best use of the land. The Purchase Price is the full amount established by the appraisal as the fair market value of the easement and the just compensation for such

acquisition. A written statement of, and a summary of the basis for, the amount established as the Purchase Price is set forth in the attached Appraisal as **Exhibit C**.

The fair market value of the easements:

- a. Is the full amount believed by the District to be just compensation for the easements to be acquired;
- b. Is not less than the approved appraisal of the fair market value of the easements;
- c. Disregards any decrease or increase in the fair market value of the real property to be acquired prior to the date of valuation caused by the public improvement for the property which is to be acquired or by the likelihood that the property would be acquired for such public improvement, other than that due to physical deterioration within the reasonable control of the owner or occupant; and
- d. Does not reflect any consideration of or allowance for any relocation assistance and payments or other benefits to which the owner may be entitled to receive under an agreement with the District.

In addition, pursuant to Government Code section 7267.2(a)(2), we have also enclosed an informational pamphlet explaining the eminent domain process (**Exhibit D**). The District has made no decision to exercise its powers of eminent domain and can do so only after it holds a hearing at which all affected property owners have had the opportunity to be heard. The District reserves the right to consider any environmental issues that may pertain to the property.

Pursuant to Code of Civil Procedure section 1263.025, you are entitled to reimbursement from the District for the reasonable costs, not to exceed \$5,000, for an independent appraisal, should you retain an appraiser. In order to receive this reimbursement, the independent appraisal can only be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

It is the District's hope that this offer is acceptable and we can proceed with the purchase of the easement. However, if you are not satisfied with the District's offer of just compensation, you will be given reasonable opportunity to present relevant material, which the District will carefully consider. A response to this offer would be appreciated by **August 25, 2022**.

I have attached the following documents for your review and/or approval:

1. One copy of an Assessor's Parcel Map, site plan showing your parcel. Exhibit A
2. One original and one copy of an Easement which includes the legal description and plat of the easement area, by which you would convey this property interest to VWD. Exhibit B
3. One copy of the Appraisal which is the basis of the amount established as Just Compensation for your information. Exhibit C
4. One original and one copy of the Easement Purchase and Sale Agreement, which establishes terms and conditions primarily related to the payment of compensation for the easement.
5. One copy of a brochure entitled Property Owner's Information Pamphlet on Use of Eminent Domain in California. Exhibit D

However, please note that it is our desire to reach a settlement without the use of eminent domain. The pamphlet is being provided for information purposes.

6. Request for Taxpayer Identification Number and Certification (W-9).
7. Withholding Exemption Certificate (Form 590).

If you have any question regarding this offer, please contact me at 858-270-7010 or email me at Jeff.Sykes@NV5.com.

Sincerely,

A handwritten signature in black ink that reads "Jeff Sykes" followed by a horizontal line.

Jeff Sykes
NV5
Land Manager

Enclosures

EXHIBIT A

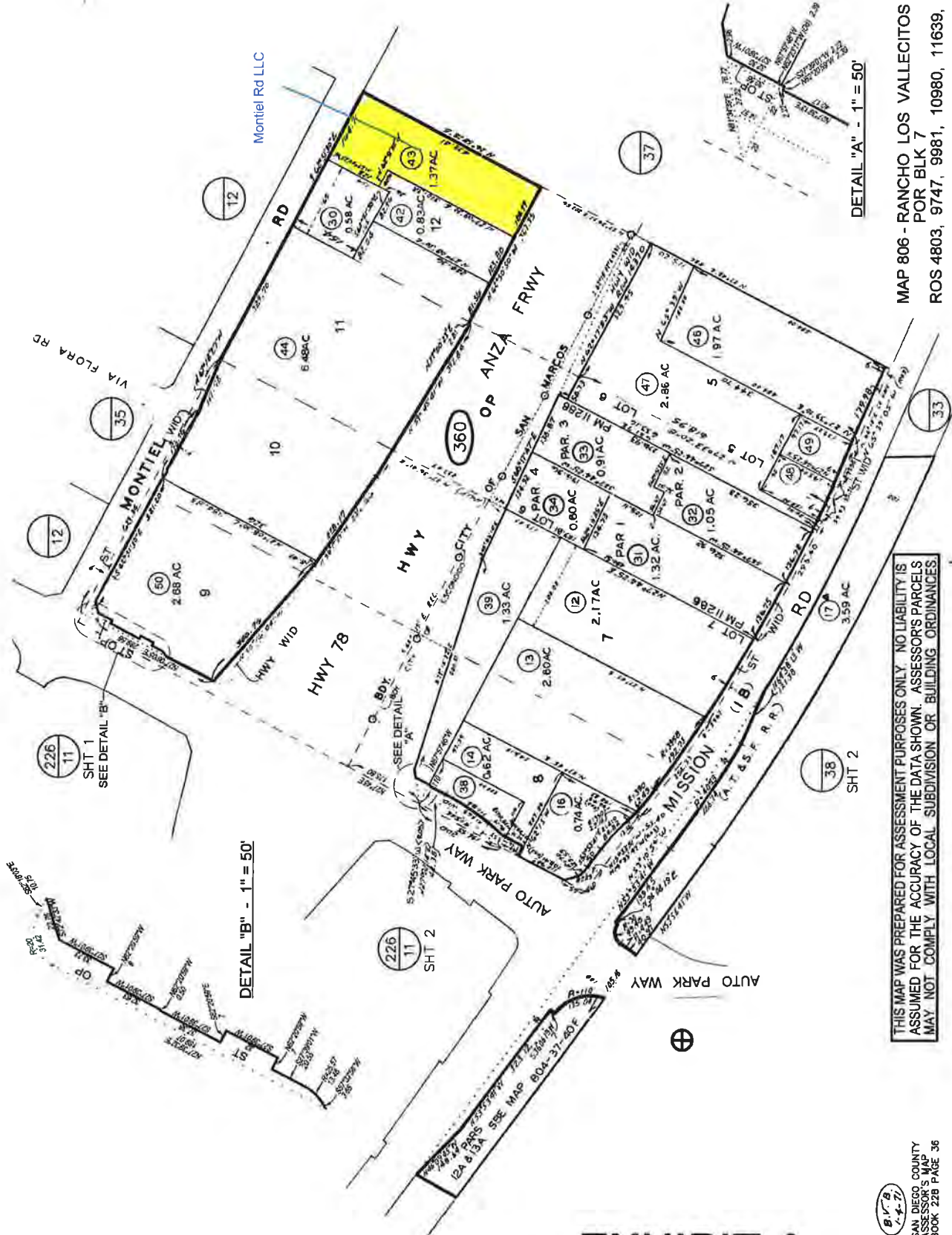


228-36



02/13/12 DEP

CHANGES	BLK	OLD	NEW	YR	CUT
	34.0	7	28	1/10/12	71 6551
		25	29	6/30/12	8666
		12	20	6/30/12	79 3304
		11	31	6/30/12	79 3443
		11	31	6/30/12	82 4846
		16	20	6/30/12	84 4846
		13	20	6/30/12	85 4834
		19	20	6/30/12	85 4756
		19	22	6/30/12	85 4794
		19	22	6/30/12	85 1861
		37	37	6/30/12	85 8555
		15	16	6/30/12	86 1007
		18	18	6/30/12	86 1008
		17	17	6/30/12	89 4493
		17	17	6/30/12	90 1230
		40	40	6/30/12	90 2909
		9	9	6/30/12	91 1652
		29	29	6/30/12	91 1803
		10	10	6/30/12	91 2021
		41	41	6/30/12	92 4809
		9	9	6/30/12	92 2036
		39	39	6/30/12	92 4823
		388	388	6/30/12	92 4626
		45	45	6/30/12	12 1276



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

SAN DIEGO COUNTY
ASSESSOR'S MAP
BOOK 228 PAGE 36

MAP 806 - RANCHO LOS VALLECITOS DE SAN MARCOS
FOR BLK 7
ROS 4803, 9747, 9981, 10980, 11639, 15957

DETAIL "A" - 1" = 50'

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

MONTIEL RD., LLC, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the _____ day of

_____, 20__.

"Grantor"

Company: MONTIEL RD. LLC

Name*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: _____

Date: _____

**CERTIFICATE OF ACCEPTANCE
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: _____

Dated: _____

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

EXHIBIT 'A'
WATER / SEWER EASEMENT

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021
MBI JN 176090
APN 228-360-43 MONTIEL RD. LLC

LEGEND



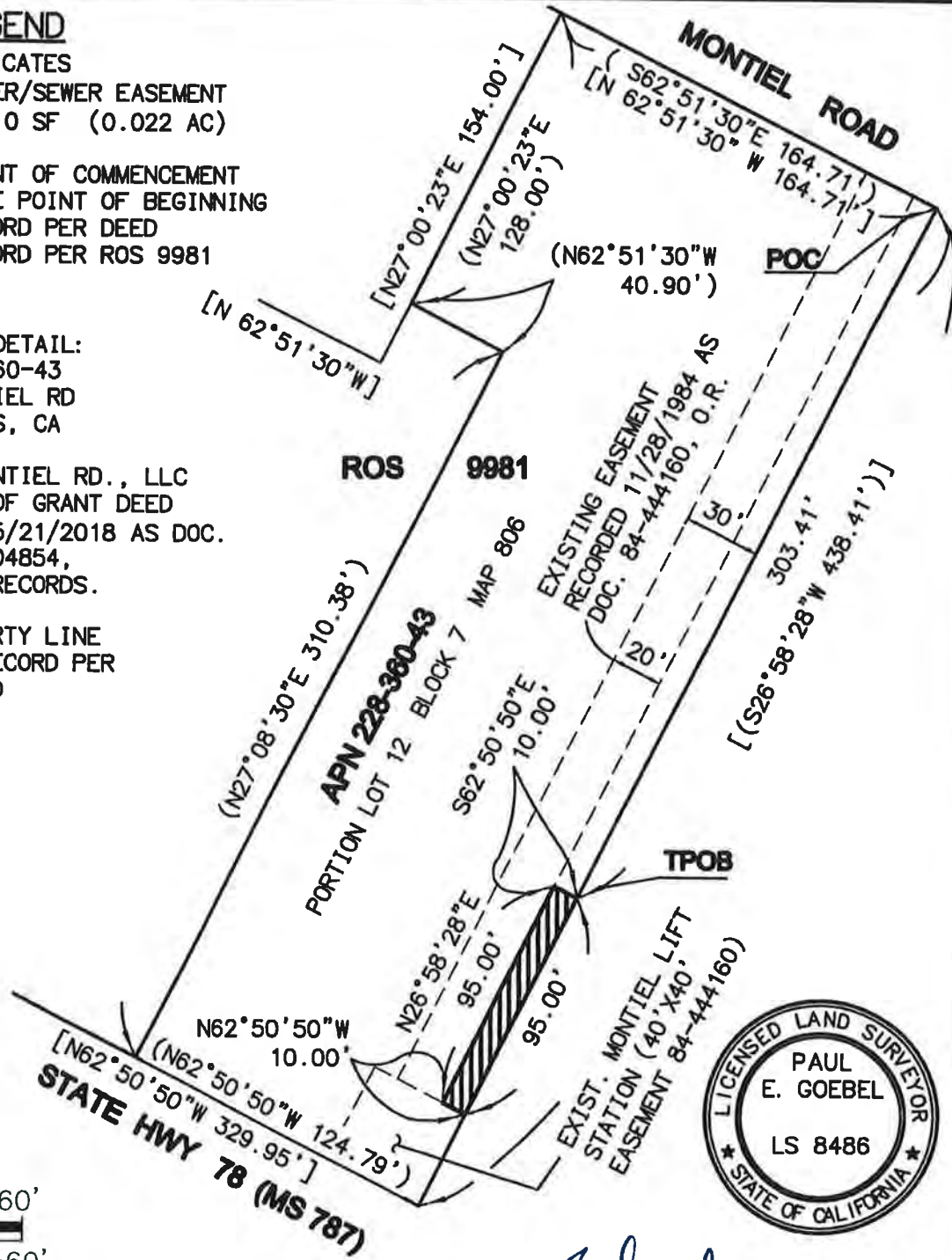
INDICATES
WATER/SEWER EASEMENT
950.0 SF (0.022 AC)

POC POINT OF COMMENCEMENT
TPOB TRUE POINT OF BEGINNING
() RECORD PER DEED
[] RECORD PER ROS 9981

NOTES:
PROPERTY DETAIL:
APN 228-360-43
2175 MONTIEL RD
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC
PARCEL 1 OF GRANT DEED
RECORDED 5/21/2018 AS DOC.
NO. 2018-204854,
OFFICIAL RECORDS.

ALL PROPERTY LINE
DATA IS RECORD PER
GRANT DEED



0 60'
SCALE: 1"=60'



Paul E. Goebel

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.
CITY OF SAN MARCOS
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET
Michael Baker International
9755 Clairemont Mesa Blvd.,
San Diego, CA 92124
(858)614-5000

DATE 10/13/2021 176090

APPRAISAL REPORT

**PROPOSED PERMANENT
EASEMENT RIGHTS PERTAINING TO
IMPROVED 1.37 ACRE SITE**

**2175 MONTIEL ROAD
SAN MARCOS, CA 92069**

CLIENT

Ryan Morgan, P.E.
Capital Facilities Senior Engineer
Vallecitos Water District
201 Vallecitos de Oro
San Marcos, California 92069

DATE OF VALUATION

June 7, 2022

DATE OF REPORT

June 22, 2022

APPRAISED BY

Anderson & Brabant, Inc.
353 West Ninth Avenue
Escondido, California 92025

File No. 22-049A

ANDERSON & BRABANT, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ESCONDIDO, CALIFORNIA 92025-5032

TELEPHONE (760) 705-1615

June 22, 2022

Ryan Morgan, P.E.
Capital Facilities Senior Engineer
Vallecitos Water District
201 Vallecitos de Oro
San Marcos, California 92069

**RE: Appraisal of proposed permanent easement rights
1.37 acre parcel improved with commercial building
2175 Montiel Road
San Marcos, California 92069 (Assessor Parcel Number 228-360-43-00)**

Dear Mr. Morgan:

Per your request, we have conducted an appraisal pertaining to the above-referenced property located at 2175 Montiel Road, San Marcos, California. The site is improved with a commercial building. The specific purpose of this appraisal is to estimate the fair market value of a proposed permanent easement over a long and narrow, 950 square foot area at the southeast side of the larger parcel. The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project. As part of the analysis, we have also considered the potential for severance damages and benefits due to the acquisition and project.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The current analysis is based on a valuation date of June 7, 2022.

Ryan Morgan, P.E.
 Vallecitos Water District
 June 22, 2022
 Page 2


In accordance with our analysis of applicable market data, we have arrived at the following opinions of fair market value related to the subject larger parcel and the property rights that are proposed to be acquired, as of the indicated valuation date.

Value of the Identified Larger Parcel (Land Only)	\$2,180,000	
Value of the Part Taken as Part of the Whole		
Permanent Easement Rights	\$8,669	
Site Improvements	<u>\$0</u>	
Total		\$8,669
Value of the Remainder as Part of the Whole	\$2,171,331	
Value of the Remainder before Considering Benefits	\$2,171,331	
Severance Damages	<u>\$0</u>	
Value of the Remainder Considering Benefits	\$2,171,331	
Benefits	<u>\$0</u>	
Net Severance Damages		<u>\$0</u>
Total		\$8,669
Fair Market Value of Property Rights to be Acquired, Rounded up to		<u>\$9,000</u>


The opinions of value expressed herein are subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.



 David C. Ottley, MAI
 State Certification No. AG002149



 James Brabant, MAI
 State Certification No. AG002100

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ADDENDA

Aerial Photographs of the Market Data

Preliminary Title Report

Easement Exhibit (Proposed Subject Easement Highlighted in Green)

Qualifications of the Appraisers

EXECUTIVE SUMMARY

Larger Parcel Location:	2175 Montiel Road San Marcos, California 92069
Legal Description:	A Portion of Lot 12 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.
Owner of Record:	Montiel Road, LLC
Assessor Parcel No.:	228-360-43-00
Property Description:	The subject is comprised of a 1.37 acre (59,677 square foot) parcel of land improved with a commercial building. The project will require the acquisition of a permanent easement over a 950 square foot portion of the site.
Zoning:	SPA, Specific Plan Area City of San Marcos
General Plan:	SPA, Specific Plan Area City of San Marcos
Specific Plan:	Commercial, per Montiel Corporate Center Specific Plan City of San Marcos
Flood Zone:	According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G, dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.
Earthquake Fault Zone:	No
Toxic Hazards:	None noted
Interests Appraised:	Fee and easement rights
Highest and Best Use:	Commercial development (as if vacant)
Date of Valuation:	June 7, 2022
Date of Report:	June 22, 2022
Special Assumptions:	(see page 3)

EXECUTIVE SUMMARY (continued)

FAIR MARKET VALUE CONCLUSIONS:

Value of the Identified Larger Parcel	\$2,180,000	
Value of the Part Taken as Part of the Whole		
Permanent Easement Rights	\$8,669	
Site Improvements	<u>\$0</u>	
Total		\$8,669
Value of the Remainder as Part of the Whole	\$2,171,331	
Value of the Remainder before Considering Benefits	\$2,171,331	
Severance Damages	<u>\$0</u>	
Value of the Remainder Considering Benefits	\$2,171,331	
Benefits	<u>\$0</u>	
Net Severance Damages		<u>\$0</u>
Total		\$8,669
Fair Market Value of Property Rights to be Acquired, Rounded up to		<u>\$9,000</u>

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following special assumptions and limiting conditions:

1. It is assumed that the existence of significant cultural resources, if any, discovered within the subject parcel will not create any abnormal hardship nor measurably impact market value in conjunction with our determination of highest and best use.
2. The subject property is developed with a commercial building that, according to public records, was constructed in 1990. For purposes of this appraisal, we have estimated the value of the land segment of the property only as, in our opinion, the value of the remainder parcel will not be impaired as the result of the proposed project and acquisition. As such, the land component of the property is deemed to be the larger parcel in the valuation process.
3. We were provided with a preliminary title report relating to the subject property that was prepared by Corinthian Title Company. The report is dated October 21, 2021, and it can be identified by reference to Order No. 2013699SH. The document identifies several existing easements for utility and access purposes. A plat that illustrates the locations of all the easements except one was not furnished. For purposes of this appraisal, we have assumed that the easements for which the locations are unknown to the appraisers do not impact the value or use of the subject larger parcel in accordance with its estimated highest and best use.
4. The corners of the proposed acquisition parcel were not staked at the time of the property inspection, and the appraisers estimated the corner locations based on provided maps. It is an assumption of this report that the herein described physical features of the proposed acquisition parcel are reasonably accurate.

This appraisal is subject to the following general assumptions and limiting conditions:

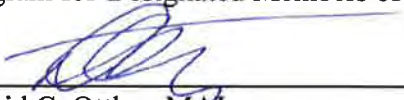
1. It is assumed that information furnished to us by our client, including maps, and legal descriptions, is substantially correct.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in full fee interest, subject to all easements of record, as of the date of valuation unless otherwise specified.
3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.
4. Photographs and maps furnished in this report and prepared by the appraiser or a third party are to assist the reader in visualizing the property. No surveys of the property have been made and no responsibility has been assumed in this matter.
5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent the continued use of the property or orderly development of the land as though vacant to its highest and best use under economically feasible conditions.
6. For purposes of this appraisal, it is assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which might be required to discover such factors.

7. We are not qualified to detect hazardous waste and/or toxic materials. Any comment by us that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property.
Our value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. Our descriptions and resulting comments are the result of the routine observations made during the appraisal process.
8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may be used for any purpose or by any person other than the party to whom it is addressed without the written consent of Anderson and Brabant, Inc., and in any event, only with proper written qualification and only in its entirety.
9. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson and Brabant, Inc.
10. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.
11. The valuation estimate is of surface rights only and the mineral rights, if any, have been disregarded.
12. No warranty is made as to the seismic stability of the subject property.
13. It is assumed that all required licenses, or other legislative or administrative permits from any local, state, or national governmental or private entity or organization can be obtained for any use on which the value estimate contained in this report is based.

APPRAISER'S SIGNED CERTIFICATION

I do hereby certify that, to the best of my knowledge and belief ...

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.




David C. Ottley, MAI
Certified General Real Estate Appraiser
BREA Appraiser No. AG002149

APPRAISER'S SIGNED CERTIFICATION

I do hereby certify that, to the best of my knowledge and belief ...

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.


James Brabant, MAI
Certified General Real Estate Appraiser
BREA Appraiser No. AG002100

INTRODUCTION

IDENTIFICATION OF THE LARGER PARCEL

The subject is comprised of a 1.37 acre parcel of land improved with a commercial building that, according to public records, was built in 1990. The property address is 2175 Montiel Road, San Marcos, California. The purpose of this appraisal is to estimate the fair market value of a proposed permanent easement over a portion of the larger parcel. It appears that the acquisition and project will not preclude the continued use of the property as now developed. As such, the larger parcel is deemed to be only the land component of the subject. Thus, we have disregarded the contributory value of the existing structural improvements in the valuation process.

Legal Description

The subject larger parcel is legally described in brief as *A Portion of Lot 12 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.* A complete legal description is also set forth in a preliminary title report that is included in the addenda to this report. Additionally, the larger parcel can be identified by reference to Assessor Parcel Number 228-360-43-00.

Ownership

As of the date of value, title to the subject property is held as follows: **MONTIEL ROAD, LLC.**

PURPOSE OF THE ASSIGNMENT

The purpose of this appraisal is to provide an estimate of fair market value for the defined subject larger parcel and to form an opinion as to the value of the easement interest that is proposed for acquisition. As part of the valuation process, we also considered severance damages or benefits, if any, resulting from the acquisition and construction of the project as proposed. As used in this report, **Fair Market Value** is defined as follows:

“(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other will full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable”¹

¹ California Code of Civil Procedure, Title 7, Sec. 1263.320

EFFECTIVE DATE OF VALUE OPINIONS

The effective date of the value opinions expressed herein is June 7, 2022.

DATE OF REPORT

This date of the appraisal report is June 22, 2022.

INTENDED USE AND USER

The intended use of this report is to provide a basis for the client, Vallecitos Water District, to acquire the herein described easement rights. Any other party who may receive this report is not an intended user, and we are not responsible for unauthorized use of this report.

PROPERTY RIGHTS APPRAISED

We have estimated the fair market value of the fee interest in the herein described larger parcel, subject to any easements of record. The results were used as the basis for estimating the value of a proposed permanent easement over the parcel. An easement interest is defined as follows.

Easement: “The right to use another’s land for a stated purpose.”²

GENERAL DEFINITIONS

Larger Parcel: In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.³

Remainder: In condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.⁴

Damages: In condemnation, the loss in value to the remainder in a partial taking of property.⁵

Benefits: In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken.⁶

² *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), p. 58

³ *Ibid.*, p. 105

⁴ *Ibid.*, p. 161

⁵ *Ibid.*, p. 48

⁶ *Ibid.*, p. 17

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraisers' opinions or conclusions. No extraordinary assumptions were considered in this analysis; nevertheless, this appraisal is subject to certain special and general assumptions as outlined on pages 3 and 4 of this report.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. In our valuation of the larger parcel we have disregarded any project influence as stated below. We have also assumed that the proposed project has been completed in our analysis of the remainder. These are hypothetical conditions that are necessary for reasonable analysis. No other hypothetical conditions were considered in our analysis.

PROJECT INFLUENCE

Our conclusions of fair market value stated in this appraisal do not consider any project influence. The term **Project Influence** as used in this report is defined as follows:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- (a) The project for which the property is taken;
- (b) The eminent domain proceeding in which the property is taken; or
- (c) Any preliminary actions of the plaintiff relating to the taking of the property.

SCOPE OF WORK

Critical elements to this appraisal assignment are the identification of the client(s), intended use and user(s), type and definition of value, the effective date of the appraisal, and assignment conditions. These were addressed previously in this report. Another important element is to include relevant characteristics pertaining to the subject property, which are outlined in detail in a later section of the appraisal.

In preparing this appraisal, the following steps were taken.

- Legal aspects of the subject property were investigated regarding their potential uses within the context of the surrounding area. As such, we reviewed portions of the City of San Marcos land use summaries and requirements.
- We have relied upon information and exhibits provided by the client that identify the property rights that are proposed for acquisition over the subject larger parcel. We also reviewed a preliminary title report, easement plat, and other documents.
- The property was inspected by the appraisers on multiple dates in June 2022, with Mr. Ottley taking photographs of the site on June 7, 2022.

- The three traditional approaches to value include the Cost, Sales Comparison, and Income Approaches. Of these three, only the Sales Comparison was considered to have specific applicability in the valuation of the subject property. Upon determination of highest and best use, reliable market data were analyzed on the basis of their overall degree of comparability to the appraised property.
- A detailed search of the primary market area of the subject was performed in order collect relevant sales. Sources of data included the County Recorder's office and various market data services. These data were confirmed with principals, their representatives, or agents.
- We first estimated the value of the defined larger parcel, and the results of the analysis were then employed to estimate the value of the property rights that are proposed for acquisition.
- The final step entailed the organization and drafting of the Appraisal Report.

REPORT OPTION

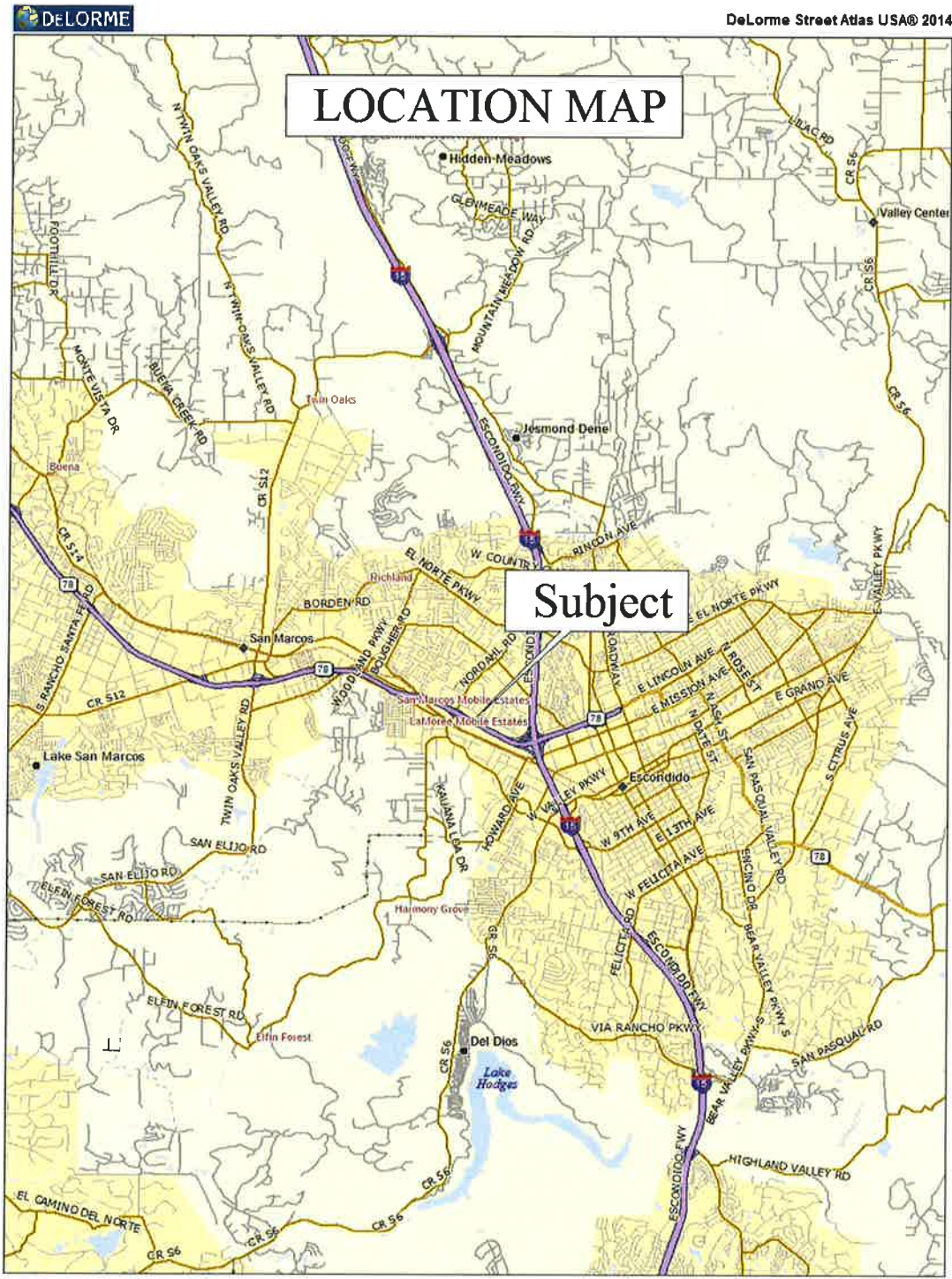
This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). It presents summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinions of value.

SALES HISTORY OF THE SUBJECT PROPERTY

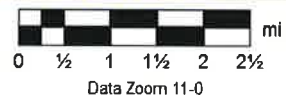
According to public records, the subject property was has been held in title by the current ownership for more than 20 years. Also, the property is not currently offered for sale.

PRIOR APPRAISAL SERVICES

We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.



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LOCATION DESCRIPTION

Region

The subject property is located in the City of San Marcos in North San Diego County, California. San Diego County is the second largest county in the State of California based on population which, as of January 1, 2022, was estimated by the California Department of Finance Demographic Research Unit at 3,387,306 persons. This reflects a slight decrease from the January 1, 2021 total of 3,388,503. The County includes the State's second most populous city and offers such geographic features as mountainous regions of the Cleveland National Forest, the Anza Borrego Desert, the International Border with Mexico, and over 50 miles of Pacific Ocean coastline. Most of the county's population is located along the coastal region, inland valleys, and foothills, within approximately 25 to 30 miles of the ocean.

On a regional basis, San Diego County is served by three major freeways. These include Interstate 5, a coastal route connecting San Diego with Baja California to the south and the states of California, Oregon, and Washington to the north; Interstate 8, a major east-west route connecting San Diego with Arizona and other southwestern states to the east; and Interstate 15, an inland route connecting San Diego with Riverside and San Bernardino Counties and other points to the northeast. There are several important local freeways that provide access within the region. These include Interstate 805 that runs inland from and parallel to Interstate 5; State Route 94, parallel to Interstate 8; State Route 163, connecting Interstate 15 with Downtown San Diego; and State Route 78, the major east-west freeway in northern San Diego County.

San Diego International Airport (Lindbergh Field) is located about 40 miles to the south of the subject and is close to Downtown San Diego. This airport is serviced by 18 commercial airlines and four scheduled air-freight services. There are an additional eight small public airports located throughout the county. There is little commercial air activity at these facilities. Rail service is provided by San Diego and Arizona Eastern Railroad, Santa Fe Railroad, and Amtrak. Industrial/commercial use of the rail lines for freight carriage has declined in San Diego over the past 15+ years. However, the Amtrak line between San Diego and Los Angeles is popular with commuters. The San Diego Trolley (light rail transit system) has opened several commuter routes in the southern and eastern portions of San Diego County that have proven very popular. Individual transit districts throughout the county provide local bus service.

An important factor needs to be addressed that has impacted national, state, and local economic conditions, at least over the short-term. The outbreak of the coronavirus in China in December 2019 and January 2020 spread as a worldwide pandemic and severely impacted the United States, including the State of California. The term "social distancing" became familiar to everyone, and the wearing of face covering masks became common. As a result of the pandemic, many industries were hit hard with some severely impacted including, among others, entertainment, travel, lodging, restaurants, and other types of retail businesses. Millions of employees in the country lost their jobs, much of which can be attributed to businesses being forced to close to comply with social distancing restrictions. The Federal Reserve stepped up in an attempt to offset the economic impact of the virus that began with an emergency half-percentage-point rate cut in early March 2020, and the government later approved stimulus bills into law aimed at relieving workers and businesses hurt by the pandemic. It is clear that the short-term impact of the virus on the economy has been very significant, yet there is little data on

how it will be impacted over time. It should be noted that the unemployment rate appears to be steadily improving over the past 12+ month period. As for real estate, there is limited empirical evidence of an immediate impact on the local market for vacant parcels with the subject characteristics, and it remains to be seen what the long-term impacts might be for that market.

More recently, there have been several other factors that have come into play that, although they may not have had an immediate impact, could affect the market in the future. These include a volatile stock market, high inflation rates, supply chain shortages, and a reduction in the labor market. Although incomes, in general, have increased over the past year or so, the increase has not kept pace with rising prices of real estate, fuel, and general goods and services. In an effort to curb inflation, which has been the highest in nearly 40 years, the Federal Reserve has raised interest rates twice since the beginning of 2022, with additional increases anticipated. The readers of this appraisal are cautioned and reminded that the value conclusions presented herein apply only as of the effective valuation date. The appraisers make no representation as to any impacts on the subject property that could result due to any unforeseen events subsequent to the date of value.

Community and Neighborhood

The City of San Marcos is located about 30 miles north of Downtown San Diego, 95 miles south of Los Angeles, and approximately ten miles inland from the Pacific coast. The City was incorporated in January 1963, and the corporate boundaries currently encompass an area of about 24 square miles, with an additional eight square miles of land area located within the city's sphere of influence. The City is situated along the State Highway 78 freeway corridor and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west, and unincorporated areas of the county to the north and south. The population of the City as of January 2022 was 93,585, which represents a 0.7 percent increase from the reported population of 92,958 one year earlier.

Primary access to San Marcos is provided by State Highway 78 which is a major transportation corridor that extends in a general east/west direction between Escondido and Interstate 15 to the east and Oceanside and Interstate 5 to the west. This is one of the few major transportation corridors linking the coastal areas to inland North San Diego County. San Marcos can be accessed at various points along the highway including Nordahl Road, Barham Drive, Woodland Parkway, Twin Oaks Valley Road, San Marcos Boulevard, Las Posas Road, and Rancho Santa Fe Road. This network of roads provides access to the various neighborhoods and districts dispersed throughout the community. The most significant and intense shopping facilities in San Marcos are near State Highway 78 at San Marcos Boulevard and Las Posas Road toward the center of the City corporate limits, and at the far easterly extreme of the City off the north side of Highway 78 at Nordahl Road, the location of the subject property. Specifically, the subject is situated between Montiel Road on its northeast side and Highway 78 to the southwest. The area to the north is an older, established residential neighborhood, and a mix of primary and secondary commercial uses are on the subject side of Montiel Road along with some older residential uses. The Highway 78 and Nordahl Road interchange is within one-quarter mile to the west. At the northwest quadrant of that freeway interchange is the Nordahl Marketplace neighborhood shopping center that is anchored by Walmart and Kohl's. Costco is just to the west of the commercial center. The adjoining property to the immediate southeast of the subject is planned for development with a new hotel.

AERIAL PHOTOGRAPH OF THE SUBJECT LARGER PARCEL



SUBJECT PROPERTY PHOTOGRAPHS

(Taken By David C. Ottley, MAI on June 7, 2022)



Looking southwesterly over the subject larger parcel from the drive entrance to the site on the south side of Montiel Road.



View to the southeast along Montiel Road with the subject larger parcel visible at the right.

SUBJECT PROPERTY PHOTOGRAPHS

(Taken By David C. Ottley, MAI on June 7, 2022)



Viewing southwesterly over the subject larger parcel from near the northeasterly property corner.



Looking northwesterly toward the southernmost side of the subject larger parcel from near the southeasterly property corner.

SUBJECT PROPERTY PHOTOGRAPHS

(Taken By David C. Ottley, MAI on June 7, 2022)



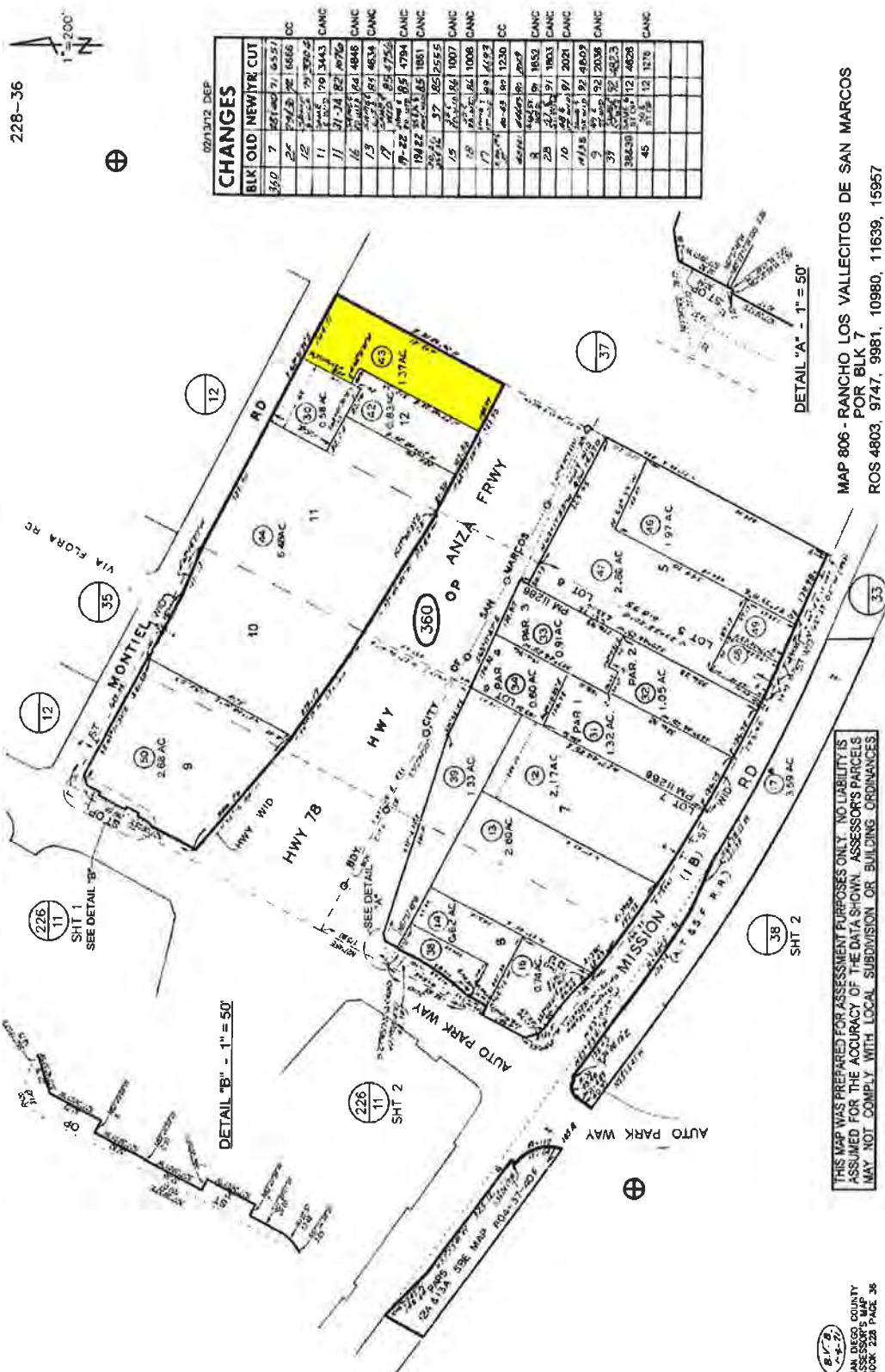
View to the northeast from the sewer lift station toward the location of the proposed easement.



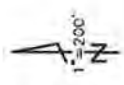
Looking northeasterly along the southeast side of the subject larger parcel and toward the location of the proposed easement parcel.

PLAT MAP - LARGER PARCEL

04
13



228-36



09/13/12 DEF

CHANGES	BLK	OLD	NEW	CUT
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		150	251	65571

8-17-12
SAN DIEGO COUNTY
BOOK 228 P. 452, 36

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

MAP 806 - RANCHO LOS VALLECITOS DE SAN MARCOS
FOR BLK 7
ROS 4803, 9747, 9981, 10980, 11639, 15957

Anderson & Brabant, Inc.

DESCRIPTION OF THE LARGER PARCEL

LAND DESCRIPTION

Land Area/Shape

The subject larger parcel is 1.37 acres (59,677 square feet) in size, according to County of San Diego Assessor records. As can be seen on the plat on page 18, the site is slightly irregular in configuration.

Topography/Drainage

The subject larger parcel is mostly comprised of a level, finish graded site with slope banks on portions of the property perimeter. We did not detect any evidence of site drainage concerns.

Soils/Environmental Conditions

We were not furnished with any recently prepared studies relating to subsurface soil conditions associated with the subject property. As part of this appraisal analysis, we have assumed that soil conditions are adequate to allow legally permitted uses of the property in accordance with its estimated highest and best use.

Utilities

All public utilities are available to the subject larger parcel. These include water, sewer, electrical power, natural gas, and cable.

Streets

The appraised larger parcel directly fronts on the south side of Montiel Road, an asphalt paved, two lane public street with concrete curbing and sidewalks on the subject side of the street.

Land Use

The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Montiel Corporate Center Specific Plan and is set aside for commercial use.

Flood Zone

According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.

Earthquake Zone

The subject property is not within an Earthquake Fault Zone as designated by the California State Division of Mines and Geology. However, the property is located in an area that is prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

Easements/Encumbrances

We were provided with a preliminary title report relating to the subject property that was prepared by Corinthian Title Company. The report is dated October 21, 2021, and it can be identified by reference to Order No. 2013699SH. The document identifies several existing easements for utility and access purposes. No plat was furnished that illustrates the locations of the easements except one near the southeast boundary of the larger parcel. As can be seen on the plat on page 21, the majority of that existing easement is 20 feet wide and set back 10 feet from the property line, and includes a 40 foot by 40 foot area at the far southerly corner of the lot. The easement is for utility purposes, including the use of the 40 foot by 40 foot area for a sewer lift station. No structures or trees are allowed within the boundaries of this easement. For purposes of this appraisal, we have assumed that the easements set forth in the title report for which the locations are unknown to the appraisers do not impact the value or use of the subject larger parcel in accordance with its estimated highest and best use.

DESCRIPTION OF THE IMPROVEMENTS

The subject is improved with a 15,878 square foot commercial building that, according to public records, was built in 1990. The improvements will not be impacted due to the acquisitions and project. As such, the larger parcel is deemed to be the land component of the subject property only. Thus, we have disregarded the contributory value of the existing structural improvements in the valuation process.

ASSESSMENT DATA

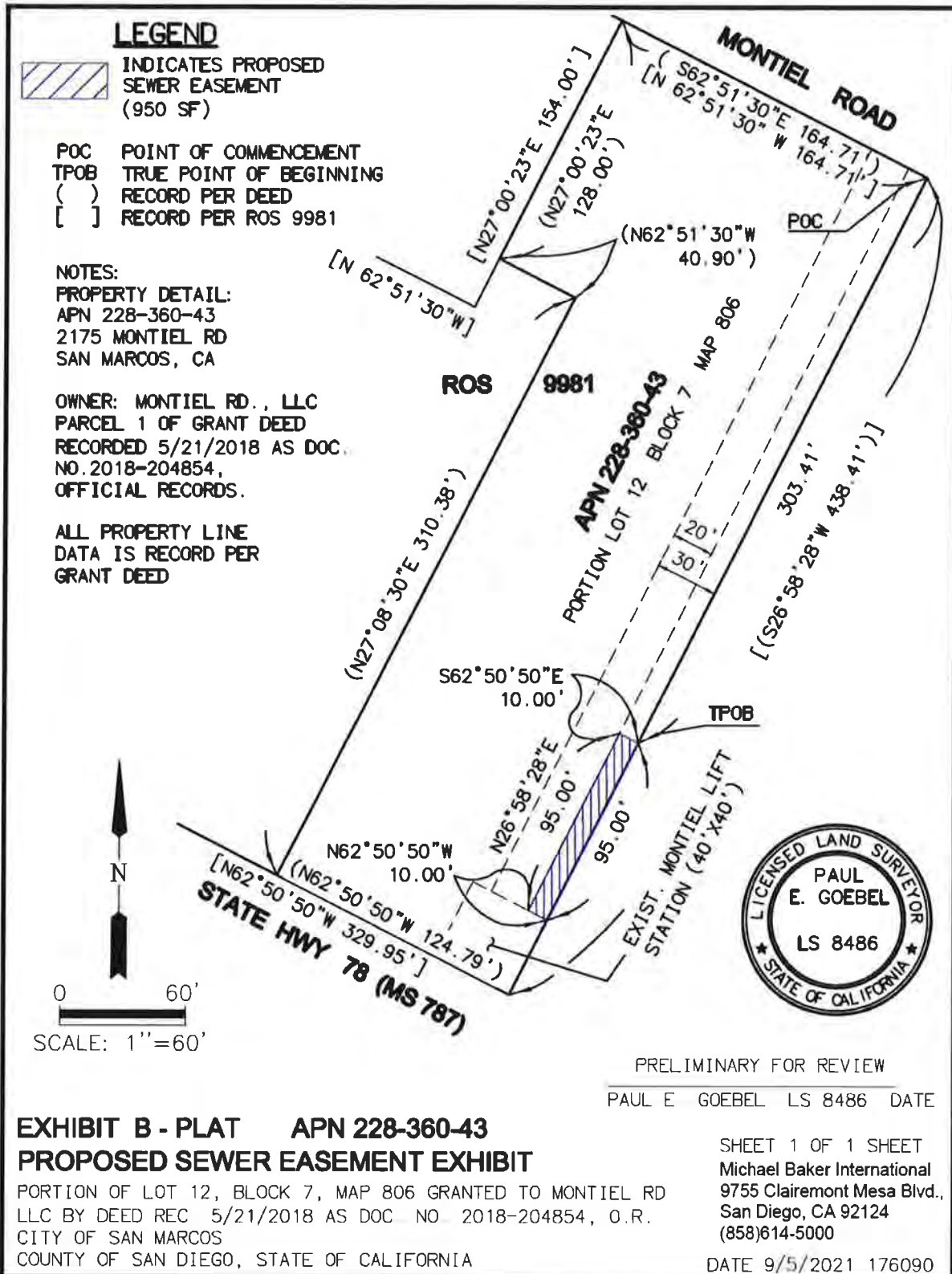
Assessor Parcel No	Tax Rate Area	ASSESSED VALUES			2021/2022 Taxes
		Land	Improvements	Total	
228-360-43-00	13106	\$1,228,078	\$928,222	\$2,156,300	\$24,254.88

PROJECT DESCRIPTION

The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southeast side of the subject site.

DESCRIPTION OF THE PARCEL TO BE ACQUIRED

The acquisition includes a proposed permanent easement for sewer and water lines and related improvements over a 10 foot by 95 foot strip of land covering 950 square feet at the southeast side of the larger parcel, as shown on the plat on page 21. The boundaries of the easement area were not marked, but it appears that at least a portion of the area to be encumbered is within a slope bank. As part of the analysis, we have considered the potential for severance damages and benefits due to the acquisition and project construction.



DESCRIPTION OF THE REMAINDER PARCEL

The gross area of the subject larger parcel will be unchanged as the result of the project and permanent acquisition. However, the fee owner will relinquish some rights of use over the area to be encumbered with the permanent easement.

OWNER CONTACT AND PROPERTY INSPECTION

On June 9, 2022, we contacted a representative of the property ownership by telephone regarding the need to conduct an appraisal. We were instructed by the party to specifically communicate with Ms. Rhea Williams regarding the proposed project. After leaving multiple messages, David Ottley of Anderson and Brabant, Inc. received a return call from Ms. Williams on June 21, 2022. The appraisal process was discussed at that time, and an invitation to meet with the appraisers onsite was extended. Ms. Williams was informed that the property had already been inspected by the appraisers on multiple dates in June 2022, and indicated that it was acceptable to move forward without being accompanied by a representative of the ownership. Please note that Mr. Ottley took photographs of the site on June 7, 2022.

VALUATION

HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. Highest and Best Use is defined in *The Appraisal of Real Estate* as:

“The reasonably probable use of property that results in the highest value.”⁷

The concept of highest and best use addresses the question of legally permissible, physically possible, and financially feasible uses that reflect the degree of profitability. Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

The subject is improved with a commercial building that, according to public records, was built in 1990. The improvements will not be impacted due to the acquisitions and project. As such, the larger parcel is deemed to be the land component of the subject property only.

Legally Permissible: The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Montiel Corporate Center Specific Plan and is set aside for commercial use.

Physically Possible: The subject larger parcel is comprised of a mostly level, finish graded, 1.37 acre parcel of land that is slightly irregular in configuration. All public utilities are immediately available and connected to the parcel, and it fronts on an improved public roadway. Development of the site as if vacant is not limited to any notable degree by its physical features.

Financially Feasible: The issue of economic viability primarily focuses on supply and demand characteristics of the local marketplace as it relates to land suitable for commercial development. In general, any proposed use that supports a positive land value is considered financially feasible. We have determined that development of the subject (as if vacant) with a commercial use represents the most financially feasible use of the land.

Conclusion: In accordance with the observed characteristics of the subject, it is our opinion that the highest and best use of the property as if vacant is a commercial venture that aligns with the underlying land use criteria and existing development in the immediate area. Also, the existing commercial building improvements are substantial and clearly contribute to the overall value of the property. Thus, it is our opinion that the existing development represents the current highest and best use of the property, as improved.

VALUATION METHODOLOGY

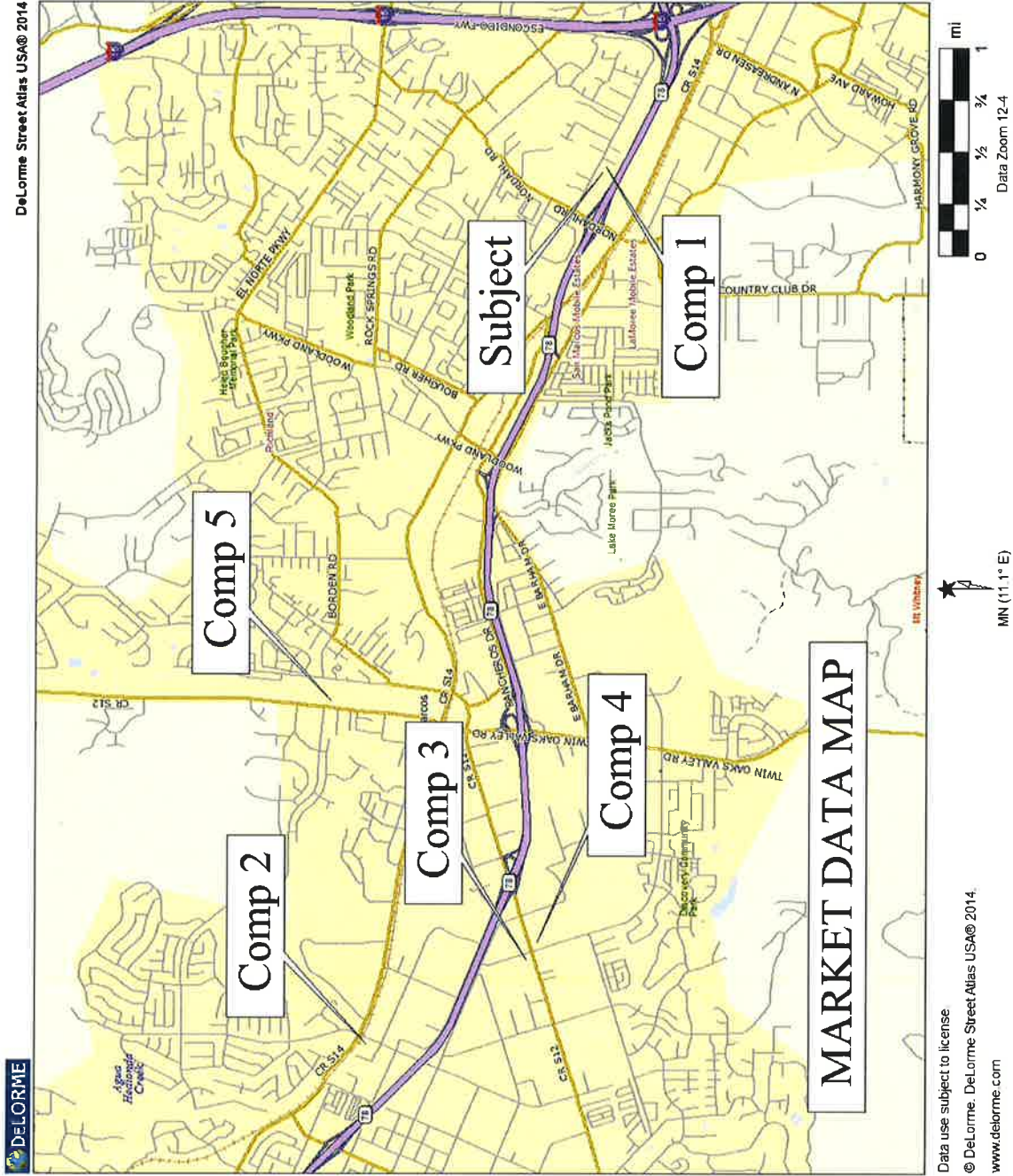
Of the three common valuation techniques, only the Sales Comparison Approach was considered to be pertinent in the analysis of the defined subject larger parcel. Neither the Cost Approach nor Income Approach was considered applicable or useful in the valuation process. The Sales Comparison Approach relies on the concept that a prudent purchaser would pay no more to buy a property than it would cost to acquire a comparable substitute. Sales of similar

⁷ *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), p. 305

properties are analyzed based on direct comparison with the subject to arrive at an indication of value. The results of the analysis were then employed to estimate the values of the property rights that are proposed for acquisition.

SALES COMPARISON APPROACH – LARGER PARCEL

After carefully investigating the marketplace, we selected five items of market data for purposes of analysis. The sales occurred between May 2019 and April 2022, and they are considered to be the best available data to properly analyze the value of the subject larger parcel by the Sales Comparison Approach. The five selected items of data are summarized on a grid on page 26, and a data location map is on page 25. The summary of market data is followed by a discussion of the comparables and a grid that illustrates the adjustments made for relative differences between the subject and those properties. The unit of comparison is the price per square foot of land area. Aerial photographs of the comparables are included in the addenda to this report.



Summary of Market Data					
Comp No	1	2	3	4	5
Location	643-661 Leora Ln San Marcos	200 N Las Posas Rd San Marcos	1284 W San Marcos Blvd San Marcos	SEC W San Marcos Blvd & S Bent Ave San Marcos	SEC N Twin Oaks Valley Rd & Borden Rd San Marcos
APN's	228-370-01 to 04 & 38	219-122-03	219-331-46	219-270-60	220-050-09
Sale Date	Sep-21	Apr-22	Nov-19	May-19	Jul-19
Doc No	621100	166896	553069	198313	296107
Buyer	San Marcos Hospitality LLC	San Marcos Realty LLC	Patriot San Marcos LLC	Pinter	M5 Twin Oaks LLC
Seller	JR Legacy II LLC	Schreiber Trust	LND LLC	Berger Family Trust	The Namou Group LLC
Land Area (SF)	72,343	71,874	37,026	23,958	88,862
Zone	SPA City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos
General Plan	SPA (Commercial) City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos
Topography	Level to gently sloping	Level	Level	Level	Level to gently sloping
Access	Paved street frontage	Paved street frontage	Paved street frontage	Paved street frontage	Paved street frontage
Utilities	All available	All available	All available	All available	All available
Improvements	None	None	None	None	None
Sale Price	\$2,400,000	\$1,900,000	\$1,500,000	\$1,100,000	\$1,700,000
Sale Terms	All cash to seller	All cash to seller	All cash to seller	All cash to seller	All cash to seller
Price/SF	\$33.18	\$26.44	\$40.51	\$45.91	\$19.13
Comments	Conveyed with plans for hotel with conditions of approval requiring undergrounding of utilities.	Separated from corner of signalized intersection by railway. Mixed-use designated site planned for development with convenience store, gas station, and car wash.	Corner of signalized intersection. Since developed with commercial use.	Corner of signalized intersection. Purchased by investor with plans for a ground lease or build-to-suit project to a national tenant.	Corner of signalized intersection. Entirely within 100 year floodplain. The site conveyed from the City of San Marcos for \$1,217,000 and immediately spun off to another buyer for the indicated price of \$1,700,000.

Discussion of the Data

Comparable No. 1 relates to the September 2021 purchase of the vacant parcel that adjoins the subject on its southeast side. This is a mostly gently sloping parcel encompassing 72,343 square feet (1.66 acres) at the corner of Montiel Road and Leora Lane, with an address of 643 to 661 Leora Lane. Sale 1 is a commercially zoned site that conveyed with plans for a new hotel, a use that would require the undergrounding of utilities as a condition of approval. The buyer intends to develop a hotel on the site, but is planning to use a different design and layout than what was previously approved. The property sold at a price of \$2,400,000 or \$33.18 per square foot of land area, all cash to the seller. When compared with the subject, Comparable No. 1 is inferior for site condition and for requiring the undergrounding of utilities prior to development.

Comparable No. 2 is the April 2022 sale of a level, 71,874 square foot (1.65 acre) parcel designated for mixed-use (commercial and residential) development located five+ miles to the northwest of the subject in San Marcos at 200 North Las Posas Road. A railway runs along the north side of the site, which is near Palomar Community College. The property is planned for development with a convenience store, gas station, and car wash. It conveyed at a price of \$1,900,000 or \$26.44 per square foot of land area, all cash to the seller. Sale 2 is inferior to the subject for location.

Comparable No. 3 is the November 2019 sale of a level, 37,026 square foot (0.85 acre) commercial parcel located less than four miles to the west of the subject in San Marcos at the northwest corner of West San Marcos Boulevard and Bent Avenue (address of 1284 West San Marcos Boulevard). This site is situated at the corner of a busy, signalized intersection. Since the purchase, the parcel has been improved with a commercial use. The sale price was \$1,500,000 or \$40.51 per square foot of land area, and the seller was cashed out in the transaction. When compared with the subject, Sale 1 is a smaller property that is superior for location and commercial exposure. We also applied an upward adjustment to reflect changes in market conditions between the sale date and the date of value.

Comparable No. 4 involves a 23,958 square foot (0.55 acre), level, commercial site situated on the corner opposite to Sale 3 in San Marcos. The parcel sold in May 2019 for \$1,100,000 or \$45.91 per square foot of land area, all cash to the seller. It was acquired by an investor with plans to lease the ground or for a build-to-suit project leased to a national tenant. By comparison with the subject, Sale 4 is a smaller site that is considered to be superior for location and commercial exposure. An upward adjustment was made for the 2019 sale date.

Comparable No. 5 is the July 2019 sale of a 88,862 (2.04 acre), level to gently sloping commercial site located in San Marcos at the southeast corner of the signalized intersection of North Twin Oaks Valley Road and Borden Road, less than three miles to the northwest of the appraised property. The parcel is entirely within a 100 year floodplain. It conveyed from the City of San Marcos for \$1,217,000, and was immediately resold to another buyer (Sale 5) for \$1,700,000 or \$19.13 per square foot, all cash to the seller. The intended use was not disclosed. When compared with the subject, Sale 5 is inferior for location and site condition.

Analysis of the Data and Conclusion of Value

The discussed market data have been analyzed based on our conclusion of highest and best use for the subject land, as if vacant. The elements of comparison that were considered in the Sales Comparison Analysis include property rights conveyed, financing terms, conditions of sale, market conditions, location, access, site condition (ie: topography, configuration, and usability), parcel size, land uses, and availability of public utilities. No adjustments were necessary for property rights conveyed or conditions of sale. Financing was not a factor for any of the sales considered in this analysis as the sellers were cashed in all of the transactions. We found insufficient data to suggest price increases of significance within the approximate two year period preceding the date of value during which time Sales 1 and 2 occurred. However, based on various data sources, market prices were rising at a rate of at least three percent and as much as six percent annually between mid-2019 and mid-2020 when Comparables 3 through 5 conveyed. Adjustments were applied to the data to account for this factor. Regarding parcel size, smaller sites tend to attract a greater per square foot price than larger parcels that are otherwise similar. This is due, in part, to the greater number of potential buyers of those properties that have a lower overall cost. In this instance, it is noted that we found no support for quantifiable adjustments due to size differences between the subject (a 59,677 square foot site) and Sales 1, 2, and 5, which range in size from 71,874 and 88,862 square feet. Downward adjustments were applied to the other two items of data, which are smaller at 23,958 to 37,026 square feet in size.

The following is a summary of adjustments made to the comparables that reflect noted differences between those properties and the subject larger parcel.

Land Sale Data Adjustment Grid	Comp No	1	2	3	4	5
	Price/SF	\$33.18	\$26.44	\$40.51	\$45.91	\$19.13
	Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%
	Financing	0.0%	0.0%	0.0%	0.0%	0.0%
	Conditions of Sale	0.0%	0.0%	0.0%	0.0%	0.0%
	Market Conditions	0.0%	0.0%	4.0%	7.0%	6.0%
	Net Adjustment	0.0%	0.0%	4.0%	7.0%	6.0%
	Adjusted Value/SF	\$33.18	\$26.44	\$42.13	\$49.13	\$20.28
	Location/Access	0.0%	15.0%	-15.0%	-15.0%	25.0%
	Topo/Usability/Config	5.0%	0.0%	0.0%	0.0%	50.0%
Parcel Size	0.0%	0.0%	-5.0%	-10.0%	0.0%	
Land Use	0.0%	0.0%	0.0%	0.0%	0.0%	
Utilities	5.0%	0.0%	0.0%	0.0%	0.0%	
Net Adjustment	10.0%	15.0%	-20.0%	-25.0%	75.0%	
Indicated Value/SF	\$36.49	\$30.40	\$33.71	\$36.85	\$35.49	

Prior to adjustments, the market data reflected unit prices ranging from \$19.13 to \$45.91 per square foot. After adjusting the data for relative differences, the properties support a value range for the subject larger parcel of \$30.40 to \$36.85 per square foot. The median indicated

value is \$35.49 per square foot. Greatest weight was placed on the value suggested by Sale 1, the adjoining parcel to the east. Based on our analysis of the data and considering the overall legal and physical attributes of the appraised property as well as the definition of value employed herein, it is our opinion that the fair market value of the 1.37 acre (59,677 square foot) larger parcel, as of June 7, 2022, is equal to **\$36.50 per square foot** of land area. When applied to the total site area, the result is a total value for the parcel (as if vacant) of **\$2,180,000** (59,677 square feet x \$36.50 per square foot = \$2,178,211, rounded up to \$2,180,000).

VALUATION OF THE PERMANENT EASEMENT RIGHTS TO BE ACQUIRED

As indicated previously, we first estimated the value of the larger parcel, and the result was then used as the basis for estimating the value of proposed permanent easement rights to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southeast side of the subject site. The acquisition includes a proposed permanent easement over a 10 foot by 95 foot strip of land covering 950 square feet area at the southeast side of the larger parcel, as shown on the plat on page 21.

We estimated the value of the subject larger parcel to be equal to \$36.50 per square foot. As illustrated on the plan on page 21, the proposed permanent easement will be sandwiched between the southeast property line and the southeast boundary of an already existing easement for utility purposes that is mostly 20 feet wide, and includes a 40 foot by 40 foot area at the far southerly corner of the lot used for a sewer lift station. The deed for the existing encumbrance states that the easement allows the construction and maintenance of “pipelines for any and all purposes”...“together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes, at such locations and elevations, upon, along, over and under the hereinafter described right of way...” The underlying fee owner is precluded from placing any structure, the planting of any trees, or drilling wells within that area. Inasmuch as the proposed 10 foot wide easement is isolated from the developable portion of the larger parcel by the existing 20 foot wide easement, it is our opinion that the area of the new easement is similarly impacted as it has limited practicality of use. With this in mind, we have determined that the value of the 950 square foot area to be encumbered by the proposed easement is equal to about 25 percent of the average per square foot value of the larger parcel before the new easement granting. Based on the preceding, we have concluded that the fair market value of the 950 square foot easement acquisition parcel is **\$8,669**. This is computed in the following manner: 950 square feet x \$36.50 per square foot x 25 percent = \$8,669.

Improvements

The area of the proposed easement parcel to be acquired is unimproved.

VALUATION OF THE REMAINDER PARCEL AS PART OF THE WHOLE

The value of the remainder parcel as part of the whole is equal to the value of the remainder before consideration of damages and benefits. This is simply a mathematical calculation in which the value of the permanent easement parcel to be acquired of \$8,669 is deducted from the value of the larger parcel in the before condition. Thus, the value of the remainder parcel as part of the whole is estimated as follows:

Value of the Identified Larger Parcel – Before Condition	\$2,180,000
Value of the Permanent Easement Parcel to be Acquired	\$ 8,669
Value of the Improvements Within the Easement Boundaries	<u>\$ 0</u>
Value of the Remainder as Part of the Whole	<u>\$2,171,331</u>

VALUATION OF THE REMAINDER BEFORE CONSIDERATION OF BENEFITS

We next considered the impact on value to the remainder parcel resulting from the project and acquisition of the proposed permanent easement parcel. The value of the remainder parcel before consideration of benefits provides an indication of any loss in value, or damages, accruing to the remainder due to the acquisition or project construction. Damages might occur if the acquisitions resulted in diminished utility of the remainder parcel.

We first investigated if and/or how the project and permanent easement acquisition may impact development of the property during or subsequent to the project construction. Based on all known factors, it is our opinion that the acquisition and project will not affect the highest and best use of the remainder parcel in the after condition. We have also concluded that the value of the remainder parcel before consideration of benefits is equal to its value as part of the whole. Consequently, no damages accrue to the remainder.

VALUATION OF THE REMAINDER AFTER CONSIDERATION OF BENEFITS

Since no damages accrue to the remainder, benefits are not applicable and have not been estimated.

SUMMARY OF CONCLUSIONS

Per our analysis, we have concluded that the total fair market value relating to the rights to be acquired over the subject property, set forth as of June 7, 2022, is as follows:

Value of the Identified Larger Parcel (Land Only)	\$2,180,000	
Value of the Part Taken as Part of the Whole		
Permanent Easement Rights	\$8,669	
Site Improvements	<u>\$0</u>	
Total		\$8,669
Value of the Remainder as Part of the Whole	\$2,171,331	
Value of the Remainder before Considering Benefits	\$2,171,331	
Severance Damages	<u>\$0</u>	
Value of the Remainder Considering Benefits	\$2,171,331	
Benefits	<u>\$0</u>	
Net Severance Damages		<u>\$0</u>
Total		\$8,669
Fair Market Value of Property Rights to be Acquired, Rounded up to		<u>\$9,000</u>

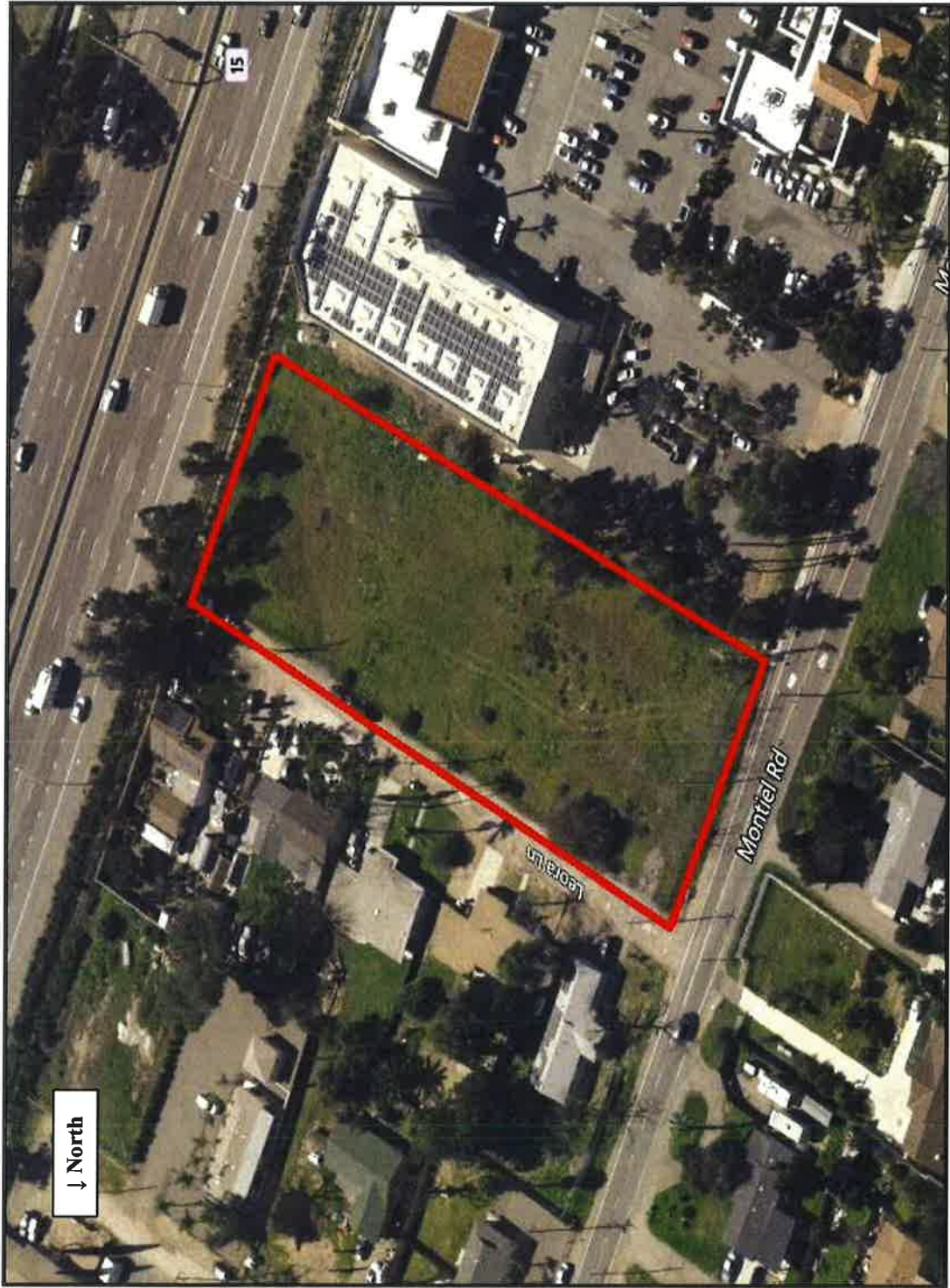
Addenda

**Aerial Photographs of the Market Data
Preliminary Title Report
Draft Deed with Legal Descriptions – Proposed Easement Parcels
Qualifications of the Appraisers**

2175 Montiel Road, San Marcos, CA

COMPARABLE NO. 1

643-661 Leora Lane, San Marcos



Anderson & Brabant, Inc.

2175 Montiel Road, San Marcos, CA

COMPARABLE NO. 2

200 North Las Posas Road, San Marcos

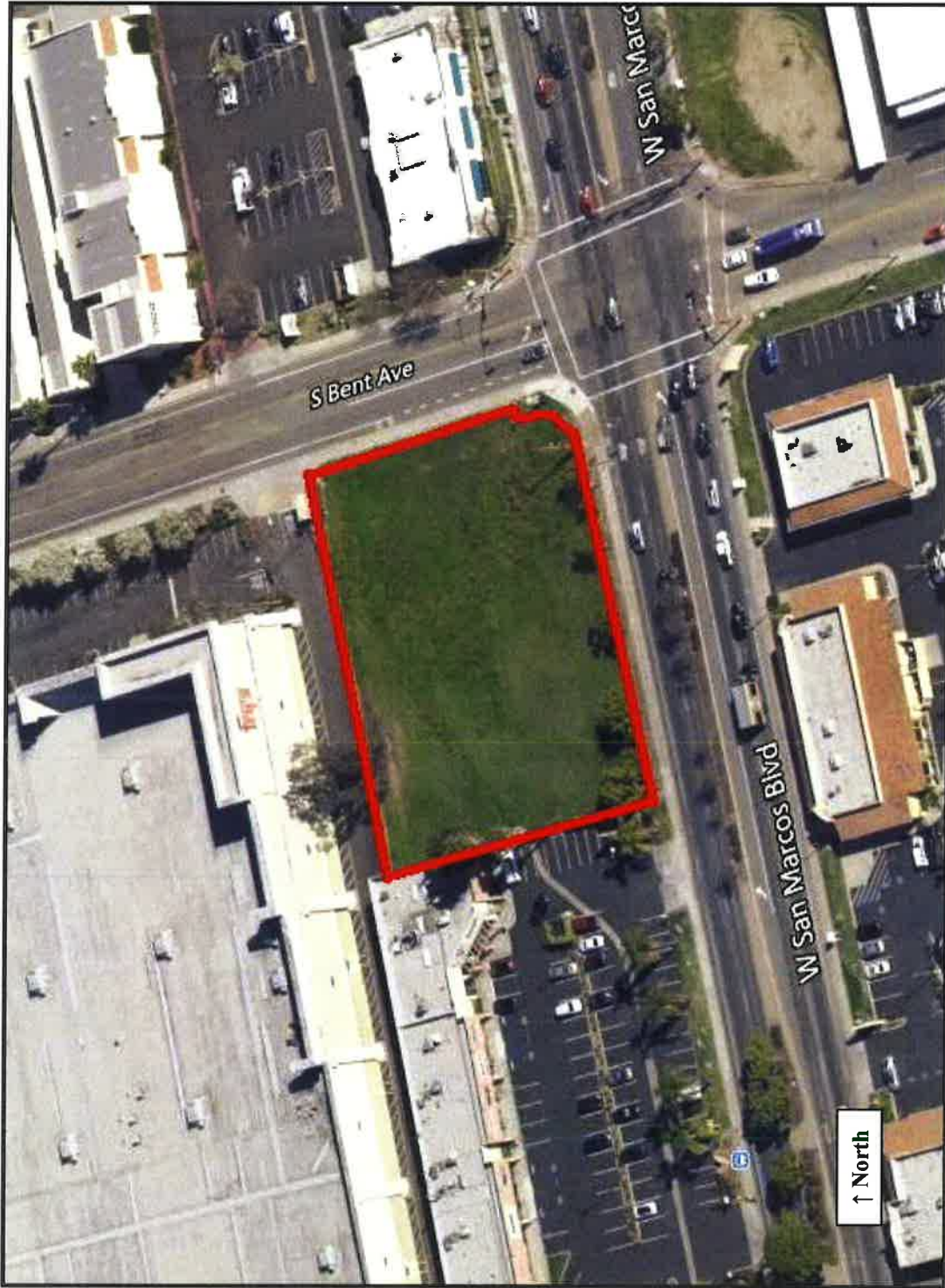


Anderson & Brabant, Inc.

2175 Montiel Road, San Marcos, CA

COMPARABLE NO. 3

1284 West San Marcos Boulevard, San Marcos



Anderson & Brabant, Inc.

2175 Montiel Road, San Marcos, CA

COMPARABLE NO. 4

Southeast corner of West San Marcos Boulevard and South Bent Avenue, San Marcos

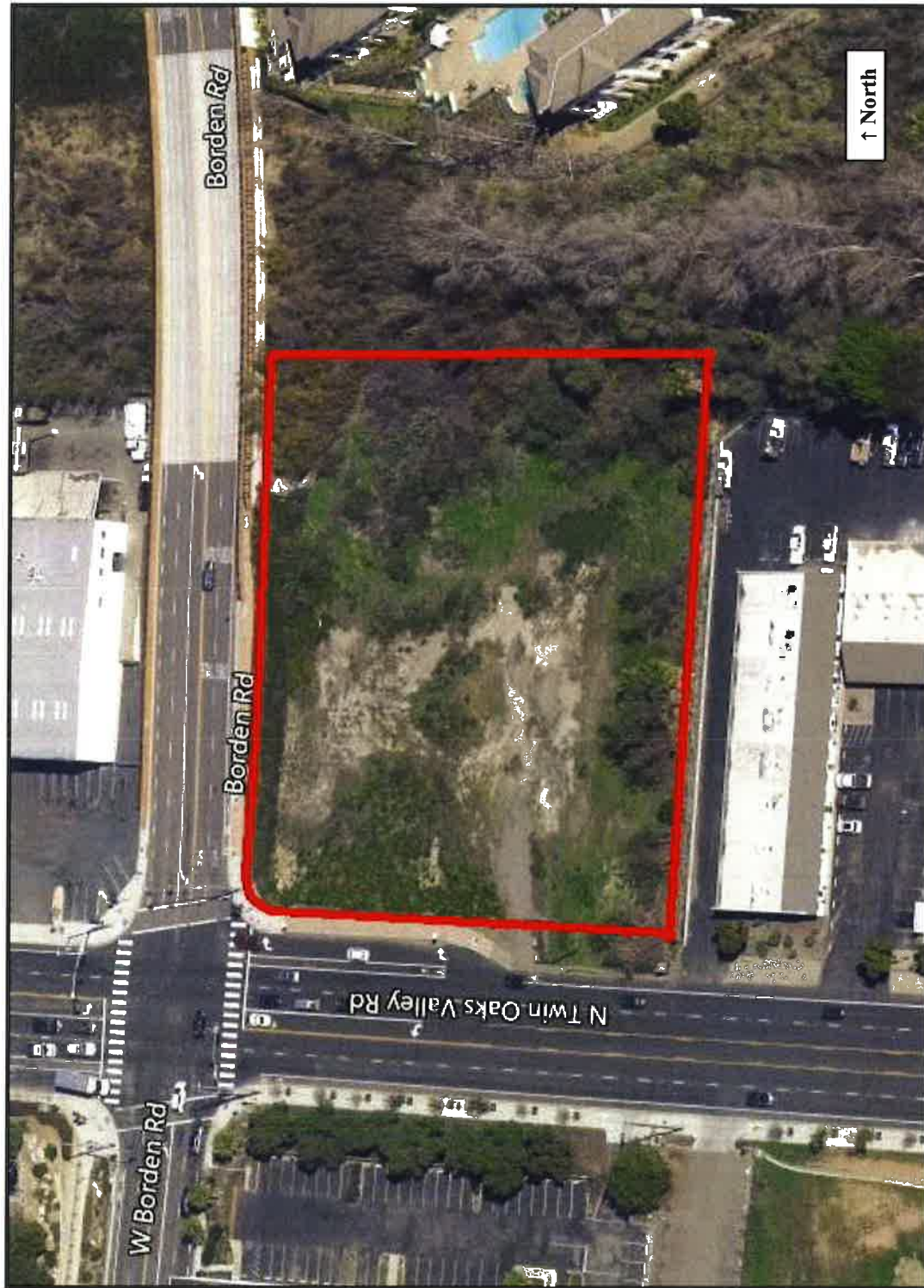


Anderson & Brabant, Inc.

2175 Montiel Road, San Marcos, CA

COMPARABLE NO. 5

Southeast corner of Twin Oaks Valley Road and Borden Road, San Marcos



Anderson & Brabant, Inc.



5030 Camino De La Siesta #100
San Diego, CA 92108 • (619) 299-4800
California Department of Insurance License No. 5128-4
as Agent for Westcor Land Title Insurance Company

ENGINEERING TECH II

ORDER NO.: 2013699-SH

ATTN: INGRID STICHTER

PROPERTY: 2175 MONTIEL ROAD, SAN MARCOS, CA
92069



PRELIMINARY REPORT

In response to the above referenced application for a Policy of Title Insurance, Corinthian Title Company, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on covered Risks of said policy or policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limits of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land

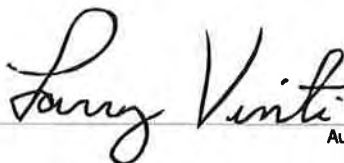
This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a binder or commitment should be requested.

Dated as of October 21, 2021 at 7:30am

Title Officer: **Sheila Hollander**
Title Officer Phone: **619-299-4800**
Title Officer Fax: **619-923-3541**
Title Officer Email: **teamsheila@corinthiantitle.com**

Corinthian Title Company, Inc.

ORDER NUMBER: **2013699-SH**

BY 
Authorized Signatory

PRELIMINARY REPORT

The form of Policy of Title Insurance contemplated by this report is:

Preliminary Report

SCHEDULE A

The estate or interest in the land hereinafter described or referred to covered by this report is:

**A FEE as to Parcel 1;
AN EASEMENT more particularly described below as to Parcel 2**

Title to said estate or interest at the date hereof is vested in:

MONTIEL RD RD., LLC

EXHIBIT A
LEGAL DESCRIPTION

The land referred to herein below is situated in the County of SAN DIEGO, State of CALIFORNIA, and is described as follows:

PARCEL 1:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 12 AS SHOWN ON RECORD OF SURVEY 9981 RECORDED MARCH 28, 1985 AS FILE NO. 85-104337; THENCE ALONG THE EASTERLY LINE THEREOF SOUTH 26° 58' 28" WEST, 438.41 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF STATE HIGHWAY 78 AS SHOWN ON SAID RECORD OF SURVEY 9981; THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE NORTH 62° 50' 50" WEST, 124.79 FEET; THENCE NORTH 27° 08' 30" EAST, 310.38 FEET; THENCE NORTH 62° 51' 30" WEST, 40.90 FEET; THENCE NORTH 27° 00' 23" EAST, 128.00 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF MONTIEL ROAD THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE 33.00 FEET DISTANT FROM AND PARALLEL WITH THE CENTERLINE OF SAID MONTIEL ROAD SOUTH 62° 51' 30" EAST, 164.71 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

AN EASEMENT AND RIGHT OF WAY FOR ROAD, SEWER, WATER, GAS, POWER AND TELEPHONE LINES AND APPURTENANCES THERETO OVER, UNDER, ALONG AND ACROSS THE SOUTHEASTERLY 10 FEET OF THE NORTHWEST 165.00 FEET OF THE NORTHEASTERLY 154.00 FEET OF SAID LOT 12.

Assessor's Parcel Number: **228-360-43-00**

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

Taxes:

A. **General and Special City and/or County taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2021-2022:**

1st Installment:	\$12,127.44 OPEN
2nd Installment:	\$12,127.44 OPEN
Land:	\$1,228,078.00
Improvements:	\$928,222.00
Exemption:	\$0.00 HOMEOWNERS
Code Area:	13106

Assessment No.: 228-360-43-00

B. IF TAXES ARE POSTED PAID WITHIN 30 DAYS OF CLOSING, UNLESS PAID BY IMPOUND, PROOF OF CLEARED FUNDS WILL BE REQUIRED OR THE TAX AMOUNT PLUS ANY PENALTIES WILL BE HELD FOR 30 DAYS PAST THE POSTED DATE.

C. **The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.**

Exceptions:

1. **This transaction may be subject to the current FinCEN geographic Targeting Order issued by the Director of FinCEN pursuant to 31 U.S.C. section 5326(a); 31 C.F.R. section 1010.3760; and Treasury Order 180-01. The policy issuing agent must be provided with certain information prior to closing pursuant to the GTO. This transaction will not be insured, and this issuing agent and/or its underwriter will not be involved in the closing and settlement until this information is reviewed by the issuing agent and submitted to FinCEN via the BSA E-Filing through the FinCEN e-file platform.**

2. **Water rights, claims or title to water in or under said land, whether or not shown by the public records.**

3. **EASEMENTS AND RIGHTS OF WAY FOR ROAD AND PUBLIC UTILITIES, AND APPURTENANCES THERETO, AS RESERVED AND/OR CONVEYED BY VARIOUS DEEDS OF RECORD.**

AFFECTS: PARCEL 2

4. **Covenants, Conditions, and Restrictions as set forth in instrument recorded August 17, 1893 IN BOOK 222, PAGE 216 OF DEEDS, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin, sexual orientation, marital status, ancestry, disability or source of income unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons.**

Note: Section 12956.1 of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.

SCHEDULE B
(CONTINUED)

5. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN DIEGO GAS AND ELECTRIC COMPANY as grantee, for the purpose of ACCESS AND UTILITIES, recorded [January 28, 1947 IN BOOK 2330, PAGE 257 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
6. **The fact** that the ownership of said land does not include rights of access to or from a public street or highway abutting said land, such rights having been severed from said land by the document recorded [January 15, 1960 AS INSTRUMENT NO. 1960-9055 OF OFFICIAL RECORDS](#), which affects HIGHWAY.
7. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to CHESTER W. SCHELTEMA ET AL as grantee, for the purpose of ACCESS AND UTILITIES, recorded [March 12, 1969 AS INSTRUMENT NO. 1969-43030 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
8. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to CHESTER W. SCHELTEMA ET AL as grantee, for the purpose of ACCESS AND UTILITIES, recorded [December 28, 1970 AS INSTRUMENT NO. 1970-237944 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
9. **The fact** that the ownership of said land does not include rights of access to or from a public street or highway abutting said land, such rights having been severed from said land by the document recorded [March 29, 1971 AS INSTRUMENT NO. 1971-59310 OF OFFICIAL RECORDS](#), which affects HIGHWAY.
10. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN MARCOS COUNTY WATER DISTRICT as grantee, for the purpose of PIPELINE(S) AND ACCESS AND INCIDENTAL PURPOSES , recorded [November 28, 1984 AS INSTRUMENT NO. 1984-444160 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
11. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN DIEGO GAS AND ELECTRIC COMPANY as grantee, for the purpose of ACCESS AND UTILITIES, recorded [December 28, 1984 AS INSTRUMENT NO. 1984-483967 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
12. A NOTICE OF ASSESSMENT, EXECUTED BY CITY OF SAN MARCOS
Recorded: [November 19, 1985 AS INSTRUMENT NO. 1985-437683 OF OFFICIAL RECORDS](#)
13. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "HOLD HOLD HARMLESS", EXECUTED BY AND BETWEEN THE CITY OF SAN MARCOS AND DON ROGER NORMAN
Recorded: [February 24, 1989 AS INSTRUMENT NO. 1989-095522 OF OFFICIAL RECORDS](#)
14. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "COVENANT OF EASEMENT"
Recorded: [March 23, 1989 AS INSTRUMENT NO. 1989-148512 OF OFFICIAL RECORDS](#)
15. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to SAN DIEGO GAS AND ELECTRIC COMPANY as grantee, for the purpose of ACCESS AND UTILITIES, recorded [May 12, 1989 AS INSTRUMENT NO. 1989-252480 OF OFFICIAL RECORDS](#), affects THE EXACT LOCATION OF THE EASEMENT IS NOT DISCLOSED OF RECORD .
16. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to DON ROGER NORMAN, AS TRUSTEE as grantee, for the purpose of ACCESS AND INCIDENTAL PURPOSES , recorded [June 13, 1989 AS INSTRUMENT NO. 1989-311112 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .

SCHEDULE B
(CONTINUED)

17. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to DON ROGER NORMAN, AS TRUSTEE as grantee, for the purpose of PRIVATE SEWER AND INCIDENTAL PURPOSES , recorded [June 13, 1989 AS INSTRUMENT NO. 1989-311112 OF OFFICIAL RECORDS](#), affects A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT .
18. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "RECIPROCAL GRANT OF EASEMENTS AND DECLARATION ESTABLISHING REESTRICTIONS AND COVENANTS"
Recorded: [November 22, 1989 AS INSTRUMENT NO. 1989-636347 OF OFFICIAL RECORDS](#)
19. **An easement** for the purpose shown below and rights incidental thereto as set forth in a document to PACIFIC BELL, A CALIFORNIA CORPORATION as grantee, for the purpose of FACILITIES AND INCIDENTAL PURPOSES , recorded [September 12, 1990 AS INSTRUMENT NO. 1990-497562 OF OFFICIAL RECORDS](#), affects THE EXACT LOCATION OF THE EASEMENT IS NOT DISCLOSED OF RECORD .
20. THE FACT THAT THE LAND LIES WITHIN THE BOUNDARIES OF THE SAN MARCOS REDEVELOPMENT PROJECT ARE NO. 1, AS DISCLOSED BY VARIOUS DOCUMENTS OF RECORD.
21. THE FACT THAT THE LAND LIES WITHIN THE BOUNDARIES OF THE SAN MARCOS REDEVELOPMENT PROJECT AREA NO. 3, AS DISCLOSED BY VARIOUS DOCUMENTS OF RECORD.
22. **Rights of parties in possession.**
23. **Rights of tenants** in possession of said land by reason of unrecorded leases. Kindly forward said lease, or a current certified tenant rent roll.
24. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- | | |
|--------------|--|
| Amount: | \$1,400,000.00 |
| Dated: | 04/28/2014 |
| Trustor: | STEPHEN M. COLES, TRUSTEE OF THE STEPHEN M. COLES SEPARATE PROPERTY TRUST, WHO ACQUIRED TITLE AS STEPHEN M. COLES, TRUSTEE OF THE STEPHEN M. COLES SEPARATE PROPERTY TRUST DATED APRIL 17, 2014, FOR THE BENEFIT OF STEPHEN M. COLES |
| Trustee: | AMERICAN SECURITIES COMPANY, A CORPORATION |
| Beneficiary: | WELLS FARGO BANK, NATIONAL ASSOCIATION |
| Recorded: | April 30, 2014 AS INSTRUMENT NO. 2014-0173923 OF OFFICIAL RECORDS |
| Loan No.: | NOT SET OUT |
- ASSIGNMENT AND ASSUMPTION OF DEED OF TRUST**
Recorded: [February 02, 2021 AS INSTRUMENT NO. 2021-0078706 OF OFFICIAL RECORDS](#)
25. If Title is currently in a Trust, has been in a prior Trust, or their act is to be insured into the Trust, this Company will require a copy of a current notarized Trust Certification.

NOTE: If one or more of the trustees have changed due to incapacitation or death, then an additional requirement for a FULL COPY of the Trust along with any amendments to the trust be provided for review prior to the close of Escrow.

Name of the applicable Trust: STEPHEN M. COLES SEPARATE PROPERTY TRUST DATED APRIL 17, 2014

SCHEDULE B
(CONTINUED)

26. **We will require a Statement of Information** from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: STEPHEN C. COLES

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

FAILURE TO PROVIDE THE STATEMENT(S) OF INFORMATION IN A TIMELY MANNER MAY DELAY THE CLOSING OF THIS TRANSACTION.

27. **Prior to the issuance of any policy of title insurance**, the Company will require the following with respect to MONTIEL RD RD., LLC :

(1) A copy of its operating agreement and any amendments thereto must be submitted to the Company for review.

(2) A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) must be submitted to the Company for review.

(3) With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented to the Company for recording or upon which the Company is asked to rely, such document or instrument must be executed in accordance with the following:

If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document or instrument must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.

(4) Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

28. **We will require a Statement of Information** from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matter which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: BUYERS

(Note: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file).

FAILURE TO PROVIDE THE STATEMENT(S) OF INFORMATION IN A TIMELY MANNER MAY DELAY THE CLOSING OF THIS TRANSACTION.

SCHEDULE B
(CONTINUED)

END OF EXCEPTIONS

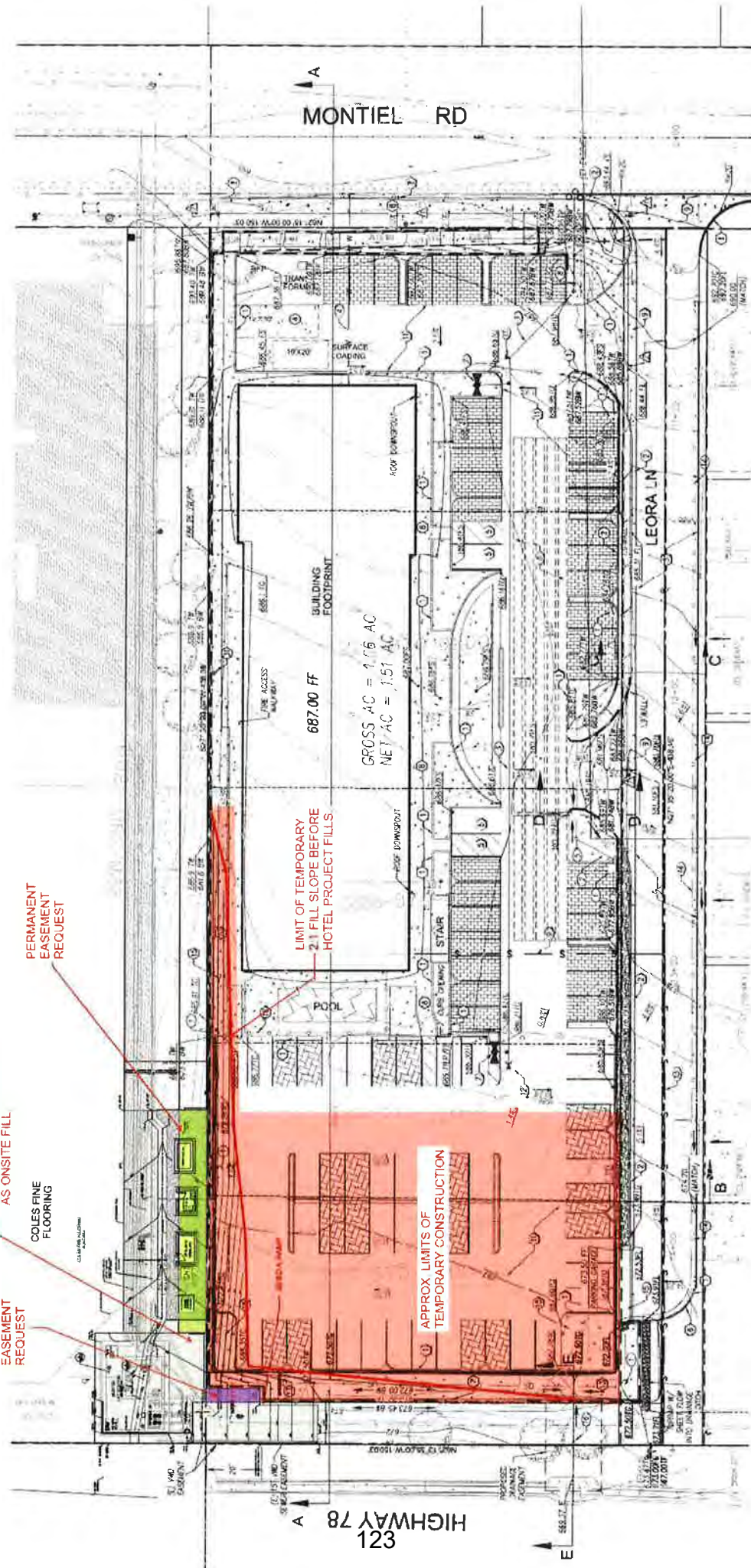
Typist Initials: LT

POTENTIAL TO STOCKPILE EXCAVATION SOIL AND ROCK FOR USE AS ONSITE FILL

PERMANENT EASEMENT REQUEST

PERMANENT EASEMENT REQUEST

COLES FINE FLOORING



MONTIEL RD

LEORA LN

HIGHWAY 78
123

687.00 FF BUILDING FOOTPRINT
GROSS AC = 1.76 AC
NET AC = 1.51 AC

LIMIT OF TEMPORARY 2:1 FILL SLOPE BEFORE HOTEL PROJECT FILLS

APPROX LIMITS OF TEMPORARY CONSTRUCTION

20210622 EXHIBIT TO R MORGAN -CM

QUALIFICATIONS OF THE APPRAISER

David C. Ottley, MAI

Anderson & Brabant, Inc.

353 West Ninth Avenue, Escondido, CA 92025

760.705.1615

Resident of San Diego County since 1954

Educational Background

Brigham Young University, Provo, Utah - School of Accountancy (1982-83)

Palomar College, San Marcos, CA - Real Estate emphasis (1976-77; 1980-81)

Professional Education Completed:

Appraisal Institute:

- Case Studies in Real Estate Valuation (1988)
- Valuation Analysis and Report Writing (1988)
- Real Estate Appraisal Principles; and Basic Valuation Procedures (1988)
- Capitalization Theory and Techniques, Parts A & B (1986)
- Real Property Valuation (1977)

Partial List of Recent Seminars and Webinars:

- Appraisal Review (2022)
- Eminent Domain and Condemnation (2021, 2005)
- Uniform Appraisal Standards for Federal Land Acquisitions (2015, 2017)
- San Diego Real Estate Market Symposium, Economic Forecast/Forum (1998-2002; 2004-2012; 2017; 2021)
- Business Practices and Ethics (2010, 2015, 2017)
- Federal and State Laws and Regulations (2014, 2016, 2018)
- Mold, Pollution, and the Appraiser (2014)
- Uniform Standards of Appraisal Practice Update (2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022)
- Loss Prevention Seminar (2011 and 2013)
- Liability Issues for Appraisers Performing Litigation Work (2013)
- Complex Litigation Appraisal Case Studies (2013)
- IRWA Eminent Domain Seminar (2012)
- Appraising in a Post-HVCC World (2011)
- San Diego Housing and Apartment Seminar (2004, 2007, 2009)
- The Appraiser as an Expert Witness (2006)

Professional Affiliations

MAI Member, Appraisal Institute

Certified General Real Estate Appraiser (AG002149), Bureau of Real Estate Appraisers, State of California

Professional Real Estate Experience

Appraiser/Consultant, Anderson & Brabant, Inc., Escondido, CA - 01/85 to 03/98; 06/01 to 02/05; 02/06 on

V.P. of Acquisitions, Maisel Presley, Inc., San Diego, CA - 02/05 to 02/06

Director of Finance & Acquisitions, Pacifica Companies, San Diego, CA - 04/98 to 06/01

Appraiser/Analyst, Dodd-Graves & Associates, Escondido, CA - 06/76 to 04/77; & 11/79 to 12/84

Staff Appraiser, Financial Appraisals, Inc., Escondido, CA - 04/77 to 08/77

Expert Witness

Superior Court, Counties of San Diego, Riverside, and Los Angeles

U.S. Bankruptcy Court, San Diego County

Types of Appraisals

Residential:	Residential Subdivisions, Apartments, Single-family, Condominium and PUD Units, (Existing and Proposed)
Commercial:	Single- and Multi-Tenant Commercial and Office Properties, Medical Offices, Self-Storage Facilities (Existing and Proposed)
Industrial:	Single- and Multi-Tenant Industrial Buildings and Parks, (Existing and Proposed)
Vacant Land:	Residential, Subdivision, Industrial, Commercial, Rural, and Environmentally Sensitive Properties
Agricultural:	Avocado and Citrus Groves, Dairies, and Ranches
Other:	Mixed-Use Properties, Leasehold and Leased Fee Interests, Partial Acquisitions, and Easements

Anderson & Brabant, Inc.

Partial List of Appraisal Clients

Government Agencies and Municipalities

California Rangeland Trust	Otay Water District
CALTRANS	Palomar Community College
Center for Natural Lands Management	Pala Band of Mission Indians
City of Carlsbad	Poway Municipal Water District
City of Chula Vista	Poway Unified School District
City of Coronado	Ramona Municipal Water District
City of Del Mar	Rincon Del Diablo Municipal Water District
City of Escondido	San Diego Community College District
City of Menifee	San Diego County Water Authority
City of National City	San Diego Gas and Electric Company
City of Oceanside	Southwest Resource Management Association
City of Palm Springs	The Conservation Fund
City of Poway	The Escondido Creek Conservancy
City of San Diego	The Nature Conservancy
City of San Marcos	The Trust for Public Lands
City of Santee	Vallecitos Water District
City of Vista	Vista Fire Protection District
Civic San Diego	Vista Irrigation District
County of Riverside	Vista Unified School District
County of San Diego	U S Department of the Interior
Endangered Habitats Conservancy	U S Fish and Wildlife
Fallbrook Union Elementary School District	U S Postal Service
Grossmont-Cuyamaca College District	U S Marshal Service
Metropolitan Transit System	University of California
North County Transit District	Wildlife Conservation Board
Olivenhain Municipal Water District	

Financial Institutions

Bank of America	First Republic Bank
Bank of the West	Torrey Pines Bank
California Bank & Trust	Umpqua Bank
City National Bank	Union Bank
First Interstate Bank	Wells Fargo Bank

Attorneys

Ablon, Lewis, Bass & Gale, LLP	Galyean, Talley & Wood
Asaro Keagy Freeland & McKinley	Loeb & Loeb LLP
Best Best & Krieger	Kenneth H. Miller
Boss Law Firm	Parks and Oberhansley
Daley & Heft	Wes Peltzer
Deutsch & Associates	Steven C. Saylor
Duckor Spradling Metzger & Wynn	Jeffrey G. Scott
Feist, Vetter, Knauf & Loy	Samuels, Green & Steel, LLP
Foley & Lardner	White & Bright

Others

Bender Rosenthal, Inc.	Lennar
Clark Land Resources	Meritage Homes
Commonwealth Land Title	PSOMAS
Chicago Title	Stewart Title
Fidelity National Title	T-Mobile
First American Title	Wiggans Group, Inc.
Lavine, Lofgren, Morris & Engelberg, LLP	

QUALIFICATIONS OF THE APPRAISER

James Brabant, MAI
Anderson & Brabant, Inc.
353 W. Ninth Avenue
Escondido, CA 92025
(760) 705-1592 (Direct)
Email: jlbrabant@aol.com

- I. Resident of San Diego County since 1977
- II. **Educational Background:**
 - A. University of Southern California, B.S. degree in Real Estate — 1960
 - B. School of Theology at Claremont, Master of Theology — 1966
 - C. Professional Education Completed:
 - 1. Appraisal Institute
 - a. "Basic Appraisal Principles, Methods and Techniques" — Course I-A
 - b. "Capitalization Theory and Techniques" — Course I-B
 - c. "Urban Properties" — Course II
 - d. "Investment Analysis" — Course IV
 - e. "Standards of Professional Practice"
 - f. "Litigation Valuation"
 - g. Special Applications of Appraisal Analysis Course 301
 - 2. Lincoln Graduate Center
 - a. Manufactured Housing Appraisal Course 669
 - 3. Continuing Education (Partial List):
 - USPAP Course and Updates (every two years)
 - Four Hour Federal and State Laws, 1/16
 - Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets 4/12
 - Eminent Domain Case Update, 10/95, 3/97, 10/07, 4/10
 - Business Practice and Ethics, 6/07, 7/12
 - San Diego Apartment & Housing Seminar, 10/98, 5/07, 9/11
 - Appraiser as Expert Witness, 12/06
 - Deal and Development Analysis – Downtown S.D., 9/05
 - Litigation Seminar, 11/04, 11/07, 11/10
 - Appraising Manufactured Housing, 1/04
 - Economic and Real Estate Forum, 09/02
 - Gramm-Leach-Bliley Act, 10/01
 - Condemnation on Trial (Participant), 5/00
 - Digging Into Ground Leases, 2/15
 - Unique Appraisal Assignments (Participant), 2/14
 - Appraisal of Partial Interests; 6/98
 - Vineyard Valuation, 11/12
 - Downtown San Diego Development, 9/15

Qualifications of the Appraiser — James Brabant, MAI
Page Two

III. **Professional Affiliations:**

- A. Member, Appraisal Institute, MAI (1985 President, San Diego Chapter)
- B. Realtor Member, North County Association of Realtors
- C. Member, International Right of Way Association
- D. Real Estate Brokers License, State of California
- E. Teaching Credential, State of California, Community College Level
- F. Certified General Real Estate Appraiser (AG002100)
Office of Real Estate Appraisers, State of California

IV. **Appraisal Experience:**

- Co-Owner — Anderson & Brabant, Inc., Since 1979
- Co-Owner — Robert M. Dodd & Associates, Inc., 1977 - 1979
- Appraisal Manager — California First Bank, Huntington Beach, California, 1974 - 1977
- Staff Appraiser — California First Bank, San Diego, California, 1972 - 1974
- Staff Appraiser — O. W. Cotton Co., San Diego, California, 1970 - 1972
- Staff Appraiser — Davis Brabant, MAI, Huntington Park, California, 1960 - 1962

V. **Teaching Experience:**

- Southwestern College, Chula Vista, California, "Real Estate Appraisal"

VI. **Expert Witness:**

- Superior Court, San Diego, Los Angeles, Riverside, and San Bernardino Counties
- Rent Control Hearings: Cities of Oceanside, Escondido, Ventura, Concord, Yucaipa, Carpinteria, Palmdale, San Marcos, Carson, Watsonville
- Various Arbitration Hearings
- Assessment Appeals Boards of Riverside County, San Diego County and Orange County
- Federal Bankruptcy Courts in San Diego County & Santa Barbara County
- United States District Court – Northern District of California

VII. **Types of Appraisals:**

- | | |
|-----------------------------|---|
| Residential Property: | Single-family residence, condominiums, apartments, subdivisions, existing and proposed |
| Commercial Property: | Office buildings, shopping centers, office condominiums, etc., existing and proposed |
| Industrial Property: | Single/multi-tenant, business parks, etc., existing and proposed |
| Vacant Land: | Industrial, commercial, residential, and rural |
| Agricultural: | Ranches, avocado and citrus groves, etc. |
| Special Purpose Appraisals: | Leasehold estates, possessory interest, historical appraisals, etc. |
| Mobile Home Parks: | For a variety of purposes including rent hearings, park closure, park conversions, failure to maintain litigation, eminent domain, etc. |

Qualifications of the Appraiser — James Brabant, MAI

Page Three

VIII. Partial List of Appraisal Clients:

Banks

Bank of America
Bank of New York
City National Bank
Downey Savings
Fidelity Federal Bank
First Interstate Bank
First Pacific National Bank
Flagship Federal Savings
Great Western Bank
Industrial Bank of Japan
Palomar Savings & Loan
Redlands Federal Bank
Union Bank of California
Wells Fargo Bank

Government Agencies and Municipalities

California Department of
Transportation/Caltrans
Carlsbad Municipal Water District
City of Carlsbad
City of Chula Vista
City of Colton
City of Concord
City of Escondido
City of Laguna Beach
City of La Mesa
City of Salinas
City of San Bernardino
City of San Diego
City of San Marcos
City of Vista
City of Yucaipa
County of San Diego
Fallbrook Public Utility District
Metropolitan Water District
Oceanside Unified School District
Pacific Telephone
Poway Municipal Water District
Ramona Unified School District
SANDAG (San Diego Assoc. of Govts.)
San Diego County Water Authority
San Diego Unified Port District
San Marcos Unified School District
U.S. Depart. of the Interior
 Bureau of Indian Affairs
U.S. Department of Justice

Law Firms

Aleshire & Wynder, LLP
Asaro, Keagy, Freeland. & McKinley
Best, Best & Krieger
Daley & Heft
Endeman, Lincoln, Turek & Heater
Foley & Lardner, LLP
Fulbright & Jaworski
Gray, Cary, Ware & Freidenrich
Higgs, Fletcher & Mack
Latham & Watkins
Lounsbery, Ferguson, Altona & Peak
Luce, Forward, Hamilton & Scripps
McDonald & Allen
McInnis, Fitzgerald, Rees, Sharkey & McIntyre
O'Melveny & Meyers
Procopio, Cory, Hargreaves & Savitch
Rutan & Tucker
Singer, Richard
Sullivan Wertz McDade & Wallace
Tatro & Zamoyski
Thorsnes Bartolotta & McGuire
Woodruff, Spradlin & Smart
Worden Williams, APC

Title Companies

Chicago Title
Fidelity National Title Insurance
First American Title
St. Paul Title
Title Insurance & Trust

Others

Avco Community Developers
Coldwell Banker
Dixieline Lumber
Golden Eagle Insurance
National Steel & Shipbuilding Co.
Northern San Diego County Hospital District
Prudential Insurance Corp.
Rosenow, Spevacek, Group
San Diego Gas & Electric Co.
San Luis Rey Downs (Vessels)
Steefel, Levitt & Weiss
Tellwright-Campbell, Inc.
Transamerica Relocation Service
Vedder Park Management

EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 4, 2022** (“Effective Date”), is between **Vallecitos Water District, a governmental agency** (“**Buyer**”), and **Montiel RD. LLC, a limited liability company** (“**Seller**”). Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately one and thirty-seven hundredths (1.37) acres, designated as Assessor’s Parcel Number 228-360-43-00 (“**Land**”), hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A** (“**Easement**”) to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area**.”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Nine-Thousand Dollars (\$9,000.00)** (“**Purchase Price**”), which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049A (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
 - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
 - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
 - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
 - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.

- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
 - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
 - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
 - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
 - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
 - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
 - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
 - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area
 - (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements

affecting the Easement Area, except as otherwise disclosed by Seller.

- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "Claims") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to

its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

SELLER

Montiel Rd., LLC,
a limited liability company

By: _____

Name: _____

Title: _____

BUYER

Vallecitos Water District,
a governmental agency

By: _____

Name: _____

Title: _____

**EXHIBIT A TO PURCHASE AGREEMENT
FORM OF EASEMENT**

[See attached.]

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

MONTIEL RD., LLC, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: **SEE EXHIBIT "A" ATTACHED.**

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

"Grantor"

Company: MONTIEL RD. LLC

Name*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: _____

Date: _____

**CERTIFICATE OF ACCEPTANCE
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: _____

Dated: _____

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

EXHIBIT 'A'
WATER / SEWER EASEMENT

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021
MBI JN 176090
APN 228-360-43 MONTIEL RD. LLC

LEGEND



INDICATES
WATER/SEWER EASEMENT
950.0 SF (0.022 AC)

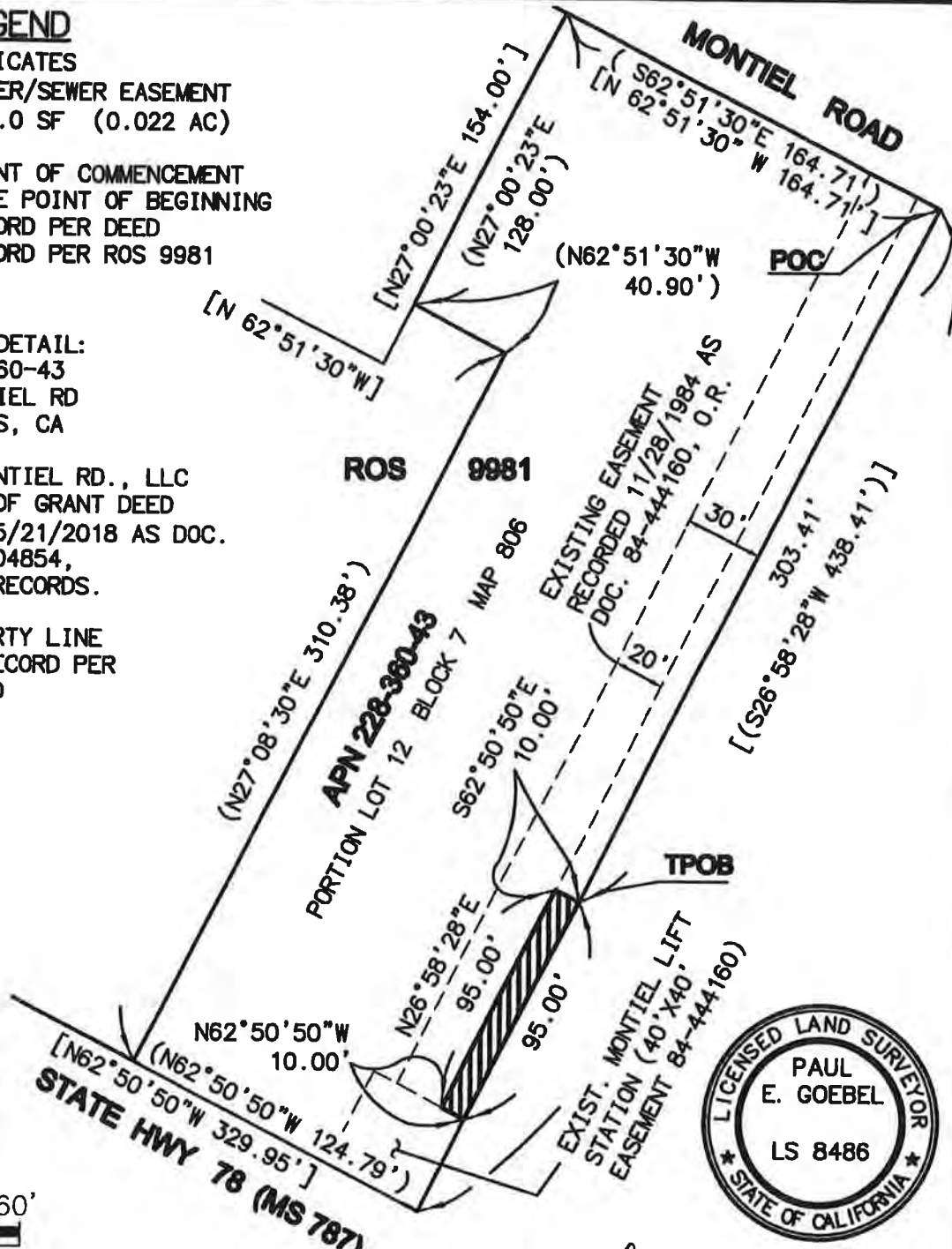
POC POINT OF COMMENCEMENT
TPOB TRUE POINT OF BEGINNING
() RECORD PER DEED
[] RECORD PER ROS 9981

NOTES:

PROPERTY DETAIL:
APN 228-360-43
2175 MONTIEL RD
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC
PARCEL 1 OF GRANT DEED
RECORDED 5/21/2018 AS DOC.
NO. 2018-204854,
OFFICIAL RECORDS.

ALL PROPERTY LINE
DATA IS RECORD PER
GRANT DEED



0 60'
SCALE: 1"=60'



Paul E. Goebel

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.
CITY OF SAN MARCOS
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET
Michael Baker International
9755 Clairemont Mesa Blvd.,
San Diego, CA 92124
(858)614-5000

DATE 10/13/2021 176090

EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 4, 2022** (“**Effective Date**”), is between **Vallecitos Water District, a governmental agency (“Buyer”), and Montiel RD. LLC, a limited liability company (“Seller”).** Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately one and thirty-seven hundredths (1.37) acres, designated as Assessor’s Parcel Number 228-360-43-00 (“**Land**”), hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A (“Easement”)** to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area.**”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Nine-Thousand Dollars (\$9,000.00) (“Purchase Price”)**, which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049A (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
 - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
 - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
 - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
 - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

- delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.
- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
 - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
 - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
 - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
 - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
 - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
 - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
 - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area
 - (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements

affecting the Easement Area, except as otherwise disclosed by Seller.

- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "Claims") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to

its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

SELLER

Montiel Rd., LLC,
a limited liability company

By: _____

Name: _____

Title: _____

BUYER

Vallecitos Water District,
a governmental agency

By: _____

Name: _____

Title: _____

**EXHIBIT A TO PURCHASE AGREEMENT
FORM OF EASEMENT**

[See attached.]

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-360-43

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

MONTIEL RD., LLC, as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **10** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use sewer or water facilities, which may include, but not be limited to, a pump station, control house, storage shelter, back-up generator, SCADA antenna, pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 12 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018, AS DOC. NO. 2018-0204854, OFFICIAL RECORDS.

The **10** -foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: **SEE EXHIBIT "A" ATTACHED.**

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

A.P.N.: 228-360-43

AREA: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of

_____, 20__.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

"Grantor"

Company: MONTIEL RD. LLC

Name*: STEPHEN COLES

Title: MANAGING MEMBER

Signature †: _____

Date: _____

**CERTIFICATE OF ACCEPTANCE
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from MONTIEL RD. LLC, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: _____ Dated: _____

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

EXHIBIT 'A'
WATER / SEWER EASEMENT

A PORTION OF PARCEL 1 DESCRIBED IN GRANT DEED TO MONTIEL RD., LLC RECORDED MAY 21, 2018 AS DOC. NO. 2018-0204854, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LAND; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE THEREOF SOUTH 26°58'28" WEST, 303.41 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 26°58'28" WEST, 95.00 FEET TO THE NORTHERLY LINE OF AN EXISTING 40' X 40' EASEMENT FOR THE MONTIEL LIFT STATION RECORDED NOVEMBER 28, 1984 AS DOC. NO. 84-444160, OFFICIAL RECORDS; THENCE LEAVING SAID EASTERLY LINE AND WESTERLY ALONG SAID NORTHERLY LINE NORTH 62°50'50" WEST 10.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 10.00 FEET WESTERLY OF AND PARALLEL WITH SAID EASTERLY LINE; THENCE LEAVING SAID NORTHERLY LINE OF EXISTING EASEMENT AND NORTHERLY ALONG SAID PARALLEL LINE NORTH 26°58'28" EAST 95.00 FEET; THENCE LEAVING SAID PARALLEL LINE SOUTH 62°50'50" EAST 10.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 950 SQUARE FEET OR 0.022 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 10/13/2021
MBI JN 176090
APN 228-360-43 MONTIEL RD. LLC

LEGEND



INDICATES
WATER/SEWER EASEMENT
950.0 SF (0.022 AC)

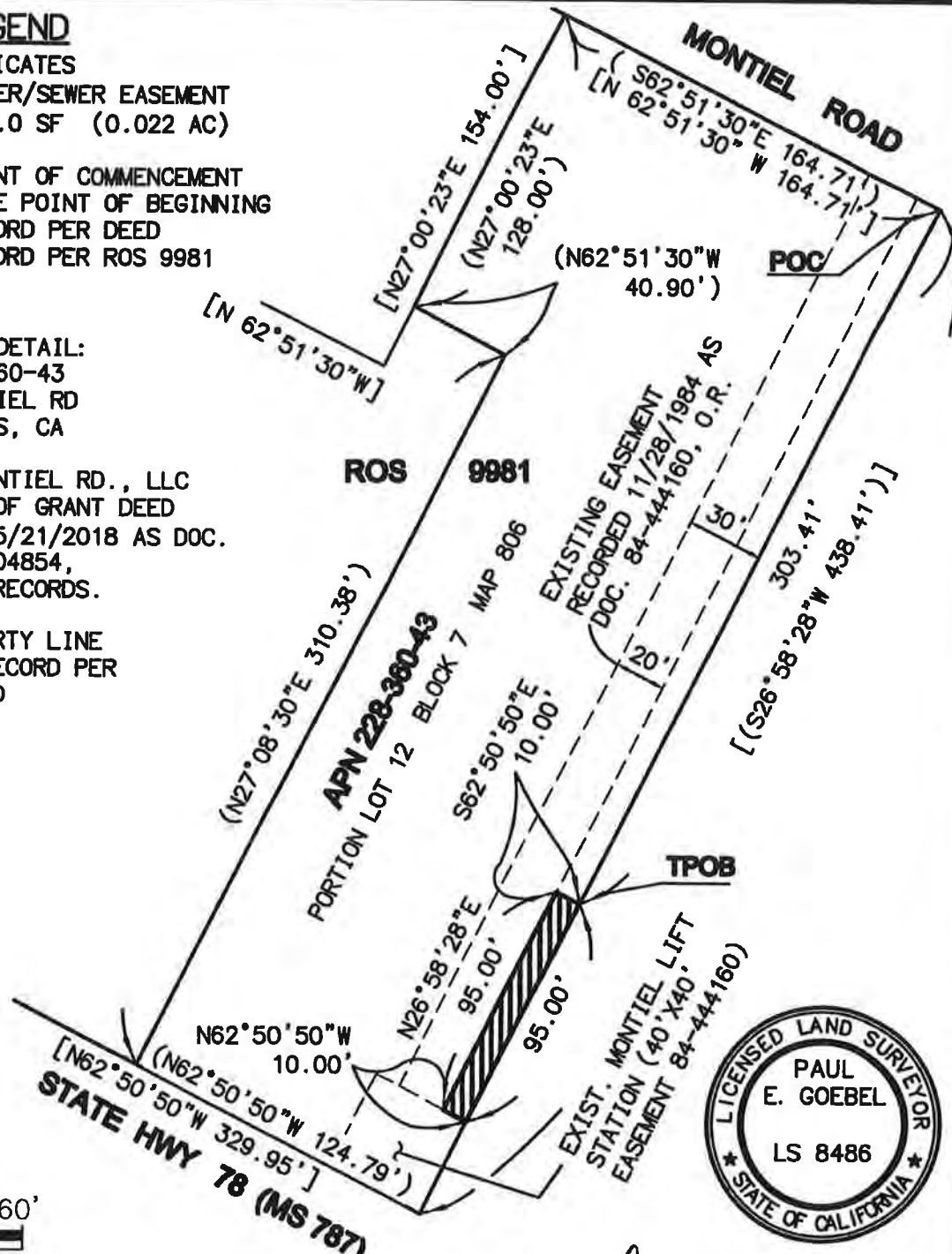
POC POINT OF COMMENCEMENT
TPOB TRUE POINT OF BEGINNING
() RECORD PER DEED
[] RECORD PER ROS 9981

NOTES:

PROPERTY DETAIL:
APN 228-360-43
2175 MONTIEL RD
SAN MARCOS, CA

OWNER: MONTIEL RD., LLC
PARCEL 1 OF GRANT DEED
RECORDED 5/21/2018 AS DOC.
NO. 2018-204854,
OFFICIAL RECORDS.

ALL PROPERTY LINE
DATA IS RECORD PER
GRANT DEED



SCALE: 1"=60'



Paul E. Goebel

8/2/2022

PAUL E. GOEBEL LS 8486 DATE

**EXHIBIT B - PLAT APN 228-360-43
PROPOSED WATER/SEWER EASEMENT EXHIBIT**

PORTION OF LOT 12, BLOCK 7, MAP 806 GRANTED TO MONTIEL RD
LLC BY DEED REC. 5/21/2018 AS DOC. NO. 2018-204854, O.R.
CITY OF SAN MARCOS
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET
Michael Baker International
9755 Clairemont Mesa Blvd.,
San Diego, CA 92124
(858)614-5000

DATE 10/13/2021 176090

INFORMATIONAL PAMPHLET
OVERVIEW OF THE EMINENT DOMAIN PROCESS
AND DESCRIPTION OF PROPERTY OWNER RIGHTS

(Government Code Section 7267.2(a)(2))

Whenever a public agency makes a formal offer to purchase property under Section 7267.2 of the Government Code, it is required by law to provide a description of the eminent domain process. This pamphlet details the process of eminent domain and property owner rights under eminent domain law.

Public agencies acquire property for all types of public projects, such as schools, roads, water and sewer service, flood control, and fire protection. Sometimes public agencies may have to use eminent domain to acquire property for these projects. Eminent domain is the power to acquire property for a public use conditioned upon payment of just compensation.

The Appraisal Process

Before public agencies can use the power of eminent domain, they must follow certain procedures designed to protect the rights of property owners and the public.

If a public agency is potentially interested in acquiring property for a public project and makes an offer under Section 7267.2 of the Government Code, it is required to send to the owner notice of its decision to appraise the property. This notice will advise the owner that the agency has retained an appraiser to appraise the property. The notice may also provide background information on the acquisition process. It may advise that a business on the property potentially could have a claim for loss of business goodwill. It may also advise that occupants on the property may be entitled to relocation assistance, which can include relocation counseling and the payment for certain costs such as moving costs.

The fact that a public agency has sent a notice of decision to appraise does not mean that it has decided to acquire the property or to use eminent domain. It simply means that the public agency has decided to appraise the property.

The appraiser must also notify the owner that the appraiser is available to meet with the owner to discuss and view the property. After investigating the property and other similar properties, the appraiser will prepare an appraisal report and forward it to the agency.

The Offer of Just Compensation

Upon reviewing the appraisal, the public agency may decide to make an offer to acquire the property. This offer must be in writing. The offer cannot be less than the fair market value established by the approved appraisal. The offer must include certain information, including the public use for which the property is to be acquired and a detailed description of the basis for the

conclusions of value. If the comparable sales approach is used, a description of the principal sales must be included. The appraisal report does not have to be provided unless an owner-occupant of residential property with four or fewer units requests to inspect the report.

The offer must be based upon fair market value. Fair market value is a technical legal phrase but generally it means the highest price that a seller and buyer would agree to on a particular date, with neither being under pressure to buy or sell, and with both being fully informed as to the uses available for the property. The proposed public project for which the property may be acquired is not to be considered for either decreasing or increasing the fair market value.

If only a portion of the property is being acquired, such as for a road widening or an underground sewer pipeline, the appraisal may also consider what are called severance damages. Generally, this refers to the reduction in fair market value to the remaining portion of the property that is not being acquired that results from the partial acquisition or the public project. Sometimes a proposed project will actually increase the value of the remaining property. These benefits can be considered in offsetting severance damages, if there any such damages. These benefits cannot be used to lower the value of the actual portion of the property that is being acquired.

A property may be improved and these improvements, if affixed to the realty, may be taken into consideration in the appraisal and the offer. Businesses may also have a claim for loss of business goodwill.

Just compensation is a concept that comes from the California and U. S. Constitutions. The written offer described above is intended to be an offer for just compensation.

The Negotiation Process

The public agency is required to negotiate in good faith upon making its offer of just compensation. It may not use threatening or coercive tactics. The offer process is a voluntary, negotiation process. The owner is under no obligation to agree to the offer.

In making the offer, the public agency must also offer up to \$5,000 to the owner to retain an appraiser selected by the owner. The appraiser must be state licensed and other conditions may apply.

The owner and the public agency's representatives may negotiate. If the owner believes that certain information is wrong or incomplete, or if the owner has other information that the agency should know about, the owner may offer that information to the public agency. The owner may make a counter-offer, asking for more compensation or suggesting a change in the proposed acquisition. Or, if the owner does not wish to sell the property, the owner may simply reject the offer or not respond.

When property is occupied, the occupants may be entitled to what is called relocation assistance. These are benefits and services to be given to occupants if the proposed acquisition

and public project will require an occupant to move. An occupant need not be an owner of the property to be entitled to such benefits. The nature and extent of the benefits can be technical and will depend upon the particular circumstances of the occupant. Laws and regulations set the amount and nature of applicable benefits. Businesses, homeowners, and renters may be eligible for relocation benefits. These benefits are protections offered by legislation and are different from and in addition to just compensation. When relocation is involved, the public agency will provide an explanation and itemization of the proposed relocation assistance benefits. What is required for relocation is subject to discussion and occupants can provide information they think is important in determining the amount and type of benefits.

Starting Eminent Domain

If the public agency's offer to purchase is not accepted, the public agency may then consider the use of eminent domain. Eminent domain involves the acquisition of property without the owner's consent for a public use conditioned upon payment of just compensation. A public agency may only use the power of eminent domain if it is granted that power by state statute.

The Requirement for a Public Hearing

Before a public agency can consider using eminent domain, it must conduct a public hearing. The public hearing is before the legislative body of the public agency. For example, if a city wishes to consider using eminent domain to build a road, the public hearing must be conducted by the city council. The owner, as identified by the latest tax rolls, is entitled to written notice of the hearing and has a right to speak before the legislative body. At the hearing the public agency considers the adoption of what is called a resolution of necessity. The hearing concerns whether the public interest and necessity require the project, whether the acquisition is most compatible with the greatest public good and the least private injury, whether the property is necessary for the project, and whether the written offer for just compensation has been made. The owner and the legislative body are to address these topics. The owner may be represented by someone at the hearing. This can be legal counsel but does not have to be. The owner must make a timely request to be heard. The notice for the hearing must explain this requirement.

Upon completing the hearing on these topics, the legislative body will determine whether findings on these topics properly can be made, and will consider adopting the resolution of necessity. The resolution can only be adopted if at least two thirds of the full legislative body votes to adopt the resolution.

The Court Process

If the resolution of necessity is adopted, the public agency is then authorized to bring an eminent domain action in state court. This action has to be filed in the county where the property is located. Those with an interest in the property will be named in the action. The action is a lawsuit that must be served on the named parties. The named parties have a right to respond by filing legal papers. In these papers the responding parties may raise legal issues regarding compensation or the public agency's right to use eminent domain.

Once an eminent domain action is filed, the public agency may ask the court for what is called prejudgment possession. This allows the agency to acquire possession of the property so it can begin work on its project without awaiting completion of the court action. The agency may have several actions in court regarding other properties and may not be able to wait until all those actions are resolved before proceeding with construction of its proposed project, such as a road, school, or water pipeline.

To obtain such possession, the public agency must first file and serve a motion on the affected parties. These parties have the right to object and have these objections heard in court. The public agency must also deposit with the court or the State Condemnation Fund the amount of probable just compensation for the property. This amount must be based upon a certified and detailed valuation statement. The owner has the right to challenge this deposit and can file a motion asking to increase the deposit. Those claiming an interest in the deposit may apply to the court to withdraw the deposit or a portion of it.

If the court finds that certain requirements are satisfied and that there are no valid objections to granting prejudgment possession, the court may grant the public agency's motion for possession. State law provides certain time periods to property owners and occupants before possession can take effect.

In many projects, such as road widenings or storm drains, relocation may not be involved at all. If relocation is involved, the public agency must provide relocation counseling and financial benefits to the affected parties. The specific requirements for such counseling and benefits are set by legislation and regulations. Relocation disagreements are subject to appeal to the public agency. Relocation claims may also be presented in court through a lawsuit brought by the claimant. These lawsuits are usually separate from the eminent domain action in court.

The eminent domain action may proceed to trial on the right to use eminent domain or on the amount of just compensation. Trials concerning the right to use eminent domain are conducted only before a judge, without a jury. The California Constitution gives the public agency and the property owner the right to a jury trial on the issue of just compensation. Trials on just compensation focus on the testimony of qualified valuation witnesses. The valuation positions of both sides are usually exchanged in writing on a scheduled date before the trial. These positions are then supported at trial by live testimony, which is subject to cross-examination. At trial, no side has the burden of proof on just compensation. A jury normally must reach a verdict within the range of the valuation opinions allowed into evidence by testimony. In other words, the jury generally cannot find less than the lowest valuation testified to in the trial nor more than the highest valuation.

Before trial either side can make a formal offer to settle. After the trial, if the trial judge finds that the public agency's offer to settle was unreasonable and the owner's offer to settle was reasonable, the public agency is required to pay the owner's reasonable litigation and expert expenses. The public agency cannot recover litigation expenses from the owner for contesting the amount of just compensation. Interest on the awarded just compensation is determined by the court.

During the eminent domain court proceedings, a public agency occasionally may decide that it does not wish to proceed with the acquisition. The owner is given the opportunity to object to the public agency abandoning the proceedings. If the public agency does abandon proceeding with the acquisition, it must pay the other side's reasonable litigation and expert expenses.

Either side may appeal an eminent domain judgment. The appeal process may involve going to the California Court of Appeal, to the California Supreme Court, and to the U. S. Supreme Court. The Court of Appeal must hear a timely appeal. Further review by the California Supreme Court and U. S. Supreme Court is generally within the discretion of those courts.

You Should Seek Professional Advice

This pamphlet is intended to give you an overview of the eminent domain process and property owner rights under state eminent domain law. A public agency does not and cannot represent you or give you legal advice. If you have questions or concerns at any time, you should consider consulting a professional, including an attorney. You always have the right to legal counsel.

RESOLUTION NO.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT DECLARING THAT ACQUISITION OF EASEMENT INTERESTS IN THE PROPERTY KNOWN AS ASSESSOR'S PARCEL NOS. 228-370-38 AND 228-370-04 ARE NECESSARY FOR THE FOR THE MONTIEL LIFT STATION AND FORCEMAIN REPLACEMENT PROJECT IN SAN MARCOS, CALIFORNIA

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT as follows:

WHEREAS, Vallecitos Water District ("District") is a county water District established and organized pursuant to California Water Code § 30000 *et seq.*; and

WHEREAS, the District proposes to acquire permanent and temporary easement interests in real property owned by SAN MARCOS HOSPITALITY, LLC ("Property Owner") and generally identified as Assessor's Parcel Numbers ("APN") 228-370-38 and 228-370-04 for the Montiel Lift Station and Forcemain Replacement Project in San Marcos, California, pursuant to Water Code section 31040 and Code of Civil Procedure section 1240.040; and

WHEREAS, pursuant to Code of Civil Procedure section 1245.235, the District scheduled a public hearing for October 5, 2022, at 5:00 p.m. in the Board Room of Vallecitos Water District, 201 Vallecitos De Oro, San Marcos, CA 92069, and gave to each person whose property is to be acquired and whose name and address appears on the last equalized county assessment roll, notice and a reasonable opportunity to appear at said hearing and be heard on the matters referred to in Code of Civil Procedure section 1240.030; and

WHEREAS, said hearing has been held by the District and each person whose property is to be acquired by eminent domain was afforded the opportunity to be heard on said matters; and

WHEREAS, the District may adopt a resolution of necessity pursuant to Code of Civil Procedure section 1240.040.

NOW THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED, by a vote of two-thirds or more of all members of the Board of the District as follows:

SECTION 1: Notice and Hearing Compliance.

Section 1.1: The District has provided notice of this hearing as required by Code of Civil Procedure section 1245.235.

SECTION 2: Compliance with the California Environmental Quality Act.

Section 2.1: The District, as lead agency for the Project, prepared an Addendum ("Addendum") to the certified 2018 Water, Wastewater, and Recycled Water Master Plan Program Environmental Impact Report ("PEIR"; SCH No. 2017111082) that analyzed the Project's potential environmental impacts under the California Environmental Quality Act

(“CEQA”). The Addendum concluded that the Project (1) would not result in any new significant environmental impacts or substantially increase any previously identified significant effects; (2) there are no new circumstances under which the improvements will be undertaken that would cause any new or more severe significant effects; and (3) there is no new information showing the improvements would have new or more severe significant effects or that there are new feasible mitigation measures or alternatives that would reduce any identified significant effects. On September 7, 2022, the Board of Directors of the District adopted a resolution approving the Addendum to the PEIR for the Project, which includes mitigation monitoring measures. A Notice of Determination was filed on September 13, 2022.

SECTION 3: Public Use.

Section 3.1: The public use for which the easement interests are to be acquired is for the District’s proposed Project to replace the existing Montiel sewer basin sewage conveyance facility (“Montiel Lift Station”) that has exceeded its useful life while also improving the flow capacity of the facility to meet ultimate peak flow demands for existing and future sewer customers in the area served by the facility. The Project will replace the existing Montiel Lift Station, which was initially constructed in 1985 as a temporary facility intended to be in operation for less than 5 years. The lift station has exceeded its useful life expectancy and requires replacement. The permanent easement interests sought are needed to access, operate, maintain, and repair the proposed Montiel Lift Station. The District also desires to acquire temporary construction easements on a portion of the future site of the hotel property for District’s construction activities, including earthwork, drainage and grading improvements, construction staging and temporarily spoils storage from the construction activities in the immediate vicinity of the replacement of the Montiel Lift Station. The District is authorized to acquire by eminent domain property interests necessary for such a purpose in accordance with Water Code section 31040 and Code of Civil Procedure section 1240.040.

SECTION 4: Description of Property.

Section 4.1: The property on which the easement is sought is generally described as APNs 228-370-38 and 228-370-04. Attached hereto as Exhibits are the legal descriptions and depictions of the real property interests required for the Project, which describe the general location of the property and the easement areas to be acquired by the District with sufficient detail for reasonable identification.

SECTION 5: Findings.

Section 5.1: The District hereby finds and determines the following:

- a. The public interest and necessity require the proposed Project; and
- b. The proposed Project is planned or located in the manner that will be the most compatible with the greatest public good and least private injury; and
- c. The easements are necessary for the proposed Project; and
- d. The offer required by Government Code section 7267.2 was made.

SECTION 6: Further Activities.

Section 6.1: Best Best & Krieger LLP (“BBK”), as counsel for the District, is hereby authorized to acquire the described real property interests in the name of and on behalf of the District by eminent domain. BBK is further authorized to institute and prosecute such legal proceedings as may be required. BBK may take such steps as may be authorized and required by law, and make such deposits as may be required, to permit the District to take possession of and use said real property interests at the earliest possible time. BBK is further authorized to correct any errors or to make or agree to non-material changes in the legal descriptions of the real property that is deemed necessary for the conduct of the condemnation action, or any other proceedings or transactions required to acquire the property interests.

SECTION 7: Severability.

Section 7.1: If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable. The Board of Directors hereby declares that it would have adopted this resolution irrespective of the invalidity of any particular portion thereof.

SECTION 8: Effective Date.

Section 8.1: This resolution shall become effective immediately upon its final passage; this resolution being adopted pursuant to Section 32552 of the Water Code of the State of California.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 19th day of October, 2022, by the following roll call vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Craig Elitharp, President
 Board of Directors
 Vallecitos Water District

ATTEST:

Glenn Pruiim, Secretary
 Board of Directors
 Vallecitos Water District

EXHIBITS:

Legal Description and Depiction of Property

Legal Description and Depiction of Permanent and Temporary Easements

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	<p>1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p> <p>2 Business name/disregarded entity name, if different from above</p> <p>3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</p> <p><input type="checkbox"/> Individual/sole proprietor or single-member LLC</p> <p><input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____</p> <p>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</p> <p><input type="checkbox"/> Other (see instructions) ►</p> <p><input type="checkbox"/> C Corporation</p> <p><input type="checkbox"/> S Corporation</p> <p><input type="checkbox"/> Partnership</p> <p><input type="checkbox"/> Trust/estate</p>	<p>4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p>
	<p>5 Address (number, street, and apt. or suite no.) See instructions.</p> <p>6 City, state, and ZIP code</p> <p>7 List account number(s) here (optional)</p>	<p>Requester's name and address (optional)</p>

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number											
				-			-				
OR											
Employer identification number											
				-							

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ►	Date ►
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

2020 Withholding Exemption Certificate

590

The payee completes this form and submits it to the withholding agent. The withholding agent keeps this form with their records.

Withholding Agent Information

Name _____

Payee Information

Name _____

SSN or ITIN FEIN CA Corp no. CA SOS file no.

Address (apt./ste., room, PO box, or PMB no.) _____

City (If you have a foreign address, see Instructions.) _____

State _____ ZIP code _____

Exemption Reason

Check only one box.

By checking the appropriate box below, the payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

Individuals — Certification of Residency:

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

Corporations:

The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

Partnerships or Limited Liability Companies (LLCs):

The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

Tax-Exempt Entities:

The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 _____ (insert letter) or Internal Revenue Code Section 501(c) _____ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit-Sharing Plans:

The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

California Trusts:

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.

Estates — Certification of Residency of Deceased Person:

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

Nonmilitary Spouse of a Military Servicemember:

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

CERTIFICATE OF PAYEE: Payee must complete and sign below.

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov/forms and search for 1131. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Type or print payee's name and title _____ Telephone _____

Payee's signature ► _____ Date _____



VALLECITOS WATER DISTRICT

A PUBLIC AGENCY

201 Vallecitos de Oro • San Marcos, California • 92069-1453 Telephone (760) 744-0460

NOTICE OF HEARING TO PROPERTY OWNER

Pursuant to Section 1245.235 of the California Code of Civil Procedure, you are hereby notified that at a regular meeting to be held on Wednesday, October 5, 2022, at 5:00 p.m., at the Vallecitos Water District Board Room, 201 Vallecitos de Oro, in San Marcos, California, the Board of Directors of the Vallecitos Water District intends to consider adopting a Resolution of Necessity, authorizing the commencement of eminent domain proceedings for the acquisition of a permanent easement on portions of the real property generally located at 2175 Montiel Road, San Marcos, California, and generally identified as APN 228-360-43 (as more fully described and depicted in Exhibits A and B, which are attached hereto and incorporated herein by reference) (the "Easement"), for the Montiel Lift Station and Force Main Replacement Project ("Project"). According to the last equalized county assessment roll, the real property needed for the Easement is owned by Montiel RD., LLC.

A public hearing will be held at the time and place mentioned above and you have the right to appear and be heard on the following matters:

1. Whether the public interest and necessity require the project for which the property is sought to be acquired.
2. Whether the project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.
3. Whether the property is necessary for the proposed project.
4. Whether the offer required by Section 7267.2 of the California Government Code has been made.

If you wish to appear and be heard, please make a written request to appear and be heard to the Secretary of the Board of Directors at the address identified below prior to the October 5, 2022 Board Meeting. Failure to make a written request to appear and be heard within 15 days after this Notice was mailed will result in the waiver of your right to appear and be heard.

PUBLIC COMMENT INSTRUCTIONS:

Members of the public may address the Board on any item on the agenda when the item is considered, including the above-described item. A Request to Speak form is required to be submitted to the Senior Executive Assistant prior to the start of the meeting, if possible.

ALL QUESTIONS OR COMMUNICATIONS SHOULD BE ADDRESSED TO:

Anthony Flores
Senior Executive Assistant to the Board of Directors
201 Vallecitos de Oro
San Marcos, California 92069

DATE OF HEARING: Wednesday, October 5, 2022
5:00 p.m.

PLACE OF HEARING: Vallecitos Water District Board Room
201 Vallecitos De Oro
San Marcos, California

DATED: September 12, 2022

VALLECITOS WATER DISTRICT

By: 

Anthony Flores
Senior Executive Assistant to the
Board of Directors

PROOF OF MAILING NOTICE

I, Alison Fretwell, acting on behalf of the Vallecitos Water District, hereby certify that on September 13, 2022, I mailed a copy of the attached notice by first-class mail to the following owners of real property located in the County of San Diego, State of California, more particularly described as Assessor Parcel No. 228-360-43:

Stephen Coles
Managing Member
Montiel RD., LLC
1170 W. Morena Blvd.
San Diego, CA 92110

DATED: September 13, 2022

Alison Fretwell

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

SAN MARCOS HOSPITALITY, LLC., as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: **228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)**

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled **Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904)**, prepared by **Michael Baker International**, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

"Grantor"

Company: **SAN MARCOS HOSPITALITY, LLC.**

Name*: **DARSHAN PATEL**

Title: **CHIEF EXECUTIVE OFFICER**

Signature †: _____

Date: _____

**CERTIFICATE OF ACCEPTANCE
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from **SAN MARCOS HOSPITALITY, LLC.**, to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By. _____

Dated: _____

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

EXHIBIT 'A'
LEGAL DESCRIPTION EASEMENTS

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A - WATER AND SEWER EASEMENT:

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.



CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022
MBI JN 176090
APN 228-370-03,04,38

LEGEND

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- () RECORD DATA AS SHOWN

OWNER:
 SAN MARCOS HOSPITALITY, LLC
 BY GRANT DEED REC.
 9/1/2021 AS DOC.
 2021-0621100, O.R.(DD1)

0 60'
 SCALE: 1"=60'



TPOB
 SEE DETAIL

POC

HWY 78 EX. 15' SEWER EASEMENT TO VCMWD REC. 9/30/87 AS DEED TO STATE REC. 10/28/1970 DOC. 196839, O.R. 87-553607, O.R. 1320.01'

**EXHIBIT B - PLAT
 PROPOSED WATER / SEWER EASEMENT
 & TEMPORARY CONSTRUCTION
 EASEMENT EXHIBIT**

APN 228-370-03,04,38
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806
 CITY OF SAN MARCOS
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

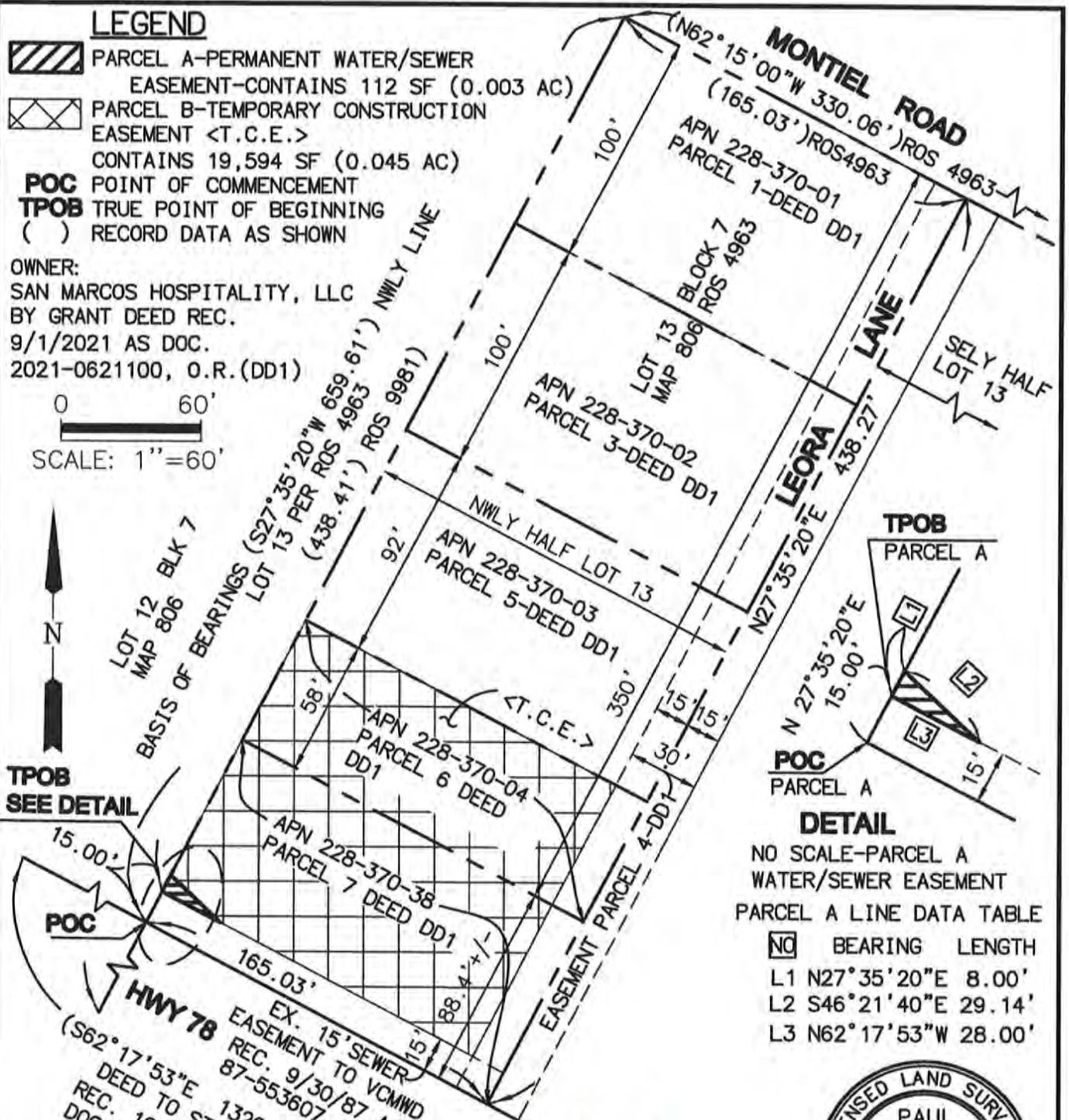
Paul E. Goebel

8/2/2022

PAUL E. GOEBEL DATE
 LS 8486



SHEET 1 OF 1 SHEET
 Michael Baker International
 9755 Clairemont Mesa Blvd.,
 San Diego, CA 92124
 (858)614-5000
 DATE 8/1/2022 176090



DETAIL
 NO SCALE-PARCEL A
 WATER/SEWER EASEMENT
 PARCEL A LINE DATA TABLE

NO	BEARING	LENGTH
L1	N27°35'20"E	8.00'
L2	S46°21'40"E	29.14'
L3	N62°17'53"W	28.00'

August 11, 2022

VIA FEDERAL EXPRESS

San Marcos Hospitality., LLC
 Attn: Bhavesh Patel
 1650 Hotel Circle North, Suite 120.
 San Diego, CA 92108

**Subject: OFFER FOR ACQUISITION OF PROPERTY INTERESTS
 Montiel Road at Leora Lane, San Marcos, CA, APN 228-370-04 and 228-370-38**

Dear Mr. Patel:

My name is Jeff Sykes, and I am the Land Manager at NV5, and we have been retained to acquire easements on behalf of Vallecitos Water District (“District”) for the project described below and other projects.

The Vallecitos Water District is in the process of designing the Montiel Lift Station and Force Main Replacement Project (“Project”). The Project will demolish and replace the Montiel Lift Station that was originally designed and built in 1985 to be a temporary solution pending a new outfall, The anticipated new outfall is not going to be realized. Due to its age which has put it past its design life, and the now permanent nature the lift station, it has been budgeted and scheduled for replacement with larger pumps and new supporting infrastructure. This will add 50 years to the lift station and decrease the chances of a sewage spill in the area. The lift station serves an area of approximately 200 acres east of Nordahl Rd. and until it is replaced no additional sewer connections will be approved in the service area.

Records show that you are the property owner of the above-numbered parcels (see Exhibit A attached hereto). The District seeks to acquire permanent easement rights on your property APN 228-370-38 and a Temporary Construction Easement (TCE) on both 228-370-38 and 228-370-04, in San Marcos, California for the Project. A copy of the legal descriptions of the easement area and the easement document sought to be acquired are attached as Exhibit B to this letter.

Your representative, Mr. Enrique Terrazas, was previously contacted during the appraisal phase of this project and was offered an opportunity to meet with the VWD’s independent appraiser during the inspection of the property. The appraiser was informed that the appraisal could be done without an onsite meeting with you or your representative.

A market-value appraisal has now been completed. Based on that, and pursuant to California Government Code section 7267.2, the District hereby makes an offer of \$61,000.00 (“Purchase Price”) for the easement interests. The District had the easement appraised to determine the fair market value. The appraisal was conducted in accordance with commonly accepted appraisal standards and included consideration of the highest and best use of the land. The Purchase Price is the full amount established by the appraisal as the fair market value of the easement and the just

compensation for such acquisition. A written statement of, and a summary of the basis for, the amount established as the Purchase Price is set forth in the attached Appraisal as **Exhibit C**.

The fair market value of the easements:

- a. Is the full amount believed by the District to be just compensation for the easements to be acquired;
- b. Is not less than the approved appraisal of the fair market value of the easements;
- c. Disregards any decrease or increase in the fair market value of the real property to be acquired prior to the date of valuation caused by the public improvement for the property which is to be acquired or by the likelihood that the property would be acquired for such public improvement, other than that due to physical deterioration within the reasonable control of the owner or occupant; and
- d. Does not reflect any consideration of or allowance for any relocation assistance and payments or other benefits to which the owner may be entitled to receive under an agreement with the District.

In addition, pursuant to Government Code section 7267.2(a)(2), we have also enclosed an informational pamphlet explaining the eminent domain process (**Exhibit D**). The District has made no decision to exercise its powers of eminent domain and can do so only after it holds a hearing at which all affected property owners have had the opportunity to be heard. The District reserves the right to consider any environmental issues that may pertain to the property.

Pursuant to Code of Civil Procedure section 1263.025, you are entitled to reimbursement from the District for the reasonable costs, not to exceed \$5,000, for an independent appraisal, should you retain an appraiser. In order to receive this reimbursement, the independent appraisal can only be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

It is the District's hope that this offer is acceptable and we can proceed with the purchase of the easement. However, if you are not satisfied with the District's offer of just compensation, you will be given reasonable opportunity to present relevant material, which the District will carefully consider. A response to this offer would be appreciated by **September 2, 2022**.

I have attached the following documents for your review and/or approval:

1. One copy of an Assessor's Parcel Map, site plan showing your parcel. Exhibit A
2. One original and one copy of an Easement which includes the legal description and plat of the easement area, by which you would convey this property interest to VWD. Exhibit B
3. One copy of the Appraisal which is the basis of the amount established as Just Compensation for your information. Exhibit C
4. One original and one copy of the Easement Purchase and Sale Agreement, which establishes terms and conditions primarily related to the payment of compensation for the easement.
5. One copy of a brochure entitled Property Owner's Information Pamphlet on Use of Eminent Domain in California. Exhibit D

August 11, 2022

Page 3

However, please note that it is our desire to reach a settlement without the use of eminent domain. The pamphlet is being provided for information purposes.

6. Request for Taxpayer Identification Number and Certification (W-9).
7. Withholding Exemption Certificate (Form 590).

If you have any question regarding this offer, please contact me at 858-270-7010 or email me at Jeff.Sykes@NV5.com.

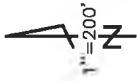
Sincerely,

A handwritten signature in black ink that reads "Jeff Sykes" followed by a horizontal line.

Jeff Sykes
NV5
Land Manager

Enclosures

228-37



12/14/2001 SM ✓

CHANGES	
BLK	NEW/IR CUT
370	21 396407 71 0552
	22 446407 72 2212
	25 31 41-44 72 1422
	26 41 45-46 72 4511
	35 34 47-48 73 2175
	37 HWY 72 2211
	49 49 74 1906
	45 49 78 1558
	27 49 80 3036
	40 50 81 1616
	48 50 81 1616
	32 50 81 1616
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	100 50 81 1616

1* FOR PAR 8A
SBE MAP 804-37-40D



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES

SAN DIEGO COUNTY ASSESSOR'S MAP BK 228 PG 37

MAP 806 - RHO LOS VALLECITOS DE SAN MARCOS
FOR BLK 7
ROS 4963, 4964, 4964, 5418, 12719

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

SAN MARCOS HOSPITALITY, LLC., as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: 228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 1 of 6

AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 2 of 6

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

"Grantor"

Company: SAN MARCOS HOSPITALITY, LLC.

Name*: DARSHAN PATEL

Title: CHIEF EXECUTIVE OFFICER

Signature †: _____

Date: _____

CERTIFICATE OF ACCEPTANCE

VALLECITOS WATER DISTRICT

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from SAN MARCOS HOSPITALITY, LLC., to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By. _____

Dated: _____

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069
Page 4 of 6

EXHIBIT 'A'
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PARCEL A - WATER AND SEWER EASEMENT:

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.



CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022
MBI JN 176090
APN 228-370-03,04,38

LEGEND

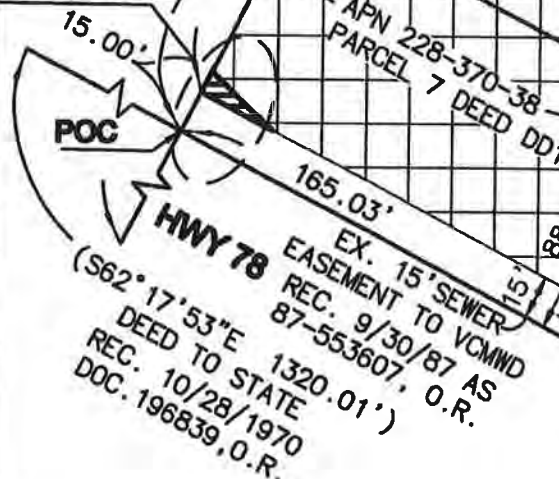
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-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- () RECORD DATA AS SHOWN

OWNER:
 SAN MARCOS HOSPITALITY, LLC
 BY GRANT DEED REC.
 9/1/2021 AS DOC.
 2021-0621100, O.R. (DD1)

0 60'
 SCALE: 1"=60'



TPOB
 SEE DETAIL



MONTIEL ROAD
 (N62°15'00"W 330.06') ROS 4963-
 (165.03') ROS 4963

APN 228-370-01
 PARCEL 1-DEED DD1

BLOCK 7
 ROS 4963

LOT 13
 MAP 806

APN 228-370-02
 PARCEL 3-DEED DD1

NWLY HALF LOT 13
 APN 228-370-03
 PARCEL 5-DEED DD1

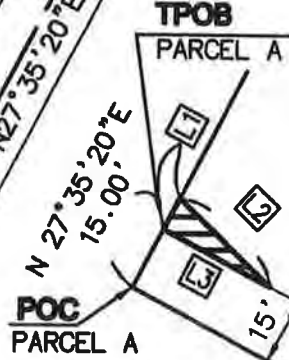
APN 228-370-04
 PARCEL 6 DEED DD1

APN 228-370-38
 PARCEL 7 DEED DD1

HWY 78 EX. 15' SEWER EASEMENT TO VCMWD
 REC. 9/30/87 AS 87-553607, O.R.
 DEED TO STATE 1320.01'
 REC. 10/28/1970
 DOC. 196839, O.R.

LEORA LANE
 438.27'

SELY HALF
 LOT 13



DETAIL
 NO SCALE-PARCEL A
 WATER/SEWER EASEMENT
 PARCEL A LINE DATA TABLE

NO	BEARING	LENGTH
L1	N27°35'20"E	8.00'
L2	S46°21'40"E	29.14'
L3	N62°17'53"W	28.00'

Paul E. Goebel

8/2/2022

PAUL E. GOEBEL DATE
 LS 8486



**EXHIBIT B - PLAT
 PROPOSED WATER / SEWER EASEMENT
 & TEMPORARY CONSTRUCTION
 EASEMENT EXHIBIT**

APN 228-370-03,04,38
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806
 CITY OF SAN MARCOS
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 1 OF 1 SHEET
 Michael Baker International
 9755 Clairemont Mesa Blvd.,
 San Diego, CA 92124
 (858)614-5000
 DATE 8/1/2022 176090

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when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

SAN MARCOS HOSPITALITY, LLC., as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

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A.P.N.: 228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)

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AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

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Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

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It is understood by the parties hereto that the Grantee and its successors and assigns:

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Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

"Grantor"

Company: SAN MARCOS HOSPITALITY, LLC.

Name*: DARSHAN PATEL

Title: CHIEF EXECUTIVE OFFICER

Signature †: _____

Date: _____

CERTIFICATE OF ACCEPTANCE

VALLECITOS WATER DISTRICT

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from SAN MARCOS HOSPITALITY, LLC., to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By. _____

Dated: _____

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069
Page 4 of 6

EXHIBIT 'A'
LEGAL DESCRIPTION EASEMENTS

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A - WATER AND SEWER EASEMENT:

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.



CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022
MBI JN 176090
APN 228-370-03,04,38

LEGEND

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- () RECORD DATA AS SHOWN

OWNER:
 SAN MARCOS HOSPITALITY, LLC
 BY GRANT DEED REC.
 9/1/2021 AS DOC.
 2021-0621100, O.R. (DD1)

0 60'
 SCALE: 1"=60'



TPOB
 SEE DETAIL

POC

HWY 78 EX. 15' SEWER EASEMENT TO VCMWD
 REC. 9/30/87 AS 87-553607, O.R.
 DEED TO STATE 1320.01'
 REC. 10/28/1970 DOC. 196839, O.R.

**EXHIBIT B - PLAT
 PROPOSED WATER / SEWER EASEMENT
 & TEMPORARY CONSTRUCTION
 EASEMENT EXHIBIT**

APN 228-370-03,04,38
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806
 CITY OF SAN MARCOS
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

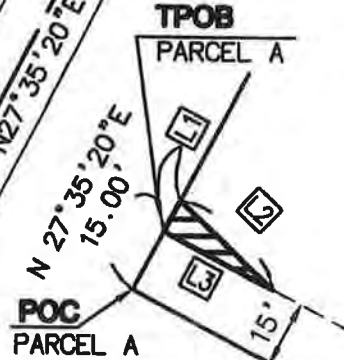
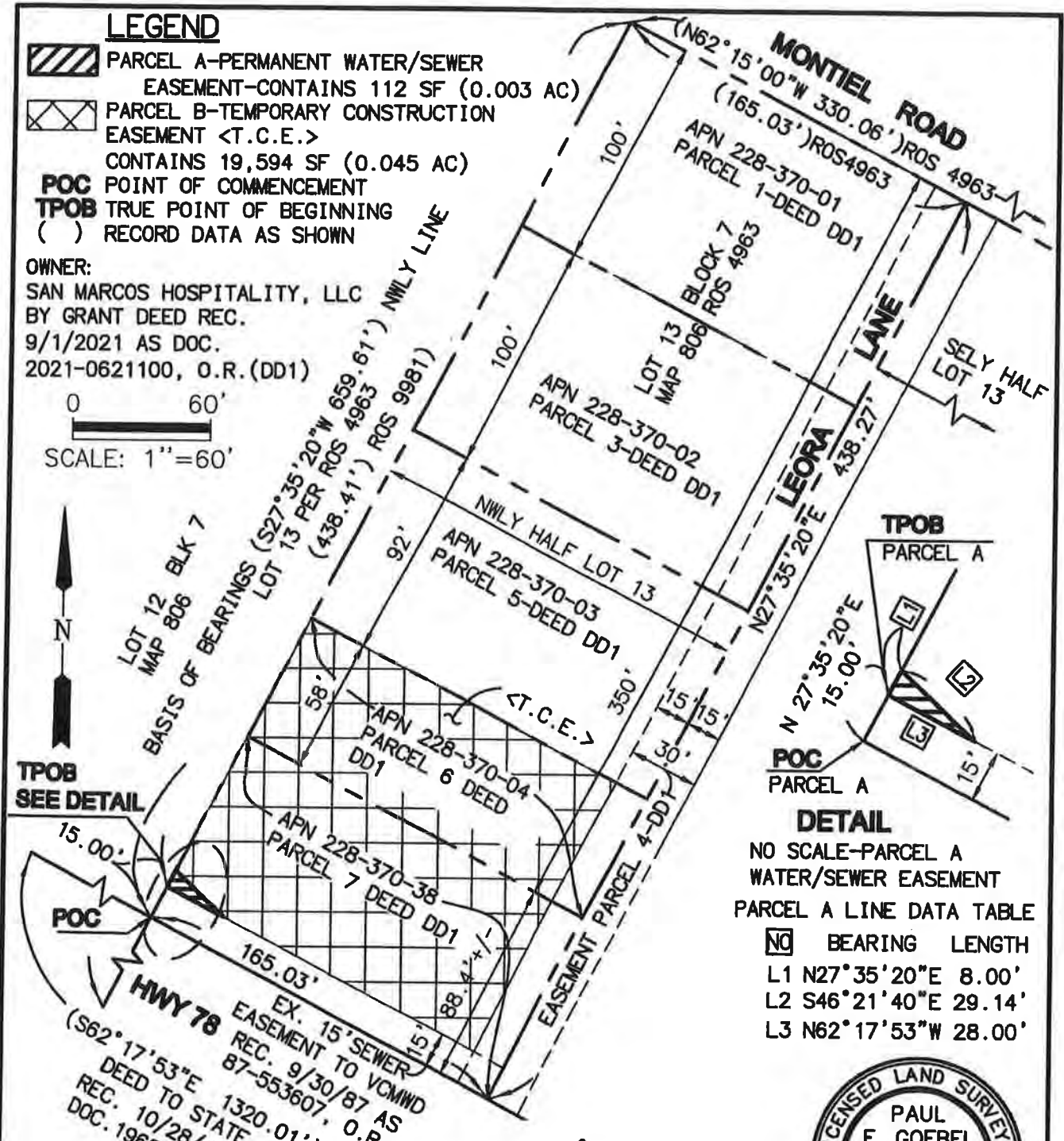
Paul E. Goebel

8/2/2022

PAUL E. GOEBEL DATE
 LS 8486



SHEET 1 OF 1 SHEET
 Michael Baker International
 9755 Clairemont Mesa Blvd.,
 San Diego, CA 92124
 (858)614-5000
 DATE 8/1/2022 176090



DETAIL
 NO SCALE-PARCEL A
 WATER/SEWER EASEMENT
 PARCEL A LINE DATA TABLE
 NO BEARING LENGTH
 L1 N27°35'20"E 8.00'
 L2 S46°21'40"E 29.14'
 L3 N62°17'53"W 28.00'

APPRAISAL REPORT

**PROPOSED PERMANENT & TEMPORARY
EASEMENT RIGHTS PERTAINING TO
UNIMPROVED 1.66 ACRE SITE
643 TO 661 LEORA LANE
SAN MARCOS, CA 92069**

CLIENT

Ryan Morgan, P.E.
Capital Facilities Senior Engineer
Vallecitos Water District
201 Vallecitos de Oro
San Marcos, California 92069

DATE OF VALUATION

June 7, 2022

DATE OF REPORT

June 22, 2022

APPRAISED BY

Anderson & Brabant, Inc.
353 West Ninth Avenue
Escondido, California 92025

File No. 22-049B

ANDERSON & BRABANT, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ESCONDIDO, CALIFORNIA 92025-5032

TELEPHONE (760) 705-1615

June 22, 2022

Ryan Morgan, P.E.
Capital Facilities Senior Engineer
Vallecitos Water District
201 Vallecitos de Oro
San Marcos, California 92069

**RE: Appraisal of proposed permanent and temporary easement rights
1.66 acre parcel
643 to 661 Leora Lane
San Marcos, California 92069
(Assessor Parcel Numbers 228-360-01-00 to 04-00 & 38-00)**

Dear Mr. Morgan:

As requested, we have completed an appraisal pertaining to the above-referenced property located at 643 to 661 Leora Lane, San Marcos, California. The specific purpose of this appraisal is to estimate the fair market value of a proposed permanent easement over a 45 square foot area toward the southwest corner of the larger parcel, and we also estimated the value of a temporary construction easement over a 19,960 square foot area at the south side of the site. The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project. As part of the analysis, we have also considered the potential for severance damages and benefits due to the acquisitions and project.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The current analysis is based on a valuation date of June 7, 2022.

Ryan Morgan, P.E.
Vallecitos Water District
June 22, 2022
Page 2


In accordance with our analysis of applicable market data, we have arrived at the following opinions of fair market value related to the subject larger parcel and the property rights that are proposed to be acquired, as of the indicated valuation date.

Value of the Identified Larger Parcel	\$2,400,000	
Value of the Part Taken as Part of the Whole		
Permanent Easement Rights	\$747	
Site Improvements	<u>\$0</u>	
Total		\$747
Value of the Remainder as Part of the Whole	\$2,399,253	
Value of the Remainder before Considering Benefits	\$2,399,253	
Severance Damages	<u>\$0</u>	
Value of the Remainder Considering Benefits	\$2,399,253	
Benefits	<u>\$0</u>	
Net Severance Damages		\$0
Temporary Construction Easement		<u>\$59,470</u>
Total		<u>\$60,217</u>
Fair Market Value of Property Rights to be Acquired, Rounded up to		<u>\$61,000</u>


The opinions of value expressed herein are subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.



David C. Ottley, MAI
State Certification No. AG002149



James Brabant, MAI
State Certification No. AG002100

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Anderson & Brabant, Inc.

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ADDENDA

Aerial Photographs of the Market Data

Easement Exhibit (Proposed Subject Easements Highlighted in Purple and Pink)

Qualifications of the Appraisers

EXECUTIVE SUMMARY

Larger Parcel Location:	643 to 661 Leora Lane San Marcos, California 92069
Legal Description:	A Portion of Lot 13 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.
Owner of Record:	San Marcos Hospitality, LLC
Assessor Parcel Nos.:	228-360-01-00 to 04-00 and 38-00
Property Description:	The subject is comprised of a 1.66 acre (72,343 square foot) parcel of land. The project will require the acquisition of a permanent easement over a 45 square foot portion of the site, and also involves the acquisition of a temporary construction easement for a period of 12 months over a 19,960 square foot segment of the land.
Zoning:	SPA, Specific Plan Area City of San Marcos
General Plan:	SPA, Specific Plan Area City of San Marcos
Specific Plan:	Commercial, per Redrock Specific Plan City of San Marcos
Flood Zone:	According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G, dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.
Earthquake Fault Zone:	No
Toxic Hazards:	None noted
Interests Appraised:	Fee and easement rights
Highest and Best Use:	Commercial development
Date of Valuation:	June 7, 2022
Date of Report:	June 22, 2022
Special Assumptions:	(see page 3)

EXECUTIVE SUMMARY (continued)

FAIR MARKET VALUE CONCLUSIONS:

Value of the Identified Larger Parcel	\$2,400,000	
Value of the Part Taken as Part of the Whole		
Permanent Easement Rights	\$747	
Site Improvements	<u>\$0</u>	
Total		\$747
Value of the Remainder as Part of the Whole	\$2,399,253	
Value of the Remainder before Considering Benefits	\$2,399,253	
Severance Damages	<u>\$0</u>	
Value of the Remainder Considering Benefits	\$2,399,253	
Benefits	<u>\$0</u>	
Net Severance Damages		\$0
Temporary Construction Easement		<u>\$59,470</u>
Total		<u>\$60,217</u>
Fair Market Value of Property Rights to be Acquired, Rounded up to		<u>\$61,000</u>

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following special assumptions and limiting conditions:

1. It is assumed that the existence of significant cultural resources, if any, discovered within the subject parcel will not create any abnormal hardship nor measurably impact market value in conjunction with our determination of highest and best use.
2. The client furnished a plat that illustrates the existence of two easements over the subject larger parcel. One is a sewer easement that extends over the entire southwesterly 15 feet of the site, and the other is a 15 foot wide easement for road purposes that runs along the entire southeast side of the land. In the absence of any documentation to suggest otherwise, for purposes of analysis, the assumption is made that there are no other easements in place that detrimentally impact the value of the property in accordance with its highest and best use.
3. The corners of the proposed acquisition parcels were not staked at the time of the property inspection, and the appraisers estimated the corner locations based on provided maps. It is an assumption of this report that the herein described physical features of the proposed acquisition parcels are reasonably accurate.

This appraisal is subject to the following general assumptions and limiting conditions:

1. It is assumed that information furnished to us by our client, including maps, and legal descriptions, is substantially correct.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in full fee interest, subject to all easements of record, as of the date of valuation unless otherwise specified.
3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.
4. Photographs and maps furnished in this report and prepared by the appraiser or a third party are to assist the reader in visualizing the property. No surveys of the property have been made and no responsibility has been assumed in this matter.
5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent the continued use of the property or orderly development of the land as though vacant to its highest and best use under economically feasible conditions.
6. For purposes of this appraisal, it is assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which might be required to discover such factors.
7. We are not qualified to detect hazardous waste and/or toxic materials. Any comment by us that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property.


Our value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. Our descriptions and resulting comments are the result of the routine observations made during the appraisal process.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may be used for any purpose or by any person other than the party to whom it is addressed without the written consent of Anderson and Brabant, Inc., and in any event, only with proper written qualification and only in its entirety.
9. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson and Brabant, Inc.
10. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.
11. The valuation estimate is of surface rights only and the mineral rights, if any, have been disregarded.
12. No warranty is made as to the seismic stability of the subject property.
13. It is assumed that all required licenses, or other legislative or administrative permits from any local, state, or national governmental or private entity or organization can be obtained for any use on which the value estimate contained in this report is based.

APPRAISER'S SIGNED CERTIFICATION

I do hereby certify that, to the best of my knowledge and belief ...

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the property or parties involved with this assignment.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.




David C. Ottley, MAI
Certified General Real Estate Appraiser
BREA Appraiser No. AG002149

APPRAISER'S SIGNED CERTIFICATION

I do hereby certify that, to the best of my knowledge and belief ...

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
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9. I made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this appraisal report.
11. As of June 22, 2022, the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.


James Brabant, MAI
Certified General Real Estate Appraiser
BREA Appraiser No. AG002100

INTRODUCTION

IDENTIFICATION OF THE LARGER PARCEL

The subject is comprised of a 1.66 acre parcel of vacant land located at 643 to 661 Leora Lane, San Marcos, California. The purpose of this appraisal is to estimate the fair market value of proposed permanent and temporary easements over segments of the larger parcel.

Legal Description

The subject larger parcel is legally described in brief as *A Portion of Lot 13 in Block 7 of Rancho Los Vallecitos de San Marcos, in the City of San Marcos, County of San Diego, State of California, according to Map thereof No. 806, filed in the Office of the County Recorder of San Diego County, December 21, 1895.* Additionally, the larger parcel can be identified by reference to Assessor Parcel Numbers 228-360-01-00 to 04-00 and 38-00.

Ownership

As of the date of value, title to the subject property is held as follows: **SAN MARCOS HOSPITALITY, LLC.**

PURPOSE OF THE ASSIGNMENT

The purpose of this appraisal is to provide an estimate of fair market value for the defined subject larger parcel and to form opinions as to the values of the interests that are proposed for acquisition. As part of the valuation process, we also considered severance damages or benefits, if any, resulting from the acquisition and construction of the project as proposed. As used in this report, **Fair Market Value** is defined as follows:

“(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other will full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable”¹

EFFECTIVE DATE OF VALUE OPINIONS

The effective date of the value opinions expressed herein is June 7, 2022.

DATE OF REPORT

This date of the appraisal report is June 22, 2022.

¹ California Code of Civil Procedure, Title 7, Sec. 1263.320

INTENDED USE AND USER

The intended use of this report is to provide a basis for the client, Vallecitos Water District, to acquire the herein described easement rights. Any other party who may receive this report is not an intended user, and we are not responsible for unauthorized use of this report.

PROPERTY RIGHTS APPRAISED

We have estimated the fair market value of the fee interest in the herein described larger parcel, subject to any easements of record. The results were used as the basis for estimating the value of a proposed permanent easement on the parcel as well as the value of a temporary construction easement over a segment of the site. An easement interest is defined as follows.

Easement: “The right to use another’s land for a stated purpose.”²

GENERAL DEFINITIONS

Larger Parcel: In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.³

Remainder: In condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.⁴

Damages: In condemnation, the loss in value to the remainder in a partial taking of property.⁵

Benefits: In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken.⁶

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraisers’ opinions or conclusions. No extraordinary assumptions were considered in this analysis; nevertheless, this appraisal is subject to certain special and general assumptions as outlined on pages 3 and 4 of this report.

² *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), p. 58

³ *Ibid.*, p. 105

⁴ *Ibid.*, p. 161

⁵ *Ibid.*, p. 48

⁶ *Ibid.*, p. 17

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. In our valuation of the larger parcel we have disregarded any project influence as stated below. We have also assumed that the proposed project has been completed in our analysis of the remainder. These are hypothetical conditions that are necessary for reasonable analysis. No other hypothetical conditions were considered in our analysis.

PROJECT INFLUENCE

Our conclusions of fair market value stated in this appraisal do not consider any project influence. The term **Project Influence** as used in this report is defined as follows:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- (a) The project for which the property is taken;
- (b) The eminent domain proceeding in which the property is taken; or
- (c) Any preliminary actions of the plaintiff relating to the taking of the property.

SCOPE OF WORK

Critical elements to this appraisal assignment are the identification of the client(s), intended use and user(s), type and definition of value, the effective date of the appraisal, and assignment conditions. These were addressed previously in this report. Another important element is to include relevant characteristics pertaining to the subject property, which are outlined in detail in a later section of the appraisal.

In preparing this appraisal, the following steps were taken.

- Legal aspects of the subject property were investigated regarding their potential uses within the context of the surrounding area. As such, we reviewed portions of the City of San Marcos land use summaries and requirements.
- We have relied upon information and exhibits provided by the client that identify the property rights that are proposed for acquisition over the subject larger parcel. We also reviewed a preliminary title report, easement plat, and other documents.
- The property was inspected by the appraisers on multiple dates in June 2022, with Mr. Ottley taking photographs of the site on June 7, 2022.
- The three traditional approaches to value include the Cost, Sales Comparison, and Income Approaches. Of these three, only the Sales Comparison was considered to have specific applicability in the valuation of the subject property. Upon determination of highest and best use, reliable market data were analyzed on the basis of their overall degree of comparability to the appraised property.
- A detailed search of the primary market area of the subject was performed in order to collect relevant sales. Sources of data included the County Recorder's office and various

market data services. These data were confirmed with principals, their representatives, or agents.

- We first estimated the value of the defined larger parcel, and the results of the analysis were then employed to estimate the values of the property rights that are proposed for acquisition.
- The final step entailed the organization and drafting of the Appraisal Report.

REPORT OPTION

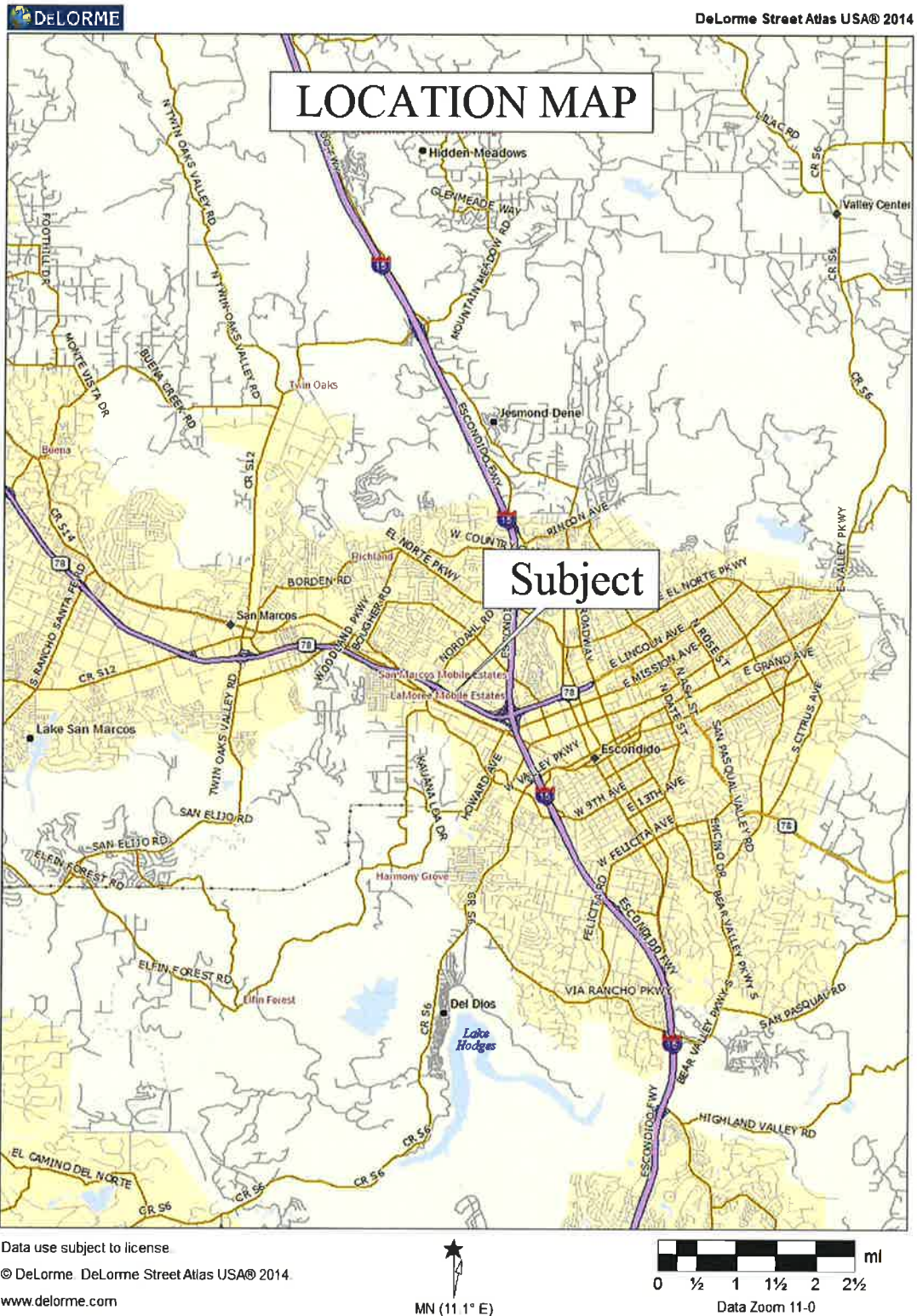
This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). It presents summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinions of value.

SALES HISTORY OF THE SUBJECT PROPERTY

The subject larger parcel was purchased in September 2021 with plans for a new hotel at a price of \$2,400,000. The buyer intends to develop a hotel on the site, but is planning to use a different design and layout than what conveyed in the transaction. According to public records, the subject property has not been involved with any other conventional sale transfer within the three year period that precedes the date of value in this appraisal. Also, the property is not currently offered for sale.

PRIOR APPRAISAL SERVICES

We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding the agreement to perform this assignment.



LOCATION DESCRIPTION

Region

The subject property is located in the City of San Marcos in North San Diego County, California. San Diego County is the second largest county in the State of California based on population which, as of January 1, 2022, was estimated by the California Department of Finance Demographic Research Unit at 3,387,306 persons. This reflects a slight decrease from the January 1, 2021 total of 3,388,503. The County includes the State's second most populous city and offers such geographic features as mountainous regions of the Cleveland National Forest, the Anza Borrego Desert, the International Border with Mexico, and over 50 miles of Pacific Ocean coastline. Most of the county's population is located along the coastal region, inland valleys, and foothills, within approximately 25 to 30 miles of the ocean.

On a regional basis, San Diego County is served by three major freeways. These include Interstate 5, a coastal route connecting San Diego with Baja California to the south and the states of California, Oregon, and Washington to the north; Interstate 8, a major east-west route connecting San Diego with Arizona and other southwestern states to the east; and Interstate 15, an inland route connecting San Diego with Riverside and San Bernardino Counties and other points to the northeast. There are several important local freeways that provide access within the region. These include Interstate 805 that runs inland from and parallel to Interstate 5; State Route 94, parallel to Interstate 8; State Route 163, connecting Interstate 15 with Downtown San Diego; and State Route 78, the major east-west freeway in northern San Diego County.

San Diego International Airport (Lindbergh Field) is located about 40 miles to the south of the subject and is close to Downtown San Diego. This airport is serviced by 18 commercial airlines and four scheduled air-freight services. There are an additional eight small public airports located throughout the county. There is little commercial air activity at these facilities. Rail service is provided by San Diego and Arizona Eastern Railroad, Santa Fe Railroad, and Amtrak. Industrial/commercial use of the rail lines for freight carriage has declined in San Diego over the past 15+ years. However, the Amtrak line between San Diego and Los Angeles is popular with commuters. The San Diego Trolley (light rail transit system) has opened several commuter routes in the southern and eastern portions of San Diego County that have proven very popular. Individual transit districts throughout the county provide local bus service.

An important factor needs to be addressed that has impacted national, state, and local economic conditions, at least over the short-term. The outbreak of the coronavirus in China in December 2019 and January 2020 spread as a worldwide pandemic and severely impacted the United States, including the State of California. The term "social distancing" became familiar to everyone, and the wearing of face covering masks became common. As a result of the pandemic, many industries were hit hard with some severely impacted including, among others, entertainment, travel, lodging, restaurants, and other types of retail businesses. Millions of employees in the country lost their jobs, much of which can be attributed to businesses being forced to close to comply with social distancing restrictions. The Federal Reserve stepped up in an attempt to offset the economic impact of the virus that began with an emergency half-percentage-point rate cut in early March 2020, and the government later approved stimulus bills into law aimed at relieving workers and businesses hurt by the pandemic. It is clear that the short-term impact of the virus on the economy has been very significant, yet there is little data on

how it will be impacted over time. It should be noted that the unemployment rate appears to be steadily improving over the past 12+ month period. As for real estate, there is limited empirical evidence of an immediate impact on the local market for vacant parcels with the subject characteristics, and it remains to be seen what the long-term impacts might be for that market.

More recently, there have been several other factors that have come into play that, although they may not have had an immediate impact, could affect the market in the future. These include a volatile stock market, high inflation rates, supply chain shortages, and a reduction in the labor market. Although incomes, in general, have increased over the past year or so, the increase has not kept pace with rising prices of real estate, fuel, and general goods and services. In an effort to curb inflation, which has been the highest in nearly 40 years, the Federal Reserve has raised interest rates twice since the beginning of 2022, with additional increases anticipated. The readers of this appraisal are cautioned and reminded that the value conclusions presented herein apply only as of the effective valuation date. The appraisers make no representation as to any impacts on the subject property that could result due to any unforeseen events subsequent to the date of value.

Community and Neighborhood

The City of San Marcos is located about 30 miles north of Downtown San Diego, 95 miles south of Los Angeles, and approximately ten miles inland from the Pacific coast. The City was incorporated in January 1963, and the corporate boundaries currently encompass an area of about 24 square miles, with an additional eight square miles of land area located within the city's sphere of influence. The City is situated along the State Highway 78 freeway corridor and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west, and unincorporated areas of the county to the north and south. The population of the City as of January 2022 was 93,585, which represents a 0.7 percent increase from the reported population of 92,958 one year earlier.

Primary access to San Marcos is provided by State Highway 78 which is a major transportation corridor that extends in a general east/west direction between Escondido and Interstate 15 to the east and Oceanside and Interstate 5 to the west. This is one of the few major transportation corridors linking the coastal areas to inland North San Diego County. San Marcos can be accessed at various points along the highway including Nordahl Road, Barham Drive, Woodland Parkway, Twin Oaks Valley Road, San Marcos Boulevard, Las Posas Road, and Rancho Santa Fe Road. This network of roads provides access to the various neighborhoods and districts dispersed throughout the community. The most significant and intense shopping facilities in San Marcos are near State Highway 78 at San Marcos Boulevard and Las Posas Road toward the center of the City corporate limits, and at the far easterly extreme of the City off the north side of Highway 78 at Nordahl Road, the location of the subject property. Specifically, the subject is situated between Montiel Road on its northeast side and Highway 78 to the southwest. The area to the north is an older, established residential neighborhood, and a mix of primary and secondary commercial uses are on the subject side of Montiel Road along with some older residential uses. The Highway 78 and Nordahl Road interchange is within one-quarter mile to the west. At the northwest quadrant of that freeway interchange is the Nordahl Marketplace neighborhood shopping center that is anchored by Walmart and Kohl's. Costco is just to the west of the commercial center.

AERIAL PHOTOGRAPH OF THE SUBJECT LARGER PARCEL



SUBJECT PROPERTY PHOTOGRAPHS

(Taken By David C. Ottley, MAI on June 7, 2022)



Looking southeasterly along Montiel Road with the northeast side of the subject larger parcel visible at the right.



View to the southwest along Leora Lane with the subject larger parcel visible at the right.

SUBJECT PROPERTY PHOTOGRAPHS

(Taken By David C. Ottley, MAI on June 7, 2022)



The two photos on this page were taken from a point near the southwesterly corner of the subject site. The upper photo was directed to the northeast over the subject and toward the location of the proposed permanent and temporary easement parcels, and the lower photo was taken while looking to the southeast over the southernmost segment of the property.



SUBJECT PROPERTY PHOTOGRAPHS

(Taken By David C. Ottley, MAI on June 7, 2022)



View to the northwest toward the location of the proposed permanent and temporary easement parcels at the south side of the subject property.



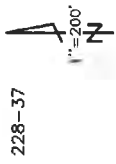
Looking northerly over the center of the subject larger parcel.

643 to 661 Leora Lane, San Marcos, CA

PLAT MAP - LARGER PARCEL

04

228-37



228-37



DEPT: ABS ✓

CHANGES	BLK	OLD	NEW	CUT
	370	21	517	6552
		22	476	2312
		23	411	7429
		24	55	4672
		25	11	2177
		26	12	2111
		27	194	1906
		28	78	7213
		29	82	3032
		30	151	1416
		31	151	1416
		32	151	1416
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		100	151	1416

1* PDR PAR 8A
SSE MAP 804-37-40D

MAP 806 - R/O LOS VALLECITOS DE SAN MARCOS
POR BLY. 7
ROS 4963,4964,5418,12719,17347, 20350, 20852

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

SAN DIEGO COUNTY ASSESSOR'S MAP 81 228 98 37

Anderson & Brabant, Inc.

DESCRIPTION OF THE LARGER PARCEL

LAND DESCRIPTION

Land Area/Shape

The subject larger parcel is 1.66 acres (72,343 square feet) in size, according to County of San Diego Assessor records. As can be seen on the plat on page 18, the site is rectangular in configuration.

Topography/Drainage

The subject larger parcel slopes gently downward from northeast to southwest. We did not detect any evidence of site drainage concerns.

Soils/Environmental Conditions

We were not furnished with any recently prepared studies relating to subsurface soil conditions associated with the subject property. As part of this appraisal analysis, we have assumed that soil conditions are adequate to allow legally permitted uses of the property in accordance with its estimated highest and best use.

Utilities

All public utilities are available to the subject larger parcel. These include water, sewer, electrical power, natural gas, and cable.

Streets

The appraised larger parcel directly fronts on the south side of Montiel Road, an asphalt paved, two lane public street with no other street improvements in place at the subject location. Leora Lane, a private, asphalt paved roadway in poor condition, runs along the southeast boundary of the site.

Land Use

The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Redrock Specific Plan and is set aside for commercial use.

Flood Zone

According to FEMA Flood Insurance Rate Map (FIRM) No. 06073C0813G dated May 16, 2012, the subject is within Zone X, an area determined to be outside of a flood hazard zone.

Earthquake Zone

The subject property is not within an Earthquake Fault Zone as designated by the California State Division of Mines and Geology. However, the property is located in an area that is prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

Easements/Encumbrances

The client furnished a plat that illustrates the existence of two easements over the subject larger parcel. One is a sewer easement that extends over the entire southwesterly 15 feet of the site, and the other is a 15 foot wide easement for road purposes that runs along the entire southeast side of the land at the location of Leora Lane. In the absence of any documentation to suggest otherwise, for purposes of analysis, the assumption is made that there are no other easements in place that detrimentally impact the value of the property in accordance with its highest and best use.

DESCRIPTION OF THE IMPROVEMENTS

The subject is comprised of a structurally improved parcel of land.

ASSESSMENT DATA

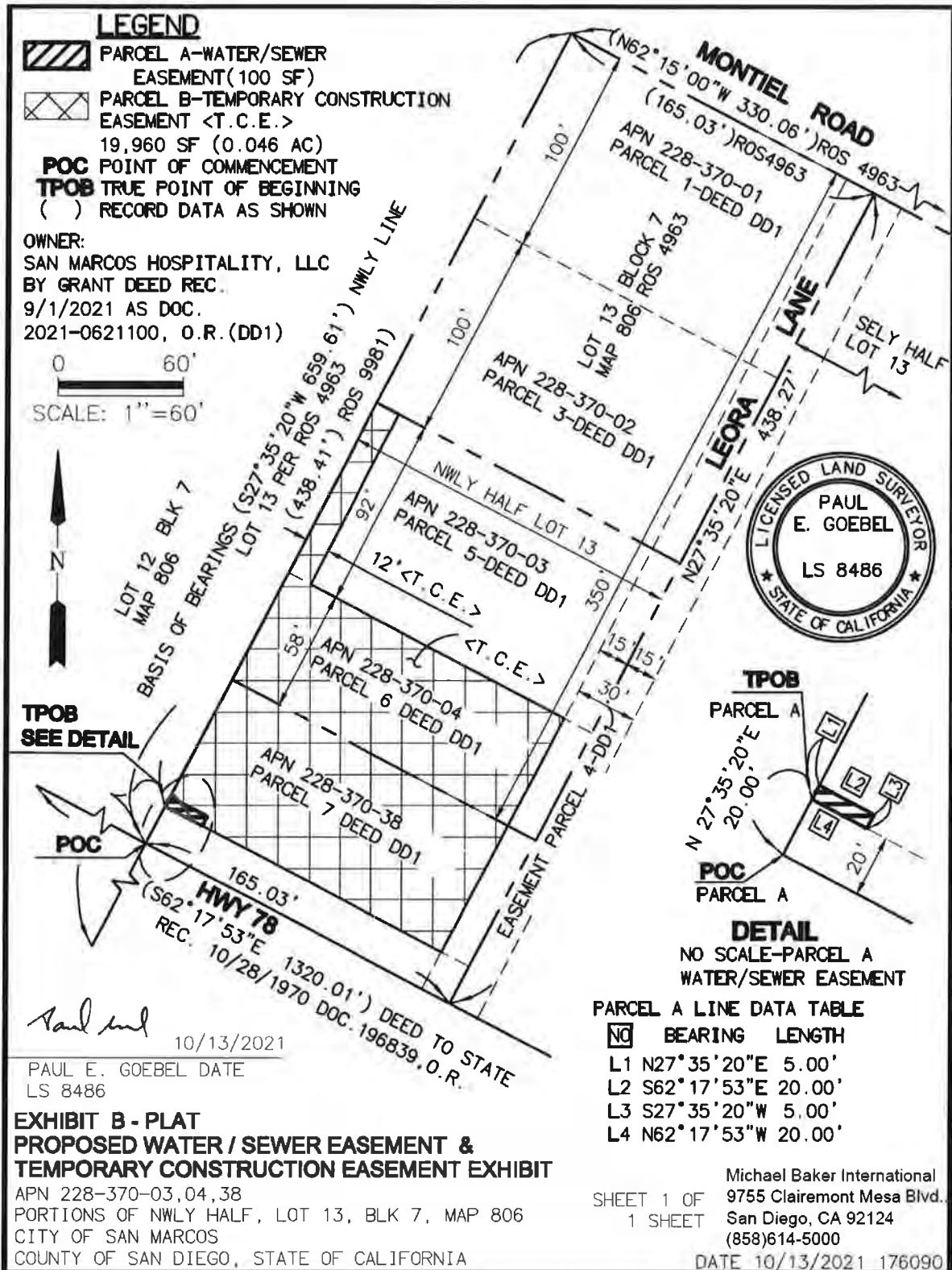
Assessor Parcel No.	Tax Rate Area	ASSESSED VALUES			2021/2022 Taxes
		Land	Improvements	Total	
228-370-01-00	13115	\$580,000	\$0	\$580,000	\$6,496.60
228-370-02-00		\$540,000	\$0	\$540,000	\$6,050.35
228-370-03-00		\$480,000	\$0	\$480,000	\$5,380.96
228-370-04-00		\$310,000	\$0	\$310,000	\$3,484.36
228-370-38-00		\$490,000	\$0	\$490,000	\$5,492.53
Totals		\$2,400,000	\$0	\$2,400,000	\$26,904.80

PROJECT DESCRIPTION

The proposed property rights are intended to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southwest side of the subject site.

DESCRIPTION OF THE PARCELS TO BE ACQUIRED

The acquisitions include a proposed permanent easement for sewer and water lines and related improvements over a triangular shaped area covering 45 square feet toward the southwest corner of the larger parcel, and a temporary construction easement (TCE) over a 19,960 square foot area at the south side of the site, as shown on the plat on page 21. As designed, the 19,960 square feet include the area of the proposed 45 square foot permanent easement. The configuration of the proposed permanent easement is illustrated in red on the plat on page 21 and replaces a previously planned rectangular design with dimensions of 5 feet by 20 feet. The current configuration is a triangle with dimensions of 6 feet by 15 feet on the two sides that meet at a right angle. The proposed permanent easement is adjacent to the north of an existing sewer easement that encumbers the southwest side of the property. The TCE will accommodate the construction of sewer improvements at this location. As part of the analysis, we have considered the potential for severance damages and benefits due to the acquisitions and project construction.



DESCRIPTION OF THE REMAINDER PARCEL

The gross area of the subject larger parcel will be unchanged as the result of the project and permanent acquisition. However, the fee owner will relinquish some rights of use over the area to be encumbered with the permanent and temporary easements.

OWNER CONTACT AND PROPERTY INSPECTION

On June 8, 2022, David C. Ottley of Anderson and Brabant, Inc. contacted Enrique Terrazas, a representative of the property ownership by telephone regarding the need to conduct an appraisal of the larger parcel and proposed easement rights. An invitation was extended to meet with the appraisers on the parcel, and details of the proposed use of the property and the appraisal process were discussed at that time. Mr. Terrazas indicated that it was acceptable for the appraisers to conduct an onsite visit of the property without being accompanied by a representative of the ownership. The property was inspected by the appraisers on multiple dates in June 2022, with Mr. Ottley taking photographs of the site on June 7, 2022.

VALUATION

HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. Highest and Best Use is defined in *The Appraisal of Real Estate* as:

“The reasonably probable use of property that results in the highest value.”⁷

The concept of highest and best use addresses the question of legally permissible, physically possible, and financially feasible uses that reflect the degree of profitability. Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

Legally Permissible: The appraised larger parcel is zoned and designated (per the General Plan) SPA, Specific Plan Area, by the City of San Marcos. The site is within the Redrock Specific Plan and is set aside for commercial use.

Physically Possible: The subject larger parcel is comprised of a gently sloping, 1.66 acre parcel of land that is rectangular in configuration. All public utilities are immediately available at the site, which fronts on a paved public street and a private road. Development of the site as if vacant is not limited to any notable degree by its physical features. However, we were informed that approvals were granted to develop the land with a hotel which would require the undergrounding of utilities as a condition of approval.

Financially Feasible: The issue of economic viability primarily focuses on supply and demand characteristics of the local marketplace as it relates to land suitable for commercial development. In general, any proposed use that supports a positive land value is considered financially feasible. We have determined that development of the subject with a commercial use represents the most financially feasible use of the land.

Conclusion: In accordance with the observed characteristics of the subject, it is our opinion that the highest and best use of the property is a commercial venture that aligns with the underlying land use criteria and existing development in the immediate area.

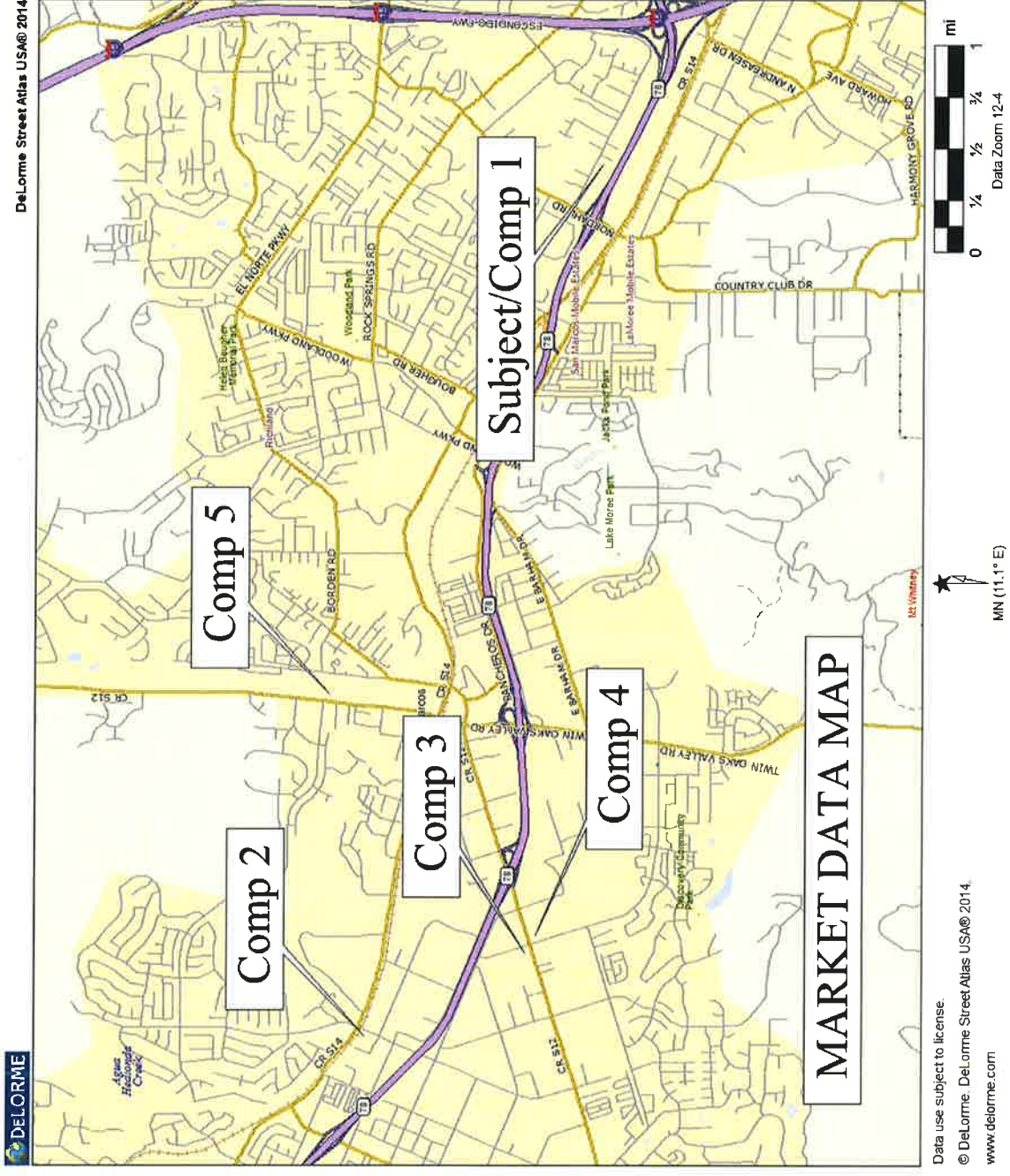
VALUATION METHODOLOGY

Of the three common valuation techniques, only the Sales Comparison Approach was considered to be pertinent in the analysis of the defined subject larger parcel. Neither the Cost Approach nor Income Approach was considered applicable or useful in the valuation process. The Sales Comparison Approach relies on the concept that a prudent purchaser would pay no more to buy a property than it would cost to acquire a comparable substitute. Sales of similar properties are analyzed based on direct comparison with the subject to arrive at an indication of value. The results of the analysis were then employed to estimate the values of the property rights that are proposed for acquisition.

⁷ *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), p. 305

SALES COMPARISON APPROACH – LARGER PARCEL

After carefully investigating the marketplace, we selected five items of market data for purposes of analysis. The sales occurred between May 2019 and April 2022, and they are considered to be the best available data to properly analyze the value of the subject larger parcel by the Sales Comparison Approach. What is described as Sale 1 is the September 2021 purchase of the subject property by the current owner. The five selected items of data are summarized on a grid on page 26, and a data location map is on page 25. The summary of market data is followed by a discussion of the comparables and a grid that illustrates the adjustments made for relative differences between the subject and those properties. The unit of comparison is the price per square foot of land area. Aerial photographs of the comparables are included in the addenda to this report.



Summary of Market Data					
Comp No	1 (Subject)	2	3	4	5
Location	643-661 Leora Ln San Marcos	200 N Las Posas Rd San Marcos	1284 W San Marcos Blvd San Marcos	SEC W San Marcos Blvd & S Bent Ave San Marcos	SEC N Twin Oaks Valley Rd & Borden Rd San Marcos
APN's	228-370-01 to 04 & 38	219-122-03	219-331-46	219-270-60	220-050-09
Sale Date	Sep-21	Apr-22	Nov-19	May-19	Jul-19
Doc No	621100	166896	553069	198313	296107
Buyer	San Marcos Hospitality LLC	San Marcos Realty LLC	Patriot San Marcos LLC	Pinter	M5 Twin Oaks LLC
Seller	JR Legacy II LLC	Schreiber Trust	LND LLC	Berger Family Trust	The Namou Group LLC
Land Area (SF)	72,343	71,874	37,026	23,958	88,862
Zone	SPA City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos
General Plan	SPA (Commercial) City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos	C City of San Marcos
Topography	Level to gently sloping	Level	Level	Level	Level to gently sloping
Access	Paved street frontage	Paved street frontage	Paved street frontage	Paved street frontage	Paved street frontage
Utilities	All available	All available	All available	All available	All available
Improvements	None	None	None	None	None
Sale Price	\$2,400,000	\$1,900,000	\$1,500,000	\$1,100,000	\$1,700,000
Sale Terms	All cash to seller	All cash to seller	All cash to seller	All cash to seller	All cash to seller
Price/SF	\$33.18	\$26.44	\$40.51	\$45.91	\$19.13
Comments	Conveyed with plans for hotel with conditions of approval requiring undergirding of utilities.	Separated from corner of signalized intersection by railway. Mixed-use designated site planned for development with convenience store, gas station, and car wash.	Corner of signalized intersection. Since developed with commercial use.	Corner of signalized intersection. Purchased by investor with plans for a ground lease or build-to-suit project to a national tenant.	Corner of signalized intersection. Entirely within 100 year floodplain. The site conveyed from the City of San Marcos for \$1,217,000 and immediately spun off to another buyer for the indicated price of \$1,700,000.

Discussion of the Data

Comparable No. 1 relates to the September 2021 purchase of the subject property by the current titleholder. It conveyed with plans for a new hotel, a use that would require the undergrounding of utilities as a condition of approval. The buyer intends to develop a hotel on the site, but is planning to use a different design and layout than what was previously approved. The property sold at a price of \$2,400,000 or \$33.18 per square foot of land area, all cash to the seller.

Comparable No. 2 is the April 2022 sale of a level, 71,874 square foot (1.65 acre) parcel designated for mixed-use (commercial and residential) development located five+ miles to the northwest of the subject in San Marcos at 200 North Las Posas Road. A railway runs along the north side of the site, which is near Palomar Community College. The property is planned for development with a convenience store, gas station, and car wash. It conveyed at a price of \$1,900,000 or \$26.44 per square foot of land area, all cash to the seller. Sale 2 is inferior to the appraised property for location, and it is superior for site condition and for not requiring the undergrounding of utilities like the subject.

Comparable No. 3 is the November 2019 sale of a level, 37,026 square foot (0.85 acre) commercial parcel located less than four miles to the west of the subject in San Marcos at the northwest corner of West San Marcos Boulevard and Bent Avenue (address of 1284 West San Marcos Boulevard). This site is situated at the corner of a busy, signalized intersection. Since the purchase, the parcel has been improved with a commercial use. The sale price was \$1,500,000 or \$40.51 per square foot of land area, and the seller was cashed out in the transaction. When compared with the subject, Sale 1 is a smaller property that is superior for location and commercial exposure, site condition, and for ready access to all public utilities. We also applied an upward adjustment to reflect changes in market conditions between the sale date and the date of value.

Comparable No. 4 involves a 23,958 square foot (0.55 acre), level, commercial site situated on the corner opposite to Sale 3 in San Marcos. The parcel sold in May 2019 for \$1,100,000 or \$45.91 per square foot of land area, all cash to the seller. It was acquired by an investor with plans to lease the ground or for a build-to-suit project leased to a national tenant. By comparison with the subject, Sale 4 is a smaller site that is considered to be superior for location and commercial exposure, site condition, and for not requiring the undergrounding of utilities. An upward adjustment was made for the 2019 sale date.

Comparable No. 5 is the July 2019 sale of a 88,862 (2.04 acre), level to gently sloping commercial site located in San Marcos at the southeast corner of the signalized intersection of North Twin Oaks Valley Road and Borden Road, less than three miles to the northwest of the appraised property. The parcel is entirely within a 100 year floodplain. It conveyed from the City of San Marcos for \$1,217,000, and was immediately resold to another buyer (Sale 5) for \$1,700,000 or \$19.13 per square foot, all cash to the seller. The intended use was not disclosed. When compared with the subject, Sale 5 is inferior for location and site condition and superior for ready access to all public utilities.

Analysis of the Data and Conclusion of Value

The discussed market data have been analyzed based on our conclusion of highest and best use for the subject land. The elements of comparison that were considered in the Sales Comparison Analysis include property rights conveyed, financing terms, conditions of sale, market conditions, location, access, site condition (ie: topography, configuration, and usability), parcel size, land uses, and availability of public utilities. No adjustments were necessary for property rights conveyed or conditions of sale. Financing was not a factor for any of the sales considered in this analysis as the sellers were cashed in all of the transactions. We found insufficient data to suggest price increases of significance within the approximate two year period preceding the date of value during which time Sale 1 (the subject) and Comparable No. 2 occurred. However, based on various data sources, market prices were rising at a rate of at least three percent and as much as six percent annually between mid-2019 and mid-2020 when Comparables 3 through 5 conveyed. Adjustments were applied to the data to account for this factor. Regarding parcel size, smaller sites tend to attract a greater per square foot price than larger parcels that are otherwise similar. This is due, in part, to the greater number of potential buyers of those properties that have a lower overall cost. In this instance, it is noted that we found no support for quantifiable adjustments due to size differences between the subject (Sale 1, a 72,343 square foot site) and Sales 2 and 5, which range in size from 71,874 and 88,862 square feet. Downward adjustments were applied to the other two items of data, which are smaller at 23,958 to 37,026 square feet in size.

The following is a summary of adjustments made to the comparables that reflect noted differences between those properties and the subject larger parcel.

Land Sale Data Adjustment Grid	Comp No	1	2	3	4	5
	Price/SF	\$33.18	\$26.44	\$40.51	\$45.91	\$19.13
	Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%
	Financing	0.0%	0.0%	0.0%	0.0%	0.0%
	Conditions of Sale	0.0%	0.0%	0.0%	0.0%	0.0%
	Market Conditions	0.0%	0.0%	4.0%	7.0%	6.0%
	Net Adjustment	0.0%	0.0%	4.0%	7.0%	6.0%
	Adjusted Value/SF	\$33.18	\$26.44	\$42.13	\$49.13	\$20.28
	Location/Access	0.0%	15.0%	-15.0%	-15.0%	25.0%
	Topo/Usability/Config	0.0%	-5.0%	-5.0%	-5.0%	45.0%
	Parcel Size	0.0%	0.0%	-5.0%	-10.0%	0.0%
	Land Use	0.0%	0.0%	0.0%	0.0%	0.0%
	Utilities	0.0%	-5.0%	-5.0%	-5.0%	-5.0%
	Net Adjustment	0.0%	5.0%	-30.0%	-35.0%	65.0%
	Indicated Value/SF	\$33.18	\$27.76	\$29.49	\$31.93	\$33.46

Prior to adjustments, the market data reflected unit prices ranging from \$19.13 to \$45.91 per square foot. After adjusting the data for relative differences, the properties support a value range for the subject larger parcel of \$27.76 to \$33.46 per square foot. The median indicated

value is \$31.93 per square foot. Greatest weight was placed on the recent sale of the subject (Comparable No. 1). Based on our analysis of the data and considering the overall legal and physical attributes of the appraised property as well as the definition of value employed herein, it is our opinion that the fair market value of the 1.66 acre (72,343 square foot) larger parcel, as of June 7, 2022, is equal to the recent purchase price of \$2,400,000, which equate to \$33.18 per square foot of land area.

VALUATION OF THE PERMANENT EASEMENT RIGHTS TO BE ACQUIRED

As indicated previously, we first estimated the value of the larger parcel, and the result was then used as the basis for estimating the value of proposed permanent easement rights to accommodate what is known as the Montiel (sewer) Lift Station and Force Main Replacement Project at the far southeast side of the subject site. The acquisitions include a proposed permanent easement over a triangular shaped segment of land covering 45 square feet area near the southwest corner of the larger parcel, and a temporary construction easement (TCE) over a 19,960 square foot area at the south side of the site, as shown on the plat on page 21.

We estimated the value of the subject larger parcel to be equal to \$33.18 per square foot. As illustrated on the plan on page 21, the proposed permanent easement is positioned at the far southwest corner of the subject property. In our opinion, the value of the proposed easement rights over the 45 square foot area to be encumbered is equal to about 50 percent of the average unencumbered per square foot value of the larger parcel. The area has limited utility in the before condition beyond being considered in setback calculations. Based on the preceding, we have concluded that the fair market value of the 45 square foot easement acquisition parcel is \$747. This is computed in the following manner: 45 square feet x \$33.18 per square foot x 50 percent = \$747.

Improvements

The area of the proposed easement parcel to be acquired is unimproved.

VALUATION OF THE REMAINDER PARCEL AS PART OF THE WHOLE

The value of the remainder parcel as part of the whole is equal to the value of the remainder before consideration of damages and benefits. This is simply a mathematical calculation in which the value of the permanent easement parcel to be acquired of \$747 is deducted from the value of the larger parcel in the before condition. Thus, the value of the remainder parcel as part of the whole is estimated as follows.

Value of the Identified Larger Parcel – Before Condition	\$2,400,000
Value of the Permanent Easement Parcel to be Acquired	\$ 747
Value of the Improvements Within the Easement Boundaries	<u>\$ 0</u>
Value of the Remainder as Part of the Whole	<u>\$2,399,253</u>

VALUATION OF THE REMAINDER BEFORE CONSIDERATION OF BENEFITS

We next considered the impact on value to the remainder parcel resulting from the project and acquisition of the proposed permanent and temporary easement parcels. The value of the remainder parcel before consideration of benefits provides an indication of any loss in value, or

damages, accruing to the remainder due to the acquisition or project construction. Damages might occur if the acquisitions resulted in diminished utility of the remainder parcel.

We first investigated if and/or how the project and permanent easement acquisition may impact development of the property during or subsequent to the project construction. Based on all known factors, it is our opinion that the acquisition and project will not affect the highest and best use of the remainder parcel in the after condition. We have also concluded that the value of the remainder parcel before consideration of benefits is equal to its value as part of the whole. Consequently, no damages accrue to the remainder.

VALUATION OF THE REMAINDER AFTER CONSIDERATION OF BENEFITS

Since no damages accrue to the remainder, benefits are not applicable and have not been estimated.

VALUATION OF TEMPORARY CONSTRUCTION EASEMENT

A temporary construction easement (TCE) is commonly secured to accommodate construction activity, typically for a proposed public agency right-of-way project. This particular acquisition will extend over a 19,960 square foot area of the larger parcel at its south side (please see the plat on page 21). The proposed easement rights will constrain the owner's use of the land area it encumbers for a period of 12 months, and the area will be utilized to assist in the project construction. It is our understanding that the owner has not yet submitted for approvals from all related agencies for development of the site, and it appears that the project, if commenced within the near term, will not impede development.

A TCE is typically valued as a rental of the land for a finite period, after which the previous, legally allowed utility of the encumbered area is returned to the underlying fee owner. The rental value is derived by applying an appropriate rate of return to the estimated land value, the conclusion of which is then adjusted for the period of time required for the temporary encroachment. Rates of return vary from property to property and jurisdiction to jurisdiction based on use and in most instances, negotiations between lessor and lessee usually results in some middle ground agreement that effectively changes any rates established by policy. Our research into the private market revealed opinions that in today's low interest rate environment rates of return on land value in the 7.00 to 8.00 percent range are achievable. Reported rates sought by numerous institutional entities are summarized below.

Port District of San Diego	9.5%
Port of Long Beach, CA	10.0%
City of Los Angeles/Harbor District	10.0%
Port of Oakland, CA	10.0%
Port of San Francisco	10.0%
San Francisco Int. Airport	8.0%
Ontario Int. Airport	9.0%
California State Lands Commission	9.0%
Local Interviews	8.5% to 10.0%

These rates reflect not only the most recent lease negotiations, but many relate to long-standing policies without changes for many years. The higher rates are generally for industrial uses while some of the lower rates at airports are for commercial uses. None of the above rates reflect the changing current market and we suspect that any newly negotiated deal would be at or near the mid-point of these rates. For purposes of this analysis, we have concluded that the current market will support a rate of return for a short-term interest in the appraised property of 9.0 percent on land value.

Rent is typically paid in advance on a monthly or annual basis. In this case, the payment for these rights is assumed to be made in a lump sum at the beginning of the term. The estimated fee value for the land underlying the proposed temporary construction area is estimated to be \$33.18 per square foot, the average per square foot value for the larger parcel. During the construction period the owner will have limited use of the encumbered area.

The value of the 19,960 square foot temporary construction easement is based on a value of \$33.18 per square foot of land area, and it is calculated by applying a 9.0 percent annual return on the value of the impacted land. Inasmuch as the 19,960 square feet include the 45 square foot area to be encumbered with the permanent easement, the area to be valued in the TCE analysis excludes the 45 square feet to ensure there is no doubling of value. Thus, this analysis is calculated based on the net of 19,915 square feet (19,960 – 45 square feet = 19,915 square feet). In accordance with the preceding, the value of the proposed temporary construction easement is estimated to be **\$59,470** (19,915 square feet x \$33.18 per square foot x 9.0 percent x 12 months = \$59,470). This constitutes the total estimated value of the rights over for a 12 month period, and computes to \$4,955.83 per month.

SUMMARY OF CONCLUSIONS

Per our analysis, we have concluded that the total fair market value relating to the rights to be acquired over the subject property, set forth as of June 7, 2022, is as follows:

Value of the Identified Larger Parcel	\$2,400,000	
Value of the Part Taken as Part of the Whole		
Permanent Easement Rights	\$747	
Site Improvements	<u>\$0</u>	
Total		\$747
Value of the Remainder as Part of the Whole	\$2,399,253	
Value of the Remainder before Considering Benefits	\$2,399,253	
Severance Damages	<u>\$0</u>	
Value of the Remainder Considering Benefits	\$2,399,253	
Benefits	<u>\$0</u>	
Net Severance Damages		\$0
Temporary Construction Easement		<u>\$59,470</u>
Total		\$60,217
Fair Market Value of Property Rights to be Acquired, Rounded up to		<u>\$61,000</u>

Addenda

Aerial Photographs of the Market Data
Preliminary Title Report
Draft Deed with Legal Descriptions – Proposed Easement Parcels
Qualifications of the Appraisers

643 to 661 Leora Lane, San Marcos, CA

COMPARABLE NO. 1 (Subject)
643-661 Leora Lane, San Marcos



Anderson & Brabant, Inc.

643 to 661 Leora Lane, San Marcos, CA

COMPARABLE NO. 2

200 North Las Posas Road, San Marcos

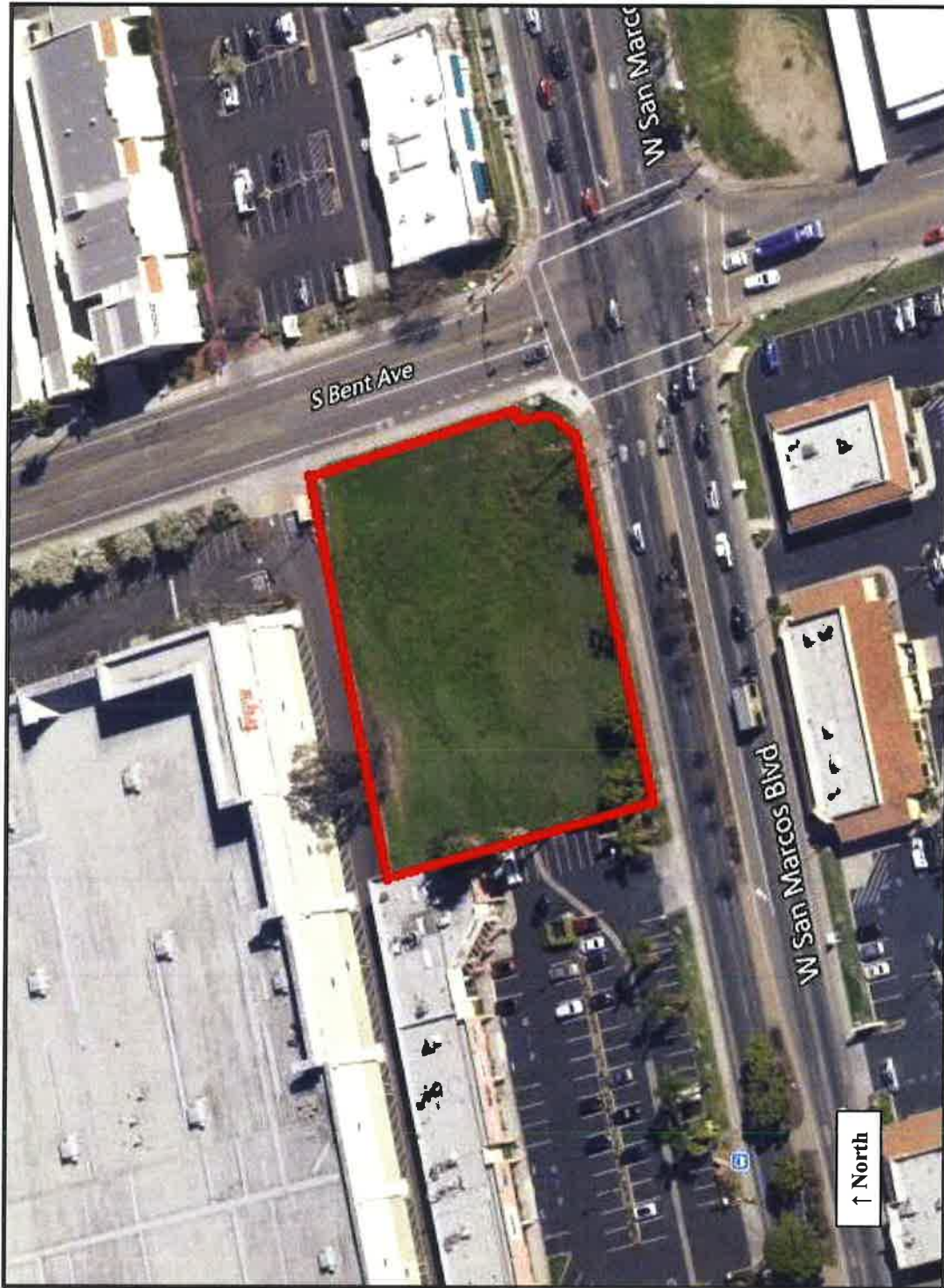


Anderson & Brabant, Inc.

643 to 661 Leora Lane, San Marcos, CA

COMPARABLE NO. 3

1284 West San Marcos Boulevard, San Marcos



Anderson & Brabant, Inc.

643 to 661 Leora Lane, San Marcos, CA

COMPARABLE NO. 4

Southeast corner of West San Marcos Boulevard and South Bent Avenue, San Marcos

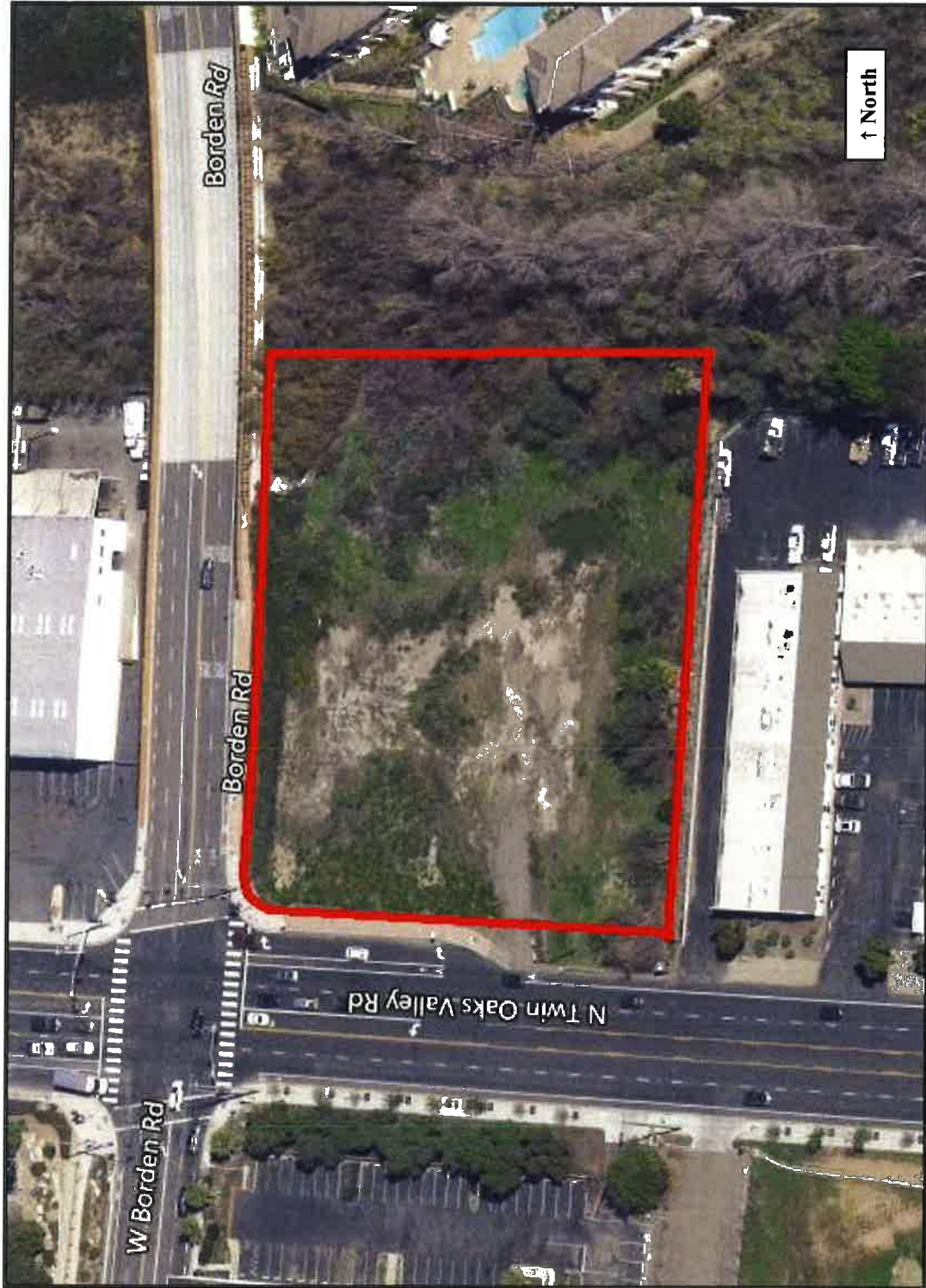


Anderson & Brabant, Inc.

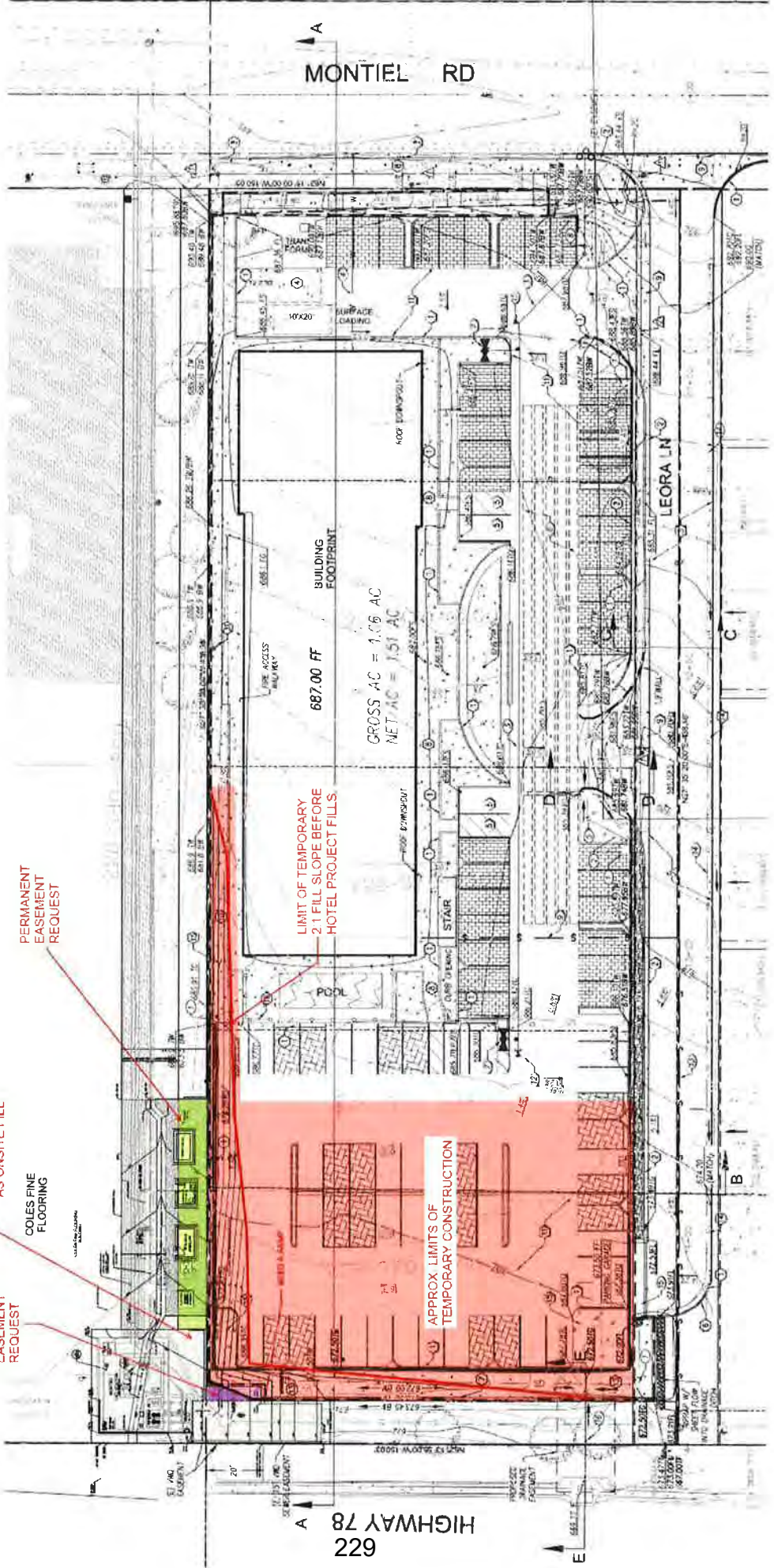
643 to 661 Leora Lane, San Marcos, CA

COMPARABLE NO. 5

Southeast corner of Twin Oaks Valley Road and Borden Road, San Marcos



Anderson & Brabant, Inc.



MONTIEL RD

LEORA LN

HIGHWAY 78
229

A

A

C

B

E

POTENTIAL TO STOCKPILE EXCAVATION SOIL AND ROCK FOR USE AS ONSITE FILL

PERMANENT EASEMENT REQUEST

PERMANENT EASEMENT REQUEST

COLES FINE FLOORING

LIMIT OF TEMPORARY 2:1 FILL SLOPE BEFORE HOTEL PROJECT FILLS

APPROX. LIMITS OF TEMPORARY CONSTRUCTION

687.00 FF

GROSS AC = 1.06 AC
NET AC = 1.51 AC

BUILDING FOOTPRINT

LINK ACCESS

POOL

STAIR

TRUCK PLATFORM

10'X20' SURFACE LOADING

ROOF DRAINAGE

QUALIFICATIONS OF THE APPRAISER

David C. Ottley, MAI

Anderson & Brabant, Inc.

353 West Ninth Avenue, Escondido, CA 92025

760.705.1615

Resident of San Diego County since 1954

Educational Background

Brigham Young University, Provo, Utah - School of Accountancy (1982-83)

Palomar College, San Marcos, CA - Real Estate emphasis (1976-77; 1980-81)

Professional Education Completed:

Appraisal Institute:

- Case Studies in Real Estate Valuation (1988)
- Valuation Analysis and Report Writing (1988)
- Real Estate Appraisal Principles; and Basic Valuation Procedures (1988)
- Capitalization Theory and Techniques, Parts A & B (1986)
- Real Property Valuation (1977)

Partial List of Recent Seminars and Webinars:

- Appraisal Review (2022)
- Eminent Domain and Condemnation (2021, 2005)
- Uniform Appraisal Standards for Federal Land Acquisitions (2015, 2017)
- San Diego Real Estate Market Symposium, Economic Forecast/Forum (1998-2002; 2004-2012; 2017; 2021)
- Business Practices and Ethics (2010, 2015, 2017)
- Federal and State Laws and Regulations (2014, 2016, 2018)
- Mold, Pollution, and the Appraiser (2014)
- Uniform Standards of Appraisal Practice Update (2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022)
- Loss Prevention Seminar (2011 and 2013)
- Liability Issues for Appraisers Performing Litigation Work (2013)
- Complex Litigation Appraisal Case Studies (2013)
- IRWA Eminent Domain Seminar (2012)
- Appraising in a Post-HVCC World (2011)
- San Diego Housing and Apartment Seminar (2004, 2007, 2009)
- The Appraiser as an Expert Witness (2006)

Professional Affiliations

MAI Member, Appraisal Institute

Certified General Real Estate Appraiser (AG002149), Bureau of Real Estate Appraisers, State of California

Professional Real Estate Experience

Appraiser/Consultant, Anderson & Brabant, Inc., Escondido, CA - 01/85 to 03/98; 06/01 to 02/05; 02/06 on

V.P. of Acquisitions, Maisel Presley, Inc., San Diego, CA - 02/05 to 02/06

Director of Finance & Acquisitions, Pacifica Companies, San Diego, CA - 04/98 to 06/01

Appraiser/Analyst, Dodd-Graves & Associates, Escondido, CA - 06/76 to 04/77; & 11/79 to 12/84

Staff Appraiser, Financial Appraisals, Inc., Escondido, CA - 04/77 to 08/77

Expert Witness

Superior Court, Counties of San Diego, Riverside, and Los Angeles

U.S. Bankruptcy Court, San Diego County

Types of Appraisals

Residential:	Residential Subdivisions, Apartments, Single-family, Condominium and PUD Units, (Existing and Proposed)
Commercial:	Single- and Multi-Tenant Commercial and Office Properties, Medical Offices, Self-Storage Facilities (Existing and Proposed)
Industrial:	Single- and Multi-Tenant Industrial Buildings and Parks, (Existing and Proposed)
Vacant Land:	Residential, Subdivision, Industrial, Commercial, Rural, and Environmentally Sensitive Properties
Agricultural:	Avocado and Citrus Groves, Dairies, and Ranches
Other:	Mixed-Use Properties, Leasehold and Leased Fee Interests, Partial Acquisitions, and Easements

Anderson & Brabant, Inc.

QUALIFICATIONS OF THE APPRAISER

James Brabant, MAI
Anderson & Brabant, Inc.
353 W. Ninth Avenue
Escondido, CA 92025
(760) 705-1592 (Direct)
Email: jlbrabant@aol.com

- I. Resident of San Diego County since 1977
- II. **Educational Background:**
 - A. University of Southern California, B.S. degree in Real Estate — 1960
 - B. School of Theology at Claremont, Master of Theology — 1966
 - C. Professional Education Completed:
 - 1. Appraisal Institute
 - a. "Basic Appraisal Principles, Methods and Techniques" — Course I-A
 - b. "Capitalization Theory and Techniques" — Course I-B
 - c. "Urban Properties" — Course II
 - d. "Investment Analysis" — Course IV
 - e. "Standards of Professional Practice"
 - f. "Litigation Valuation"
 - g. Special Applications of Appraisal Analysis Course 301
 - 2. Lincoln Graduate Center
 - a. Manufactured Housing Appraisal Course 669
 - 3. Continuing Education (Partial List):
 - USPAP Course and Updates (every two years)
 - Four Hour Federal and State Laws, 1/16
 - Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets 4/12
 - Eminent Domain Case Update, 10/95, 3/97, 10/07, 4/10
 - Business Practice and Ethics, 6/07, 7/12
 - San Diego Apartment & Housing Seminar, 10/98, 5/07, 9/11
 - Appraiser as Expert Witness, 12/06
 - Deal and Development Analysis – Downtown S.D., 9/05
 - Litigation Seminar, 11/04, 11/07, 11/10
 - Appraising Manufactured Housing, 1/04
 - Economic and Real Estate Forum, 09/02
 - Gramm-Leach-Bliley Act, 10/01
 - Condemnation on Trial (Participant), 5/00
 - Digging Into Ground Leases, 2/15
 - Unique Appraisal Assignments (Participant), 2/14
 - Appraisal of Partial Interests; 6/98
 - Vineyard Valuation, 11/12
 - Downtown San Diego Development, 9/15

Qualifications of the Appraiser — James Brabant, MAI
Page Two

III. **Professional Affiliations:**

- A. Member, Appraisal Institute, MAI (1985 President, San Diego Chapter)
- B. Realtor Member, North County Association of Realtors
- C. Member, International Right of Way Association
- D. Real Estate Brokers License, State of California
- E. Teaching Credential, State of California, Community College Level
- F. Certified General Real Estate Appraiser (AG002100)
Office of Real Estate Appraisers, State of California

IV. **Appraisal Experience:**

- Co-Owner — Anderson & Brabant, Inc., Since 1979
- Co-Owner — Robert M. Dodd & Associates, Inc., 1977 - 1979
- Appraisal Manager — California First Bank, Huntington Beach, California, 1974 - 1977
- Staff Appraiser — California First Bank, San Diego, California, 1972 - 1974
- Staff Appraiser — O. W. Cotton Co., San Diego, California, 1970 - 1972
- Staff Appraiser — Davis Brabant, MAI, Huntington Park, California, 1960 - 1962

V. **Teaching Experience:**

- Southwestern College, Chula Vista, California, "Real Estate Appraisal"

VI. **Expert Witness:**

- Superior Court, San Diego, Los Angeles, Riverside, and San Bernardino Counties
- Rent Control Hearings: Cities of Oceanside, Escondido, Ventura, Concord, Yucaipa, Carpinteria, Palmdale, San Marcos, Carson, Watsonville
- Various Arbitration Hearings
- Assessment Appeals Boards of Riverside County, San Diego County and Orange County
- Federal Bankruptcy Courts in San Diego County & Santa Barbara County
- United States District Court – Northern District of California

VII. **Types of Appraisals:**

- | | |
|-----------------------------|---|
| Residential Property: | Single-family residence, condominiums, apartments, subdivisions, existing and proposed |
| Commercial Property: | Office buildings, shopping centers, office condominiums, etc., existing and proposed |
| Industrial Property: | Single/multi-tenant, business parks, etc., existing and proposed |
| Vacant Land: | Industrial, commercial, residential, and rural |
| Agricultural: | Ranches, avocado and citrus groves, etc. |
| Special Purpose Appraisals: | Leasehold estates, possessory interest, historical appraisals, etc. |
| Mobile Home Parks: | For a variety of purposes including rent hearings, park closure, park conversions, failure to maintain litigation, eminent domain, etc. |

VIII. Partial List of Appraisal Clients:

Banks

Bank of America
Bank of New York
City National Bank
Downey Savings
Fidelity Federal Bank
First Interstate Bank
First Pacific National Bank
Flagship Federal Savings
Great Western Bank
Industrial Bank of Japan
Palomar Savings & Loan
Redlands Federal Bank
Union Bank of California
Wells Fargo Bank

Government Agencies and Municipalities

California Department of
Transportation/Caltrans
Carlsbad Municipal Water District
City of Carlsbad
City of Chula Vista
City of Colton
City of Concord
City of Escondido
City of Laguna Beach
City of La Mesa
City of Salinas
City of San Bernardino
City of San Diego
City of San Marcos
City of Vista
City of Yucaipa
County of San Diego
Fallbrook Public Utility District
Metropolitan Water District
Oceanside Unified School District
Pacific Telephone
Poway Municipal Water District
Ramona Unified School District
SANDAG (San Diego Assoc. of Govts.)
San Diego County Water Authority
San Diego Unified Port District
San Marcos Unified School District
U.S. Depart. of the Interior
 Bureau of Indian Affairs
U.S. Department of Justice

Law Firms

Aleshire & Wynder, LLP
Asaro, Keagy, Freeland. & McKinley
Best, Best & Krieger
Daley & Heft
Endeman, Lincoln, Turek & Heater
Foley & Lardner, LLP
Fulbright & Jaworski
Gray, Cary, Ware & Freidenrich
Higgs, Fletcher & Mack
Latham & Watkins
Lounsbery, Ferguson, Altona & Peak
Luce, Forward, Hamilton & Scripps
McDonald & Allen
McInnis, Fitzgerald, Rees, Sharkey & McIntyre
O'Melveny & Meyers
Procopio, Cory, Hargreaves & Savitch
Rutan & Tucker
Singer, Richard
Sullivan Wertz McDade & Wallace
Tatro & Zamoyski
Thorsnes Bartolotta & McGuire
Woodruff, Spradlin & Smart
Worden Williams, APC

Title Companies

Chicago Title
Fidelity National Title Insurance
First American Title
St. Paul Title
Title Insurance & Trust

Others

Avco Community Developers
Coldwell Banker
Dixieline Lumber
Golden Eagle Insurance
National Steel & Shipbuilding Co.
Northern San Diego County Hospital District
Prudential Insurance Corp.
Rosenow, Spevacek, Group
San Diego Gas & Electric Co.
San Luis Rey Downs (Vessels)
Steeffel, Levitt & Weiss
Tellwright-Campbell, Inc.
Transamerica Relocation Service
Vedder Park Management

EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 11, 2022** (“Effective Date”), is between **Vallecitos Water District, a governmental agency (“Buyer”), and San Marcos Hospitality LLC, a limited liability company (“Seller”).** Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately **fifty-five hundredths (.55) acres**, designated as **Assessor’s Parcel Numbers 228-370-38 and 228-370-04 (“Land”)**, hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A (“Easement”)** to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area.**”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Sixty-One Thousand Dollars (\$61,000.00) (“Purchase Price”)**, which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049B (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
 - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
 - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
 - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
 - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.

- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
 - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
 - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
 - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
 - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
 - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
 - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
 - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area

- (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements affecting the Easement Area, except as otherwise disclosed by Seller.
- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "Claims") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of

which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

SELLER

San Marcos Hospitality, LLC,
a limited liability company

By: _____

Name: _____

Title: _____

BUYER

Vallecitos Water District,
a governmental agency

By: _____

Name: _____

Title: _____

**EXHIBIT A TO PURCHASE AGREEMENT
FORM OF EASEMENT**

[See attached.]

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

SAN MARCOS HOSPITALITY, LLC., as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

A PORTION OF LOT 13 IN BLOCK 7 OF RANCHO LOS VALLECITOS DE SAN MARCOS, IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 806, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 21, 1895. BEING PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS

The **VARIES** - foot-wide easement of right-of-way in the aforesaid lands is particularly described as follows: SEE **EXHIBIT "A"** ATTACHED.

A.P.N.: 228-370-04 - Temporary Construction Easement (TCE) & 228-370-38 - Permanent and (TCE)

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

AREA: Permanent Easement 112 SQUARE FEET OR 0.003 ACRE, MORE OR LESS.

AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE **EXHIBIT "B"** ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

Shall have the right to make any and all excavations and the right to alter the existing or proposed surface elevations within the easement right-of-way, now and in the future as may be deemed necessary and convenient. Grantee shall only be responsible for repair of improvements made necessary by the direct action of Grantee.

Shall not be responsible for maintenance or costs of maintenance of any improvements within the easement right of way, including all surface areas within the easement area, except those specific Grantee owned/maintained facilities within said easement, unless by separate agreement.

Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

"Grantor"

Company: SAN MARCOS HOSPITALITY, LLC.

Name*: DARSHAN PATEL

Title: CHIEF EXECUTIVE OFFICER

Signature †: _____

Date: _____

**CERTIFICATE OF ACCEPTANCE
VALLECITOS WATER DISTRICT**

This is to certify that the interest in real property conveyed by the deed or grant dated _____, from SAN MARCOS HOSPITALITY, LLC., to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.

By: _____

Dated: _____

Glenn Pruiam, Secretary
Board of Directors
Vallecitos Water District
201 Vallecitos De Oro
San Marcos, CA 92069

* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Page 3 of 6

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069
Page 4 of 6

EXHIBIT 'A'
LEGAL DESCRIPTION EASEMENTS

PORTIONS OF THE PROPERTY GRANTED TO SAN MARCOS HOSPITALITY, LLC BY GRANT DEED RECORDED SEPTEMBER 1, 2021 AS DOC. NO. 2021-0621100, OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A - WATER AND SEWER EASEMENT:

COMMENCING AT THE SOUTHWEST CORNER OF PARCEL 7 DESCRIBED IN SAID DEED; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE THEREOF NORTH 27°35'20" EAST, 15.00 FEET TO THE INTERSECTION WITH A LINE THAT LIES 15.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF SAID PARCEL 7 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 27°35'20" EAST 8.00 FEET; THENCE LEAVING SAID WESTERLY LINE SOUTH 46°21'40" EAST 29.14 FEET TO SAID PARALLEL LINE; THENCE WESTERLY ALONG SAID PARALLEL LINE NORTH 62°17'53" WEST 28.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS: 112 SQUARE FEET, OR 0.003 ACRE, MORE OR LESS.

PARCEL B - TEMPORARY CONSTRUCTION EASEMENT <T.C.E.>

ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.

CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022
MBI JN 176090
APN 228-370-03,04,38

LEGEND

 PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)

 PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)

POC POINT OF COMMENCEMENT

TPOB TRUE POINT OF BEGINNING

() RECORD DATA AS SHOWN

OWNER:

SAN MARCOS HOSPITALITY, LLC
BY GRANT DEED REC.

9/1/2021 AS DOC.

2021-0621100, O.R.(DD1)

0 60'
SCALE: 1"=60'



TPOB
SEE DETAIL

POC
HWY 78 EX. 15' SEWER EASEMENT TO VCMWD REC. 9/30/87 AS DEED TO STATE REC. 10/28/1970 DOC. 196839, O.R. 1320.01')

**EXHIBIT B - PLAT
PROPOSED WATER / SEWER EASEMENT
& TEMPORARY CONSTRUCTION
EASEMENT EXHIBIT**

APN 228-370-03,04,38
PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806
CITY OF SAN MARCOS
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

Paul E. Goebel

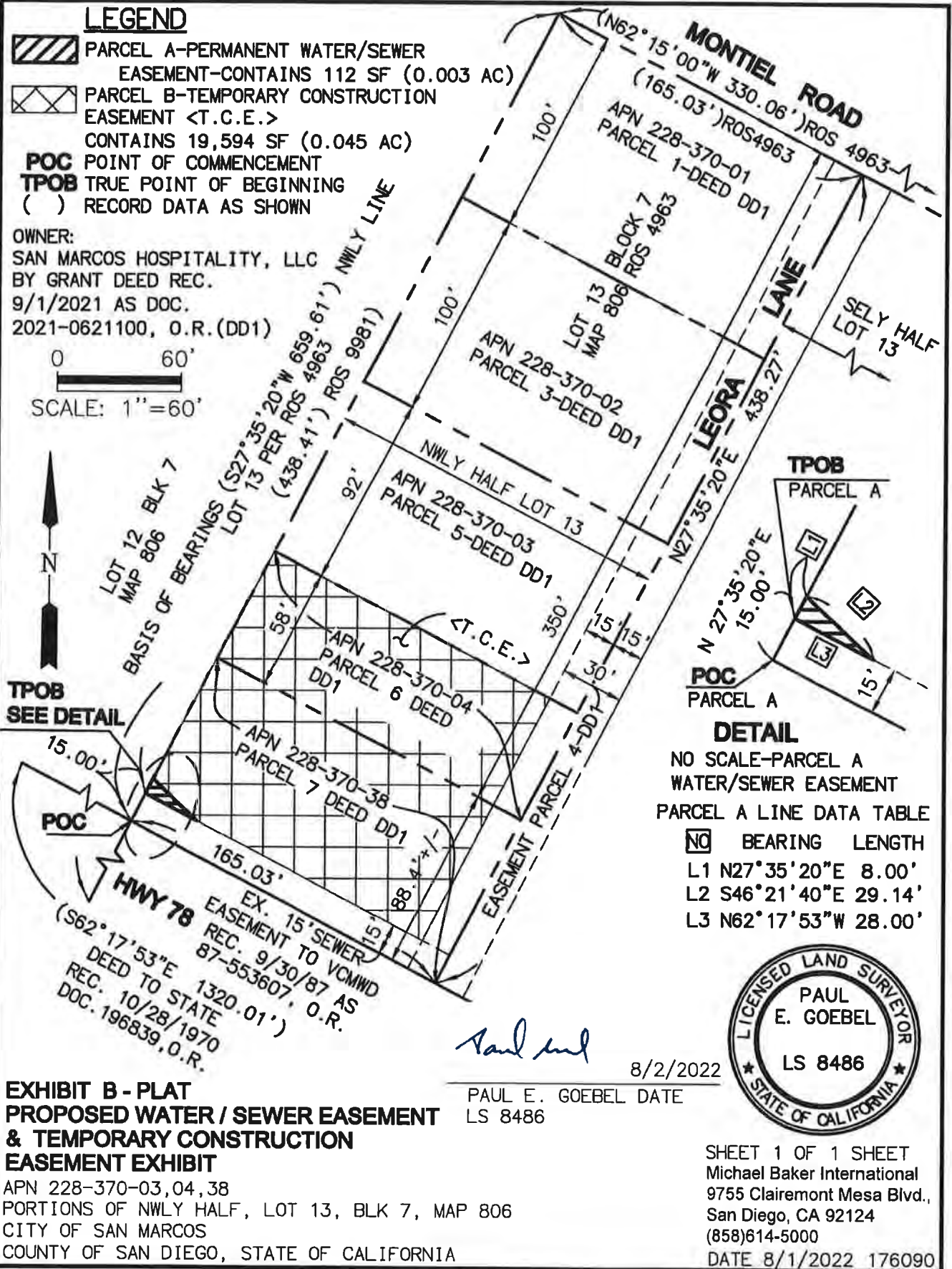
8/2/2022

PAUL E. GOEBEL DATE
LS 8486



SHEET 1 OF 1 SHEET
Michael Baker International
9755 Clairemont Mesa Blvd.,
San Diego, CA 92124
(858)614-5000

DATE 8/1/2022 176090



TPOB
PARCEL A

POC
PARCEL A

DETAIL
NO SCALE-PARCEL A
WATER/SEWER EASEMENT
PARCEL A LINE DATA TABLE

NO	BEARING	LENGTH
L1	N27°35'20"E	8.00'
L2	S46°21'40"E	29.14'
L3	N62°17'53"W	28.00'

EASEMENT PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of **August 11, 2022** (“**Effective Date**”), is between **Vallecitos Water District, a governmental agency** (“**Buyer**”), and **San Marcos Hospitality LLC, a limited liability company** (“**Seller**”). Buyer and Seller shall sometimes be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purchase and Sale.** Seller, as the owner of the fee interest in certain land situated in the County of San Diego, State of California, comprising approximately **fifty-five hundredths (.55) acres**, designated as **Assessor’s Parcel Numbers 228-370-38 and 228-370-04** (“**Land**”), hereby agrees to sell and convey an easement in, on, over, under, across, and through the Land for the purposes of, among other things, constructing, maintaining, owning, operating, and using sewer facilities in the form attached hereto as **Exhibit A** (“**Easement**”) to Buyer, and Buyer hereby agrees to purchase the Easement from Seller, on the terms and conditions set forth herein. The portion of the Land that will be burdened by the Easement is referred to herein as the “**Easement Area**.”
2. **Purchase Price.** Subject to 4(a) below, the purchase price for the Easement Area shall be **Sixty-One Thousand Dollars (\$61,000.00)** (“**Purchase Price**”), which is the value of the Easement Area set forth in the appraisal, dated as of **June 22, 2022**, prepared by Anderson & Brabant, Inc., as Job Number 22-049B (“**Appraisal**”). The Purchase Price includes severance damage to the remainder, if any. Severance damage to the remainder is damage caused to the remainder by either or both of the following: (a) the severance of the remainder from the Easement acquired; or (b) the construction and operation of the project for which the Easement is acquired.
3. **Conditions Precedent.** In addition to the payment of the Purchase Price by Buyer in accordance with Sections 4(a) and (b) below, the following conditions must be satisfied before the Easement will be deemed to have been fully accepted by and delivered to Buyer (the “**Closing**”):
 - A. Seller shall have removed from the Easement Area any third party using, occupying, or possessing all or any portion of the Easement Area.
 - B. **Environmental Testing Contingency.** Payment of the Purchase Price shall be subject to and conditioned upon Buyer’s acceptance of the physical and environmental conditions of the Easement Area, and the absence from the Easement Area of hazardous materials and any other kind of soil or water contamination. By executing this Agreement, Seller authorizes Buyer, its agents or assigns, commencing upon the execution of this Agreement by Seller, to enter upon the Land at all reasonable times for the purpose of assessing the environmental conditions in and around the Easement Area.
4. **Closing Instructions.** Buyer shall be responsible for performing the following obligations before Closing, except with respect to Section 4(d), which Buyer shall be responsible for post-Closing:
 - (a) If Buyer elects to do so, in its sole discretion, Buyer shall pay and deduct from the Purchase Price any amount necessary to satisfy:
 - (i) Any delinquent taxes, together with penalties and interest, due in any fiscal year, except the fiscal year in which this transaction closes and any delinquent or non-

delinquent assessments or bonds, except those which title is being taken subject to under the terms of this Agreement.

- (ii) Taxes for the assessment year in which this transaction closes, if unpaid at Closing.
 - (iii) Demands of mortgagees and trustees, except prepayment penalties, in accordance with conditions of notes and other obligations secured by mortgages and deeds of trust.
 - (iv) Demands, including charges and costs, of any other lien holders of record, including creditors with recorded abstracts of judgment.
 - (v) Any broker's commissions arising from any agreement entered into by Seller in connection with the purchase and sale of the Easement.
- (b) Buyer shall pay to Seller the balance of the Purchase Price after Buyer has paid any amounts necessary to be paid in accordance with Section 4(a) above once Buyer is reasonably satisfied that (i) there are no hazardous materials on the Easement Area and (ii) the Easement is free of, or unconditionally prior and superior to, all liens, encumbrances, assessments, easements, leases, deeds of trust, security instruments, and taxes other than current property taxes.
- (c) In addition to the payment of the Purchase Price in accordance with Sections 4(a) and (b) above, Buyer shall pay any fees due for recording and documentary transfer tax.
- (d) Buyer shall cause the recording of the Easement in the official records of the county in which the Land is located.

5. Seller's Representations and Warranties.

- (a) Seller represents and warrants as of the Effective Date and the Closing as follows:
- (i) Enforceability. This Agreement and all other documents and agreements to be executed and/or delivered in connection with or pursuant to this Agreement, constitute or shall constitute the valid and binding obligation of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable laws.
 - (ii) Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.
 - (iii) No Notices of Violations of Applicable Laws. Seller has not received any notice of any violation of any applicable law affecting the Easement Area.
 - (iv) No Pending Proceedings. There are no litigation, bankruptcy, condemnation, or environmental proceedings pending or, to the best of Seller's knowledge, threatened, involving, or affecting the Easement Area or the ability of Seller to perform Seller's obligations under this Agreement or the Easement.
 - (v) No Hazardous Materials. Except as set forth in any Phase I or Phase II environmental assessment of the Easement Area obtained by Buyer as part of its due diligence, to the best of Seller's knowledge there are no hazardous materials on or under the Easement Area

- (vi) Contracts, Leases, Agreements. There are no leases, contracts, or agreements affecting the Easement Area, except as otherwise disclosed by Seller.
- (b) Seller's representations and warranties shall survive the execution and delivery of the Easement for a period of twelve (12) months and shall be deemed to have been made again at Closing as a condition to the Closing and shall remain in full force and effect regardless of any investigation made by or on behalf of any Party or of the actual or constructive knowledge by any Party of any inaccuracy or breach thereof.
6. "As-Is" Nature of Sale." Except as otherwise expressly set forth in this Agreement, Buyer shall purchase the Easement and accept the Easement Area "as-is" with all faults and conditions. Buyer hereby acknowledges that, except as otherwise expressly set forth in this Agreement, Seller hereby expressly disclaims (i) any implied warranty of habitability, merchantability, and suitability for a particular purpose, and (ii) any warranties implied or arising from a course of dealing or usage of trade.
7. Contingency. It is understood and agreed between the Parties that the closing of this transaction is contingent upon the specific acceptance and approval of Buyer, which shall be evidenced by the payment of the Purchase Price and the recording of the Easement in the official records of the county in which the Land is located.
8. Indemnification. Seller hereby agrees to indemnify, hold harmless and defend Buyer and its parent company, affiliates, subsidiaries, and its and their respective directors, officers, employees, agents, representatives, successors, and assigns from and against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs, and expenses (including but not limited to all investigation costs and reasonable consulting, engineering, in-house or outside attorney's fees, or other professional fees) (collectively, "Claims") arising from any (i) default of Seller under this Agreement, including but not limited to any breach of Seller's covenants, representations, and warranties set forth in this Agreement, (ii) matters arising from Seller's fraud or intentional misrepresentation, or (iii) Claims that may be made by any real estate broker, agent, finder, or other person alleging to have acted on behalf of Seller, provided, however, that the foregoing indemnity shall not include Claims to the extent directly arising from the sole negligence or willful misconduct of Buyer with respect to the Land prior to the Closing. This indemnity shall survive the Closing and the execution and delivery of the Easement.

Buyer Default. If Buyer defaults in its obligation to consummate the Closing under this Agreement (provided that Seller has not defaulted in any manner under this Agreement), then Seller's sole remedy shall be to terminate this Agreement, in which case neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those obligations that survive the expiration or earlier termination of this Agreement.

9. Seller Default. If Seller defaults in its obligation to consummate the Closing in accordance with this Agreement or defaults in any other manner under this Agreement, then Buyer may pursue any and all remedies at law or in equity that are available to Seller as a result of such default of Seller, including but not limited to injunctive relief or specific performance. If Seller shall default in any manner under this Agreement, then in addition to the other remedies available to Buyer at law or in equity, Buyer shall not be under any obligation to purchase or acquire the Easement.
10. Miscellaneous. (a) This Agreement may be amended only by written agreement signed by both of the Parties. (b) Time and each of the terms and conditions of this Agreement are hereby expressly made of the essence. (c) This Agreement may be executed in counterparts, each of

which shall be deemed an original and all of which shall constitute one and the same agreement. (d) This Agreement shall be governed by the laws of the State of California, without reference to its choice of law provisions. The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in San Diego, California. By execution and delivery of this Agreement, each Party hereby irrevocably and unconditionally accepts and submits to the personal jurisdiction of said courts. (e) This Agreement supersedes any and all oral or written agreements between the Parties regarding the Easement which are prior in time to this Agreement. Neither Buyer nor Seller shall be bound by any prior understanding, agreement, promise, representation, or stipulation, express or implied, not specified herein. (f) If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect. (g) Nothing in this Agreement shall be construed to confer any third-party benefit on any other person not a party hereto, including but not limited to any broker, with respect to this Agreement. (h) Buyer and Seller shall not be partners or joint venturers with each other and nothing in this Agreement shall create or be deemed to create any partnership or joint venture between Buyer and Seller. (i) The section headings of this Agreement are for purposes of reference only and shall not be used for limiting or interpreting the meaning of any section of this Agreement. (j) Without the prior written consent of Buyer, there shall be no recordation of this Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

12. Sale in Lieu of Condemnation; Condemnation Rights Unimpaired.

- (a) Seller and Buyer acknowledge that Seller has agreed to sell the Easement to Buyer, and Buyer has agreed to purchase the Easement from Seller, in lieu of Buyer exercising its power to acquire the Easement by condemnation under the California Government Code and/or California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Agreement or elsewhere, nothing contained in this Agreement shall impair, waive, or otherwise affect any rights of Buyer under any applicable law to condemn any portion of the Land, including but not limited to any rights of Buyer under the California Government Code and/or California Code of Civil Procedure (or amendment or successor statute thereto). The provisions of this subsection shall survive the Closing or any earlier termination of this Agreement.
- (b) Seller is hereby notified of the provisions of California Code of Civil Procedure Section 1265.240, which states that “[w]here the property acquired for public use is encumbered by a lien, the amount payable to the lienholder shall not include any penalty for prepayment.”

IN WITNESS WHEREOF, Buyer and Seller hereby execute this Easement Purchase and Sale Agreement as of the date first above written.

SELLER

San Marcos Hospitality, LLC,
a limited liability company

By: _____

Name: _____

Title: _____

BUYER

Vallecitos Water District,
a governmental agency

By: _____

Name: _____

Title: _____

**EXHIBIT A TO PURCHASE AGREEMENT
FORM OF EASEMENT**

[See attached.]

Recording requested by, and
when recorded, return to:

Vallecitos Water District
201 Vallecitos de Oro
San Marcos, CA 92069

APN: 228-370-04 & 228-370-38

(Space above for Recorder's Use)
Document Transfer Tax: None

**VALLECITOS WATER DISTRICT
GRANT OF RIGHT-OF-WAY**

SAN MARCOS HOSPITALITY, LLC., as Grantor, for and in consideration of the sum of One Dollar and other valuable consideration paid by **VALLECITOS WATER DISTRICT**, as Grantee, receipt of which is hereby acknowledged, does hereby grant to said Grantee, its successors and assigns, an easement of right-of-way, **VARIES** feet in width upon, over, under and across the lands hereinafter described, to erect, construct, reconstruct, replace, repair, maintain and use a pipeline or pipelines for any and all purposes, together with their necessary fixtures and appurtenances including but not limited to conduits and cables for power transmission and communication purposes specifically related to Grantee's facilities, at such locations and elevations, upon, along, over and under the hereinafter described right-of-way as Grantee may now or hereafter deem convenient and necessary from time to time, together with the right of ingress thereto and egress therefrom, to and along said right-of-way by a practical route or routes in, upon, over and across the hereinafter lands, together with the right to clear and keep clear said right-of-way from vehicles, vegetation, explosives, buildings and structures of any type.

The lands in which said easement of right-of-way is hereby granted are situated in the County of San Diego, State of California, and particularly described as follows:

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AREA: Temporary Construction Easement (TCE) 19,594 SQUARE FEET OR 0.450 ACRE, MORE OR LESS. Temporary Construction Easement is granted for a limited term of 12 months from the start of construction as determined by the Vallecitos Water District.

PLAT: SEE EXHIBIT "B" ATTACHED.

It is understood by the parties hereto that the Grantor and their successors and assigns:

Shall not grant any other easement on, under or over said easement of right-of-way without the prior written consent of Grantee.

Shall not erect or construct, or permit to be erected or constructed, any building or other structure, plant any tree or trees, or drill any well or wells, within the limits of said right-of-way.

Shall not increase or decrease, or permit to be increased or decreased, the proposed surface elevations of the above-described right-of-way, as shown on improvement plans titled Montiel Lift Station and Forcemain Replacement Project (VWD WO 217904), prepared by Michael Baker International, without the prior written consent of Grantee.

Shall not park vehicles of any kind within the easement in such a manner as to hinder full access and use of the easement by Grantee.

It is understood by the parties hereto that the Grantee and its successors and assigns:

Shall have the right to erect, maintain and use any gates in any fences which cross or shall hereafter cross said easement of right-of-way, and to trim and cut and clear away any trees and vegetation whenever in its judgment the same shall be necessary for the convenient and safe exercise of the rights hereby conveyed.

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Shall have the right and privilege to spill water in natural channels which cross said lands adjacent to the easement right-of-way.

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069

Shall have the right to transfer and assign this easement of right-of-way in whole or in part.

In Witness whereof, the Grantor executed these presents the ____ day of _____, 20__.

"Grantor"	
Company: <u>SAN MARCOS HOSPITALITY, LLC.</u>	
Name*: <u>DARSHAN PATEL</u>	
Title: <u>CHIEF EXECUTIVE OFFICER</u>	
Signature †: _____	Date: _____

CERTIFICATE OF ACCEPTANCE VALLECITOS WATER DISTRICT	
This is to certify that the interest in real property conveyed by the deed or grant dated _____, from <u>SAN MARCOS HOSPITALITY, LLC.</u> , to VALLECITOS WATER DISTRICT, a political corporation and/or a governmental agency, is hereby accepted by the undersigned officer of the Board of Directors of the VALLECITOS WATER DISTRICT pursuant to Resolution No. 1358, adopted on the 21st day of July, 2010, and the Grantee consents to the recording thereof by its duly authorized officer.	
By: _____	Dated: _____
Glenn Pruiam, Secretary Board of Directors Vallecitos Water District 201 Vallecitos De Oro San Marcos, CA 92069	

* Name of Authorized Representative of Developer/Owner

RECORDING REQUESTED BY, AND WHEN RECORDED, RETURN TO:
VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069
Page 3 of 6

† Acknowledgement of the signature(s) executing this Easement Document, by a Notary Public, is required. Attach acknowledgement to this page.

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VALLECITOS WATER DISTRICT, 201 VALLECITOS DE ORO, SAN MARCOS, CA 92069
Page 4 of 6

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ALL OF PARCEL 6 AND 7 OF SAID DEED, EXCEPTING THEREFROM THE SOUTHEASTERLY 15.00 FEET OF PARCEL 7 AND THE PORTION WITHIN PARCEL A DESCRIBED ABOVE.



CONTAINS: 19,594 SQUARE FEET, OR 0.450 ACRE, MORE OR LESS.

SEE EXHIBIT B PLAT, ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.



PAUL E. GOEBEL, PLS 8486 8/2/2022
MBI JN 176090
APN 228-370-03,04,38

LEGEND

-  PARCEL A-PERMANENT WATER/SEWER EASEMENT-CONTAINS 112 SF (0.003 AC)
-  PARCEL B-TEMPORARY CONSTRUCTION EASEMENT <T.C.E.> CONTAINS 19,594 SF (0.045 AC)
- POC** POINT OF COMMENCEMENT
- TPOB** TRUE POINT OF BEGINNING
- () RECORD DATA AS SHOWN

OWNER:
 SAN MARCOS HOSPITALITY, LLC
 BY GRANT DEED REC.
 9/1/2021 AS DOC.
 2021-0621100, O.R.(DD1)

0 60'
 SCALE: 1"=60'



TPOB
 SEE DETAIL

POC

HWY 78 EX. 15' SEWER EASEMENT TO VCMWD
 REC. 9/30/87 AS DEED TO STATE 1320.01'
 REC. 10/28/1970 DOC. 196839, O.R.

**EXHIBIT B - PLAT
 PROPOSED WATER / SEWER EASEMENT
 & TEMPORARY CONSTRUCTION
 EASEMENT EXHIBIT**

APN 228-370-03,04,38
 PORTIONS OF NWLY HALF, LOT 13, BLK 7, MAP 806
 CITY OF SAN MARCOS
 COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

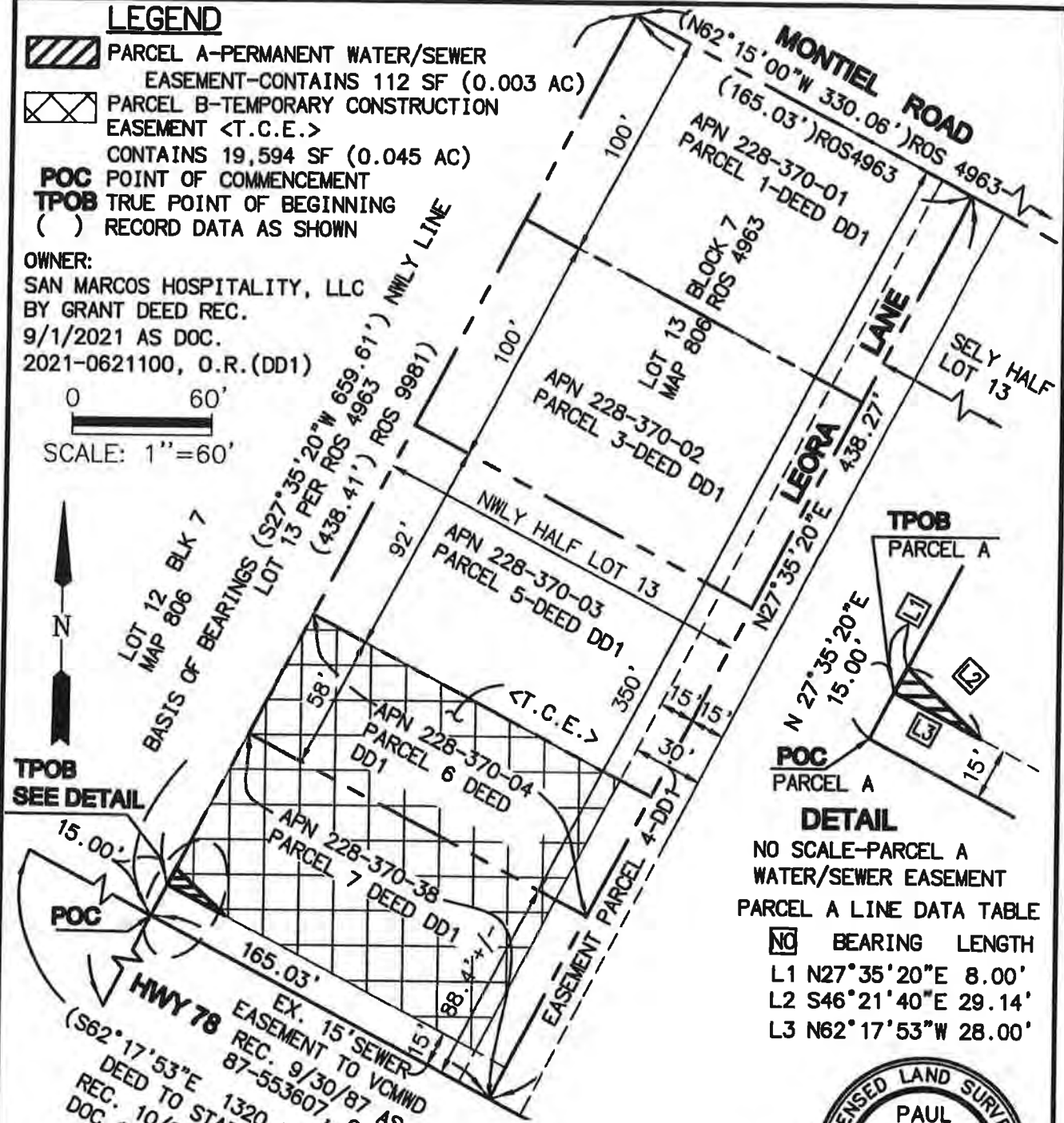
Paul E. Goebel

8/2/2022

PAUL E. GOEBEL DATE
 LS 8486



SHEET 1 OF 1 SHEET
 Michael Baker International
 9755 Clairemont Mesa Blvd.,
 San Diego, CA 92124
 (858)614-5000
 DATE 8/1/2022 176090



INFORMATIONAL PAMPHLET
OVERVIEW OF THE EMINENT DOMAIN PROCESS
AND DESCRIPTION OF PROPERTY OWNER RIGHTS

(Government Code Section 7267.2(a)(2))

Whenever a public agency makes a formal offer to purchase property under Section 7267.2 of the Government Code, it is required by law to provide a description of the eminent domain process. This pamphlet details the process of eminent domain and property owner rights under eminent domain law.

Public agencies acquire property for all types of public projects, such as schools, roads, water and sewer service, flood control, and fire protection. Sometimes public agencies may have to use eminent domain to acquire property for these projects. Eminent domain is the power to acquire property for a public use conditioned upon payment of just compensation.

The Appraisal Process

Before public agencies can use the power of eminent domain, they must follow certain procedures designed to protect the rights of property owners and the public.

If a public agency is potentially interested in acquiring property for a public project and makes an offer under Section 7267.2 of the Government Code, it is required to send to the owner notice of its decision to appraise the property. This notice will advise the owner that the agency has retained an appraiser to appraise the property. The notice may also provide background information on the acquisition process. It may advise that a business on the property potentially could have a claim for loss of business goodwill. It may also advise that occupants on the property may be entitled to relocation assistance, which can include relocation counseling and the payment for certain costs such as moving costs.

The fact that a public agency has sent a notice of decision to appraise does not mean that it has decided to acquire the property or to use eminent domain. It simply means that the public agency has decided to appraise the property.

The appraiser must also notify the owner that the appraiser is available to meet with the owner to discuss and view the property. After investigating the property and other similar properties, the appraiser will prepare an appraisal report and forward it to the agency.

The Offer of Just Compensation

Upon reviewing the appraisal, the public agency may decide to make an offer to acquire the property. This offer must be in writing. The offer cannot be less than the fair market value established by the approved appraisal. The offer must include certain information, including the public use for which the property is to be acquired and a detailed description of the basis for the

conclusions of value. If the comparable sales approach is used, a description of the principal sales must be included. The appraisal report does not have to be provided unless an owner-occupant of residential property with four or fewer units requests to inspect the report.

The offer must be based upon fair market value. Fair market value is a technical legal phrase but generally it means the highest price that a seller and buyer would agree to on a particular date, with neither being under pressure to buy or sell, and with both being fully informed as to the uses available for the property. The proposed public project for which the property may be acquired is not to be considered for either decreasing or increasing the fair market value.

If only a portion of the property is being acquired, such as for a road widening or an underground sewer pipeline, the appraisal may also consider what are called severance damages. Generally, this refers to the reduction in fair market value to the remaining portion of the property that is not being acquired that results from the partial acquisition or the public project. Sometimes a proposed project will actually increase the value of the remaining property. These benefits can be considered in offsetting severance damages, if there any such damages. These benefits cannot be used to lower the value of the actual portion of the property that is being acquired.

A property may be improved and these improvements, if affixed to the realty, may be taken into consideration in the appraisal and the offer. Businesses may also have a claim for loss of business goodwill.

Just compensation is a concept that comes from the California and U. S. Constitutions. The written offer described above is intended to be an offer for just compensation.

The Negotiation Process

The public agency is required to negotiate in good faith upon making its offer of just compensation. It may not use threatening or coercive tactics. The offer process is a voluntary, negotiation process. The owner is under no obligation to agree to the offer.

In making the offer, the public agency must also offer up to \$5,000 to the owner to retain an appraiser selected by the owner. The appraiser must be state licensed and other conditions may apply.

The owner and the public agency's representatives may negotiate. If the owner believes that certain information is wrong or incomplete, or if the owner has other information that the agency should know about, the owner may offer that information to the public agency. The owner may make a counter-offer, asking for more compensation or suggesting a change in the proposed acquisition. Or, if the owner does not wish to sell the property, the owner may simply reject the offer or not respond.

When property is occupied, the occupants may be entitled to what is called relocation assistance. These are benefits and services to be given to occupants if the proposed acquisition

and public project will require an occupant to move. An occupant need not be an owner of the property to be entitled to such benefits. The nature and extent of the benefits can be technical and will depend upon the particular circumstances of the occupant. Laws and regulations set the amount and nature of applicable benefits. Businesses, homeowners, and renters may be eligible for relocation benefits. These benefits are protections offered by legislation and are different from and in addition to just compensation. When relocation is involved, the public agency will provide an explanation and itemization of the proposed relocation assistance benefits. What is required for relocation is subject to discussion and occupants can provide information they think is important in determining the amount and type of benefits.

Starting Eminent Domain

If the public agency's offer to purchase is not accepted, the public agency may then consider the use of eminent domain. Eminent domain involves the acquisition of property without the owner's consent for a public use conditioned upon payment of just compensation. A public agency may only use the power of eminent domain if it is granted that power by state statute.

The Requirement for a Public Hearing

Before a public agency can consider using eminent domain, it must conduct a public hearing. The public hearing is before the legislative body of the public agency. For example, if a city wishes to consider using eminent domain to build a road, the public hearing must be conducted by the city council. The owner, as identified by the latest tax rolls, is entitled to written notice of the hearing and has a right to speak before the legislative body. At the hearing the public agency considers the adoption of what is called a resolution of necessity. The hearing concerns whether the public interest and necessity require the project, whether the acquisition is most compatible with the greatest public good and the least private injury, whether the property is necessary for the project, and whether the written offer for just compensation has been made. The owner and the legislative body are to address these topics. The owner may be represented by someone at the hearing. This can be legal counsel but does not have to be. The owner must make a timely request to be heard. The notice for the hearing must explain this requirement.

Upon completing the hearing on these topics, the legislative body will determine whether findings on these topics properly can be made, and will consider adopting the resolution of necessity. The resolution can only be adopted if at least two thirds of the full legislative body votes to adopt the resolution.

The Court Process

If the resolution of necessity is adopted, the public agency is then authorized to bring an eminent domain action in state court. This action has to be filed in the county where the property is located. Those with an interest in the property will be named in the action. The action is a lawsuit that must be served on the named parties. The named parties have a right to respond by filing legal papers. In these papers the responding parties may raise legal issues regarding compensation or the public agency's right to use eminent domain.

Once an eminent domain action is filed, the public agency may ask the court for what is called prejudgment possession. This allows the agency to acquire possession of the property so it can begin work on its project without awaiting completion of the court action. The agency may have several actions in court regarding other properties and may not be able to wait until all those actions are resolved before proceeding with construction of its proposed project, such as a road, school, or water pipeline.

To obtain such possession, the public agency must first file and serve a motion on the affected parties. These parties have the right to object and have these objections heard in court. The public agency must also deposit with the court or the State Condemnation Fund the amount of probable just compensation for the property. This amount must be based upon a certified and detailed valuation statement. The owner has the right to challenge this deposit and can file a motion asking to increase the deposit. Those claiming an interest in the deposit may apply to the court to withdraw the deposit or a portion of it.

If the court finds that certain requirements are satisfied and that there are no valid objections to granting prejudgment possession, the court may grant the public agency's motion for possession. State law provides certain time periods to property owners and occupants before possession can take effect.

In many projects, such as road widenings or storm drains, relocation may not be involved at all. If relocation is involved, the public agency must provide relocation counseling and financial benefits to the affected parties. The specific requirements for such counseling and benefits are set by legislation and regulations. Relocation disagreements are subject to appeal to the public agency. Relocation claims may also be presented in court through a lawsuit brought by the claimant. These lawsuits are usually separate from the eminent domain action in court.

The eminent domain action may proceed to trial on the right to use eminent domain or on the amount of just compensation. Trials concerning the right to use eminent domain are conducted only before a judge, without a jury. The California Constitution gives the public agency and the property owner the right to a jury trial on the issue of just compensation. Trials on just compensation focus on the testimony of qualified valuation witnesses. The valuation positions of both sides are usually exchanged in writing on a scheduled date before the trial. These positions are then supported at trial by live testimony, which is subject to cross-examination. At trial, no side has the burden of proof on just compensation. A jury normally must reach a verdict within the range of the valuation opinions allowed into evidence by testimony. In other words, the jury generally cannot find less than the lowest valuation testified to in the trial nor more than the highest valuation.

Before trial either side can make a formal offer to settle. After the trial, if the trial judge finds that the public agency's offer to settle was unreasonable and the owner's offer to settle was reasonable, the public agency is required to pay the owner's reasonable litigation and expert expenses. The public agency cannot recover litigation expenses from the owner for contesting the amount of just compensation. Interest on the awarded just compensation is determined by the court.

During the eminent domain court proceedings, a public agency occasionally may decide that it does not wish to proceed with the acquisition. The owner is given the opportunity to object to the public agency abandoning the proceedings. If the public agency does abandon proceeding with the acquisition, it must pay the other side's reasonable litigation and expert expenses.

Either side may appeal an eminent domain judgment. The appeal process may involve going to the California Court of Appeal, to the California Supreme Court, and to the U. S. Supreme Court. The Court of Appeal must hear a timely appeal. Further review by the California Supreme Court and U. S. Supreme Court is generally within the discretion of those courts.

You Should Seek Professional Advice

This pamphlet is intended to give you an overview of the eminent domain process and property owner rights under state eminent domain law. A public agency does not and cannot represent you or give you legal advice. If you have questions or concerns at any time, you should consider consulting a professional, including an attorney. You always have the right to legal counsel.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	<p>1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p>	
	<p>2 Business name/disregarded entity name, if different from above</p>	
	<p>3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</p> <p> <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate </p> <p> <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ </p> <p>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</p> <p> <input type="checkbox"/> Other (see instructions) ▶ _____ </p>	<p>4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p>
	<p>5 Address (number, street, and apt. or suite no.) See instructions.</p>	<p>Requester's name and address (optional)</p>
	<p>6 City, state, and ZIP code</p>	
	<p>7 List account number(s) here (optional)</p>	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> </tr> </table>				
or				
Employer identification number				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> </tr> </table>				

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶ _____	Date ▶ _____
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

2020 Withholding Exemption Certificate

590

The payee completes this form and submits it to the withholding agent. The withholding agent keeps this form with their records.

Withholding Agent Information

Name _____

Payee Information

Name _____

SSN or ITIN FEIN CA Corp no. CA SOS file no.

Address (apt./sta., room, PO box, or PMB no.) _____

City (If you have a foreign address, see instructions.) _____

State _____ ZIP code _____

Exemption Reason

Check only one box.

By checking the appropriate box below, the payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

Individuals — Certification of Residency:

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

Corporations:

The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

Partnerships or Limited Liability Companies (LLCs):

The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

Tax-Exempt Entities:

The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 _____ (insert letter) or Internal Revenue Code Section 501(c) _____ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit-Sharing Plans:

The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

California Trusts:

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.

Estates — Certification of Residency of Deceased Person:

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

Nonmilitary Spouse of a Military Servicemember:

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

CERTIFICATE OF PAYEE: Payee must complete and sign below.

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov/forms and search for 1131. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Type or print payee's name and title _____ Telephone _____

Payee's signature ► _____ Date _____



VALLECITOS WATER DISTRICT

A PUBLIC AGENCY

201 Vallecitos de Oro • San Marcos, California • 92069-1453 Telephone (760) 744-0460

NOTICE OF HEARING TO PROPERTY OWNER

Pursuant to Section 1245.235 of the California Code of Civil Procedure, you are hereby notified that at a regular meeting to be held on Wednesday, October 5, 2022, at 5:00 p.m., at the Vallecitos Water District Board Room, 201 Vallecitos de Oro, in San Marcos, California, the Board of Directors of the Vallecitos Water District intends to consider adopting a Resolution of Necessity, authorizing the commencement of eminent domain proceedings for the acquisition of permanent easements on portions of the real property generally identified as APN 228-370-38 (as more fully described and depicted in Exhibits A and B, which are attached hereto and incorporated herein by reference) (the "Permanent Easements"), and temporary construction easements on portions of APNs 228-370-38 and 228-370-04 (as more fully described and depicted in Exhibits C and D, which are attached hereto and incorporated herein by reference) (the "TCEs," and collectively with the Permanent Easements, the "Easements") for the Montiel Lift Station and Force Main Replacement Project ("Project"). According to the last equalized county assessment roll, the real property needed for the Easements are owned by San Marcos Hospitality, LLC.

A public hearing will be held at the time and place mentioned above and you have the right to appear and be heard on the following matters:

1. Whether the public interest and necessity require the project for which the property is sought to be acquired.
2. Whether the project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.
3. Whether the property is necessary for the proposed project.

4. Whether the offer required by Section 7267.2 of the California Government Code has been made.

If you wish to appear and be heard, please make a written request to appear and be heard to the Secretary of the Board of Directors at the address identified below prior to the October 5, 2022 Board Meeting. Failure to make a written request to appear and be heard within 15 days after this Notice was mailed will result in the waiver of your right to appear and be heard.

PUBLIC COMMENT INSTRUCTIONS:

Members of the public may address the Board on any item on the agenda when the item is considered, including the above-described item. A Request to Speak form is required to be submitted to the Senior Executive Assistant prior to the start of the meeting, if possible.

ALL COMMUNICATIONS SHOULD BE ADDRESSED TO:


Anthony Flores
Senior Executive Assistant to the Board of Directors
201 Vallecitos de Oro
San Marcos, California 92069

DATE OF HEARING: Wednesday, October 5, 2022
5:00 p.m.

PLACE OF HEARING: Vallecitos Water District Board Room
201 Vallecitos De Oro
San Marcos, California

DATED: September 12, 2022

VALLECITOS WATER DISTRICT

By: 
Anthony Flores
Senior Executive Assistant to the Board
of Directors

PROOF OF MAILING NOTICE

I, Alison Fretwell, acting on behalf of the Vallecitos Water District, hereby certify that on September 13, 2022, I mailed a copy of the attached notice by first-class mail to the following owners of real property located in the County of San Diego, State of California, more particularly described as Assessor Parcel Nos. 228-370-38 and 228-370-04:

San Marcos Hospitality, LLC
Attn: Bhavesh Patel
1650 Hotel Circle North, Suite 120
San Diego, CA 92108

DATED: September 13, 2022

Alison Fretwell

DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: WATER SUPPLY CONDITIONS UPDATE

BACKGROUND:

On April 20, 2022, the Vallecitos Board of Directors declared a Level 2 – Drought Alert (mandatory) condition within the Vallecitos Water District service area. Residential and commercial landscape irrigation is limited to no more than three days per week from June through October. This shall not apply to commercial growers, agricultural water accounts or nurseries. VWD will issue a Press Release at the end of October noting that irrigation will be restricted to two days per week.

DISCUSSION:

As water year 2022 (October 1, 2021, to September 30, 2022) ended, statewide precipitation was 76% of average. That ranks as the 29th driest year in a period of record that dates to water year 1896. The three-year statewide precipitation accumulation of 46.1 inches is the lowest three-year accumulation in the period of record, breaking the previous record of 49.3 inches in 2013-15. The year had wet and dry extremes from October's massive atmospheric river event to the driest start to a calendar year in the period of record.

The Northern Sierra 8-Station Precipitation Index shows values of 0% to date for the new water year. Snowpack water content statewide is nonexistent, and a slide is not included. Lake Oroville is at 34% of capacity and the San Luis Reservoir is at 27% of capacity.

On the Colorado River, Lake Mead is currently 28% full and Lake Powell is 25% full. Upper Basin precipitation is 91% to date.

Locally, the National Weather Service/NOAA three-month temperature outlook shows the San Diego area as "above normal favored." Precipitation is "below normal favored."

FISCAL IMPACT:

Conservation measures can reduce revenues. There currently is no expected fiscal impact beyond seasonal changes.

RECOMMENDATION:

For information only.

DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: URBAN RETAIL WATER SUPPLIERS: WATER LOSS MANAGEMENT

BACKGROUND:

California Senate Bill (SB) 555, passed in October 2015, and California Water Code Section 10608.34 requires urban water suppliers to submit a completed and validated water loss audit annually to the California Department of Water Resources (DWR) starting in October 2017. The water loss audit must be completed in accordance with the method adopted by the American Water Works Association (AWWA) in the fourth edition of Water Audits and Loss Control Programs, Manual M36 and in the Free Water Audit Software, version 5.0.

The California-Nevada (CA-NV) Section of the AWWA led a broad group of stakeholders that came together in 2015 to combat water loss in California by forming the California Water Loss Control Collaborative (WLCC). This group included utility personnel, industry organizations, non-profits as well as state entities. The WLCC project was funded wholly or in part by the United States Environmental Protection Agency (EPA) and the State Water Resources Control Board (SWRCB), through the State Revolving Fund set-aside for technical assistance.

The WLCC in turn developed the Water Loss Technical Assistance Program (Water Loss TAP) to aid urban water suppliers in complying with SB 555. The Water Loss TAP program ushered utilities through a series of four work sessions or waves to accomplish this goal.

DISCUSSION:

Water Loss TAP documents recommend that each water agency put together their own internal water audit team consisting of representatives from: Billing & Finance; Conservation; Engineering; and Supply & Operations. Vallecitos' water audit team includes:

Mike Arthur, Principal Financial Analyst
Ed Pedrazzi, Operations & Maintenance Manager
Chris Robbins, Public Information/Conservation Supervisor
Chris Tapia, Meter Services Supervisor

The initial workshops were designed to familiarize staff with the various definitions in water loss including:

- Water Supplied: the volume of treated water supplied to the retail water distribution system of a utility with the intent to serve customers. Water Supplied does not include bulk water exports. Therefore, Water Supplied is calculated by subtracting Water Exported from System Input Volume.

- Authorized Consumption: is water that is used by known customers of the water system. Authorized consumption is the sum of billed authorized consumption and unbilled authorized consumption and is a known quantity. An example of unbilled authorized consumption would be water used at the District's own facilities. It also includes water supplied to other water systems where the District supplies water to a customer, but another agency bills for it.
- Real Losses: also referred to as physical losses, are actual losses of water from the system and consist of leakage from transmission and distribution mains, leakage and overflows from the water system's storage tanks and leakage from service connections up to and including the meter. The software estimates these values unless the agency has better data.
- Apparent losses: occur when water that should be included as revenue generating water appears as a loss due to unauthorized actions or calculation error. Apparent losses consist of unauthorized consumption, customer metering inaccuracies, and systematic data handling errors in the meter reading and billing processes.
- Non-Revenue Water (NRW): is water that is not billed, and no payment is received, such as fire suppression that is not reimbursed. It can be either authorized or result from apparent and real losses. Unbilled Authorized Consumption is a component of NRW and consists of unbilled metered consumption and unbilled un-metered consumption. The formula for Non-Revenue Water equals Water Losses plus Unbilled Metered plus Unbilled Unmetered Water.

Staff use these and other definitions along with the Water Audit Software (Excel spreadsheet) and District data to create a reporting worksheet.

Principal Financial Analyst, Michael Arthur completed the water audit in September 2022 and Elizabeth Lopez, Development Services Supervisor served as the validator. The final validated Water Audit data was submitted to DWR on September 29, 2022, and is included in this packet as attachments.

VALIDATED AUDIT RESULTS:

Results from the CY 2021 audit show the following values:

Water Supplied:	14,879.2 acre feet
Authorized Consumption:	14,226.7 acre feet
Water Losses:	652.5 acre feet
Non-Revenue Water:	743.4 acre feet

Non-Revenue Water was reduced by 105.6 acre feet from CY 2020 to 2021. Staff throughout the District have made efforts to reduce water loss. It's difficult to pinpoint exactly which measure helped with the reduced water loss.

In CY 2021, Non-Revenue Water was approximately 4.9% of Water Supplied, down from 5.7% in CY 2020. In CY 2021 Water Losses was 4.4% of Water Supplied, down from 5.1% in CY 2020.

Integers are assigned to each data component to describe confidence and accuracy of input data with 1 being low and 10 being high. The Water Audit Software includes a weighted scale of the components which notes the confidence in the specific data values. The District has a “Water Audit Data Validity Score” of 70. Last year, Nirmal Benin, P.E., Senior Engineer for DWR confirmed with Bethany Robinson, Ph.D., Water Resource Control Engineer for the SWRCB that the average score in the State is 63.

This is an annual process. It is expected that a standard for water system loss will be established through the SB 555 process and may be expressed as volume per capita or volume per connection, accounting for relevant factors such as infrastructure age and condition. It is anticipated that at some point, DWR or the SWRCB will also direct agencies to improve or increase their “Water Audit Data Validity Score.”

When that happens, it is recommended that the District consider budgeting for a customer meter testing program which tests a sample of random meters whose stratification (by size, age, or other characteristics) represents the entire customer meter stock. The lack of a District meter testing program contributed to one of the lowest ratings on the “Water Audit Data Validity Score.” Implementing a meter testing program should increase that score. Meter Services Supervisor Chris Tapia is aware of this requirement. General Manager Pruim and Operations & Maintenance Manager Ed Pedrazzi have identified a possible location to install a meter testing bench.

RECOMMENDATION:

For information only.

ATTACHMENTS:

Vallecitos Water District validated water audit submitted to DWR on September 29, 2022.

Certified Validation Report Template, Part A: Provided by Validator

Audit Information

Water System Name: Vallecitos Water District

Public Water System Identification (PWSID)¹: CA3710002

¹List only 1 PWSID, which should match the PWSID on the FWAS Instructions Tab. For Special cases where multiple water systems are connected with permanent two-way interties, list those additional PWSIDs in the **Notes** below and describe the water distribution system(s) configuration.

PWSID and Water System Configuration Notes (Provided to Validator by Water System):

See Validation Summary Notes, Pre-Interview Notes on Page 1

Audit Period: 2021 - Calendar Year

Water System Representatives

Validation Date: 9/27/22

Sufficient Supporting Documents Provided: Yes

Ed Pedrazzi, Michael Arthur, Chris Tapia

Validation Findings & Confirmation Statement

Key Audit Metrics:

Data Validity Score: 70	Data Validity Tier (Level): Band III (51-70)	Real Loss: 22.33 gal / conn / day	gal / mile / day
Non-revenue water as percent of cost of operating system: 3.5%		Apparent Loss: 3.34 gal / conn / day	
		ILI: 0.86	


Certification Statement by Validator:

This water loss audit report has been Level 1 validated per the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34.

All recommendations on volume derivation and Data Validity Grades were incorporated into the water audit.

If not, rejected recommendations are included here:

Validator Information

Water Audit Validator: Elizabeth Lopez 

Qualifications: Water Audit Validator Certificate issued by the CA-NV Section of the AWWA

Validator Provided

Certified Validation Report Template, Part B: Provided by Utility

Water System Name: Vallecitos Water District

Public Water System Identification (PWSID)²: CA3710002

² List only 1 PWSID, which should match the PWSID on the FWAS Instructions Tab. For special cases where multiple water systems are connected with permanent two-way interties, those additional PWSIDs should have been listed in the Notes Section on Page 1 by the Validator.

Water Audit & Water Loss Improvement Steps:

- 1. Steps Taken:** Water System to identify steps taken in the preceding 3 years to increase data validity, reduce real loss, and reduce apparent loss as informed by the annual validated water audit (23 CCR Section 638.5(b)(3): Beginning in 2018, information identifying steps taken by the urban retail water supplier in the preceding 3 years to increase the validity of data entered into the final audit, reduce the volume of apparent losses, and reduce the volume of real losses, as informed by the annual validated water audit (Please attach additional pages if space provided below is insufficient):

Last year: Reporting was improved to detect and identify billing anomalies before the billing cycle is over.

2 Years Ago: The Vallecitos Water District refined and continued billing the San Marcos Fire Department training facilities for their water use. This creates a revenue water source not previously captured. The Vallecitos Water District now meters water used by our own sewer combination trucks, which was previously unmetered.

3 Years Ago: The Vallecitos Water District's 2019 Water Audit also makes an adjustment in the metered usage data time period to align with the audit period. The 2016 & 2017 versions of the water audit had a one-month lag time between metered usage data and metered import data that could create anomalies between the two. This adjustment should better match supply and demand on a per-month basis.

- 2. Planned Steps (OPTIONAL):** If your audit reflects negative real losses or the cost of non-revenue water is greater than 100% of the operating costs (issues for which your audit will not meet code requirements), you will be asked what steps you are planning in the coming year to address these issues. If you already know what steps you plan to take, you may list them here. If not, please prepare a response within 90 days (23 CCR Section 638.6(a)).

Not applicable

3. Certification Statement by Utility Executive:

This water loss audit report meets the requirements of California Code of Regulations Title 23, Division 2, Chapter 7 and the California Water Code Section 10608.34 and has been prepared in accordance with the method adopted by the American Water Works Association, as contained in their manual, *Water Audit and Loss Control Programs, Manual M36, Fourth Edition* and in the Free Water Audit Software version 5.

Executive Name(Print)

Executive Position

Signature

Date

Glenn Pruim

General Manager



9/28/22

2021 (Calendar Year) Level 1 Validation Notes

Pre-Interview Notes	<p>Monthly reports for import and export water volumes provided</p> <p>Primary export meter signal calibration report received</p> <p>Import meter signal calibration reports received</p> <p>Authorized monthly consumption for each use category provided</p> <p>Customer retail unit cost derivation spreadsheet received</p> <p>Variable production cost derivation spreadsheet received</p>
---------------------	--

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
Volume from Own Sources (VOS)	<p>Supply meter profile: No supply from own sources</p> <p>VOS Input Data Source: N/A</p> <p>Comments:</p> <p>Confirmed input value: 0 acre-feet/year</p>	<p>Percent of VOS metered: N/A</p> <p>Signal calibration frequency: N/A</p> <p>Volumetric testing frequency: N/A</p> <p>Volumetric testing method: N/A</p> <p>Percent of VOS tested and/or calibrated: N/A</p> <p>Comments:</p> <p>Confirmed DVG: N/A</p>
VOS Master Meter Error Adjustment	<p>Adjustment Basis: No supply from own sources</p> <p>Net Storage Change Included: N/A</p> <p>Comments:</p> <p>Confirmed input value: N/A</p>	<p>Supply meter read frequency: N/A</p> <p>Supply meter read method: N/A</p> <p>Frequency of data review: N/A</p> <p>Storage level monitoring frequency: N/A</p> <p>Comments:</p> <p>Confirmed DVG:</p>
Water Imported (WI)	<p>Import meter profile: 5 import connections to San Diego County Water Authority (including desalinated water connection) through Venturi meters; 1 import connection to the Olivenhain Municipal Water District through a mag meter.</p> <p>WI Data Source: Totaled from all monthly volume reads</p>	<p>Percent of WI metered: 100%</p> <p>Signal calibration frequency: Semi-annually for San Diego County Water Authority meters; annually for the Olivenhain Municipal Water District meter.</p> <p>Volumetric testing frequency: None</p> <p>Volumetric testing method: N/A</p> <p>Percent of WI tested and/or calibrated: 100%</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
	<p>Comments: Input derivation from supporting documents confirmed. Exclusion of non-potable sources verified.</p> <p>Confirmed input value: 18,084.5 acre-feet/year</p>	<p>Comments: Signal calibration testing performed annually for over 90% of the source flow (by volume). Volumetric flow testing not performed.</p> <p>Confirmed DVG: 7</p>
<p>WI Master Meter Error Adjustment</p>	<p>Adjustment Basis: No adjustments made in absence of volumetric flow test data.</p> <p>Comments:</p> <p>Confirmed input value: No value</p>	<p>Import meter read frequency: Continuous</p> <p>Import meter read method: Automatic logging via SCADA telemetry</p> <p>Frequency of data review: Monthly</p> <p>Comments: Metered data is reviewed monthly by the purchasing agency only; therefore, a Data Value Grade of 6 is not supported.</p> <p>Confirmed DVG: 5</p>
<p>Water Exported (WE)</p>	<p>Export meter profile: Total of 4 metered export connections. The main export interconnection is with the Carlsbad Municipal Water District. Smaller volume interconnections also exist with the Olivenhain Municipal Water District, the Vista Irrigation District, and the City of Escondido.</p> <p>WE Data Source: Totaled from all monthly volume reads</p> <p>Comments: Input derivation from supporting documents confirmed. Exclusions of non-potable volumes confirmed. Exclusion of Billed Metered Authorized Consumption confirmed.</p> <p>Confirmed input value: 3,205.3 acre-feet/year</p>	<p>Percent of WE metered: 100%</p> <p>Signal calibration frequency: Annually for the Carlsbad Municipal Water District meter; no calibration for the Vista Irrigation District or City of Escondido.</p> <p>Volumetric testing frequency: None</p> <p>Volumetric testing method: N/A</p> <p>Percent of WE tested and/or calibrated: 98.9%</p> <p>Comments: Signal calibration testing performed annually for over 90% of the source flow by volume, but no volumetric flow testing performed</p> <p>Confirmed DVG: 7</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
<p>WE Master Meter Error Adjustment</p>	<p>Adjustment Basis: No adjustments made in absence of volumetric flow test data.</p> <p>Comments:</p> <p>Confirmed input value: 3,205.3 acre-feet/year</p>	<p>Export meter read frequency: Continuous</p> <p>Export meter read method: Automatic logging via SCADA telemetry</p> <p>Frequency of data review: Monthly</p> <p>Comments: Metered data is reviewed monthly by the purchasing agency only; therefore, a Data Value Grade of 6 is not supported.</p> <p>Confirmed DVG: 5</p>
<p>Billed Metered Authorized Consumption (BMAC)</p>	<p>Customer Meters & Reads Profile:</p> <ul style="list-style-type: none"> - Age profile: 95% of meters are 10 years old, or less. Older meters may be up to 30 years old. - Reading system: Predominantly AMR, with less than 10 accounts manually read due to radio coverage. - Read frequency: Monthly <p>Billing Data Pro-rated? Yes, pro-rated based on (dead) meter exchanges</p> <p>Comments: Input derivation from supporting documents confirmed; metered data time period is adjusted to align with the audit period. Exclusion of non-potable volumes confirmed.</p> <p>Confirmed input value: 14,135.6 acre-feet/year</p>	<p>Percent of customers metered: 100%</p> <p>Small meter testing policy: Reactive and only performed due to customer complaints</p> <p>Number of small meters testing/year: Less than 10/year</p> <p>Large meter testing policy: Reactive and only performed due to customer complaints</p> <p>Number of large meter tested/year: Less than 3/year</p> <p>Meter replacement policy: Upon meter failure or when flagged for consumption anomalies</p> <p>Number of replacements/year: Not quantified, but known to be small</p> <p>Billing data auditing practice: Computer records exist with annual auditing conducted by utility personnel during each billing cycle.</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
		<p>Comments: Volumes are reviewed by utility personnel during each billing cycle. A proactive meter testing program is in place; therefore, a Data Value Grade of 6 is not supported.</p> <p>Confirmed DVG: 5</p>
<p>Billed Unmetered Authorized Consumption (BUAC)</p>	<p>Billed Unmetered Profile: One-day permits from the utility authorize the use up to 10,000 gallons of water.</p> <p>Input Derivation: Assumes 10,000 gallons of potable water use for each one-day permit issued. Exclusion of non-potable volumes was confirmed.</p> <p>Comments: Flat-rate charge with the goal of minimizing such unmetered usage.</p> <p>Confirmed input value: 0.2 acre-feet/year</p>	<p>Policy for metering exemptions: Authorized small-scale, single-family residence projects only. Commercial landscaping and construction water usage are metered.</p> <p>Comments: Site-specific methods were not performed to obtain reliable estimates of consumption.</p> <p>Confirmed DVG:7</p>
<p>Unbilled Metered Authorized Consumption (UMAC)</p>	<p>Unbilled Metered Profile: Vallecitos Water District internal consumption, such as water pipeline flushing, sewer pipeline maintenance, headquarters building, and water recycle plant potable water use.</p> <p>Input Derivation: Totaled from all monthly volume reads.</p> <p>Comments: Input derivation from supporting documents confirmed. Exclusion of non-potable volumes confirmed.</p> <p>Confirmed input value: 83.2 acre-feet/year</p>	<p>Policy for billing exemptions: Written policy exists regarding internal billing exemptions.</p> <p>Comments: Internal usage is audited monthly by utility personnel. Meters are not calibrated on an annual basis. Policy does not emphasize keeping these accounts to a minimum.</p> <p>Confirmed DVG:9</p>
<p>Unbilled Unmetered Authorized Consumption (UUAC)</p>	<p>Unbilled Unmetered Profile: Vallecitos Water District’s potable water tank wash-out water usage.</p>	<p>Default or Adjusted Default Applied: Value adjusted based on estimated flow methodology.</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
	<p>Input Derivation if Estimated: Consumption is quantified via formulae. Exclusion of non-potable volumes were confirmed.</p> <p>Comments: No additional comments to include.</p> <p>Confirmed input value: 7.700 acre-feet/year</p>	<p>Completeness of Documentation: Records document each occurrence.</p> <p>Comments: Written policy exists regarding internal potable water usage with the intent of minimizing this type of consumption.</p> <p>Confirmed DVG: 10</p>
<p>Unauthorized Consumption (UC)</p>	<p>Default Applied? Yes</p> <p>Input Derivation if Customized: N/A</p> <p>Comments: No additional comments to include.</p> <p>Confirmed input value: 37.198 acre-feet/year</p>	<p>Instances and extent of UC documented: None</p> <p>Comments: Default grade applied</p> <p>Confirmed DVG: 5</p>
<p>Customer Metering Inaccuracies (CMI)</p>	<p>Input Derivation: Default value applied</p> <p>Comments: The meter population includes a mix of new high-performing meters and dated meters with suspect accuracy.</p> <p>Confirmed input value: 35.636 acre-feet/year</p>	<p>Characterization of meter testing: Testing was reactive and only performed due to customer complaints. The District estimated that less than 3 meter tests are performed per year.</p> <p>Characterization of meter replacement: Replacement occurred upon meter failure or when flagged for consumption anomalies. Number of meter replacements per year are believed to be small.</p> <p>Comments: A reliable electronic record keeping system for meter is maintained. However, without a proactive meter testing program in place, a Data Value Grade of 4 is not supported.</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
<p>Systematic Data Handling Errors (SDHE)</p>	<p>Input Derivation: Estimated based on an assumed error of 42,000 cubic feet of water per month.</p> <p>Comments: No additional comments.</p> <p>Confirmed input value: 12.000 acre-feet/year</p>	<p>Confirmed DVG: 3</p> <p>If custom estimate provided --</p> <p>Characterization of read collection & billing process: Policy and procedures for new account activation are in place and reviewed periodically. Oversight of billing operations is reviewed monthly. Computerized billing system is being utilized with reports to confirm billing data and system functionality.</p> <p>Characterization of billing process and billing data auditing: Internal checks of billing data error are conducted monthly. Volume attributed to errant reads, stuck meters, and other shortcomings of the billing process can only be approximated.</p> <p>Confirmed DVG: 5</p>
<p>Length of Mains</p>	<p>Input Derivation: Totaled from GIS data.</p> <p>Hydrant lateral length included: Yes</p> <p>Comments: Hydrant lateral lengths are taking from the water main to the hydrant.</p> <p>Confirmed input value: 381.5 miles</p>	<p>Mapping format: Digital</p> <p>Asset management database: GIS</p> <p>Map updates & field validation: Infrastructure updates are added to GIS as facilities are constructed and plans as-built. New facilities are field verified through inspection of the new facilities and the as-built process.</p> <p>Comments: Written policy exists for managing water main extensions and replacements.</p> <p>Confirmed DVG: 9</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
<p>Number of Active and Inactive Service Connections</p>	<p>Input Derivation: Standard report run from the billing system.</p> <p>Basis for database query: By meter identification number.</p> <p>Comments: Number of connections cross-checked with GIS. A deviation of less than 200 meters currently exists between the two systems.</p> <p>Confirmed input value: 22,693 connections</p>	<p>CIS updates & field validation: Meter readers detect and field verify anomalies with the billing system. Total meter count between billing and meter departments generally agree.</p> <p>Estimated error of total count within: 1%</p> <p>Comments: Written policy and auditing procedures exist for reliable management of service connection population.</p> <p>Confirmed DVG: 9</p>
<p>Average Length of Customer Service Line</p>	<p>Are customer meters at the curbstop? Yes</p> <p>Where are customer meters installed if not at curbstop? N/A</p> <p>Customer service line derivation: N/A</p> <p>Comments: No additional comments.</p> <p>Confirmed input value: 0 feet</p>	<p>Comments: Default value applied</p> <p>Confirmed DVG: 10</p>
<p>Average Operating Pressure</p>	<p>Number of zones, general setup: 26 pressure zones</p> <p>Typical pressure range: 40 psi to 150 psi per policy, although some high-pressure areas can be up to 175 psi, if meter type allows.</p> <p>Input derivation: Output from hydraulic model, averaged over the entire distribution system.</p> <p>Comments: Well-managed, discrete pressure zones exist.</p> <p>Confirmed input value: 108 psi</p>	<p>Extent of static pressure data collection: From fire hydrants or testing stations taken during construction projects and to address customer complaints.</p> <p>Characterization of real-time pressure data collection: Current, full-scale SCADA system is in-place to monitor water distribution system and collect data, including real-time pressure readings.</p> <p>Hydraulic model in place? Calibrated?: Yes; last calibrated in 2018 against the SCADA system data and manual pressure reads.</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
		<p>Comments: Procedures are not reviewed by a third party knowledgeable in the M36 methodology.</p> <p>Confirmed DVG: 9</p>
<p>Total Operating Cost (TOC)</p>	<p>Input Derivation: From official financial statements.</p> <p>Comments: Confirmed costs are limited to water only, including engineering costs and overhead.</p> <p>Confirmed input value: \$42,668,644 per year</p>	<p>Frequency of internal auditing: Annually</p> <p>Frequency of third-party CPA auditing: Annually</p> <p>Comments: Reliable electronic, industry-standard cost accounting system is in place.</p> <p>Confirmed DVG: 10</p>
<p>Customer Retail Unit Cost (CRUC)</p>	<p>Input Derivation: Total consumptive revenue divided by billed metered consumption.</p> <p>Sewer Charges Volumetric? Only commercial accounts.</p> <p>Sewer Charges Included? No.</p> <p>Comments: Water rate structure updated annually and applied consistently in billing operations except for construction meters (charged at highest tier for all usage) and agricultural accounts (charged at middle tier for all usage and eligible for discounted agricultural rate).</p> <p>Confirmed input value: \$5.20 per 100 cubic feet</p>	<p>Characterization of calculation: Weighted average composite of all CII and other customer rates.</p> <p>Comments: Rate structure and calculations of composite rates are not reviewed by a third party knowledgeable in the M36 methodology, thus a Data Value Grade of 10 is not supported.</p> <p>Confirmed DVG: 9</p>
<p>Variable Production Cost (VPC)</p>	<p>Supply profile: Imported potable water supply only</p>	<p>Characterization of calculation: Total commodity portion of imported costs less than utility overhead, all divided by total potable water purchases.</p>

Level 1 Validation Summary Notes Template

Audit Input	Confirmation of Input Derivation	Confirmation of DVG Assignment
	<p>Direct variable costs included: Commodity portion of purchase costs plus variable distribution costs.</p> <p>Secondary costs included: Secondary costs of imported assumed in purchase costs.</p> <p>Comments: Pertinent marginal (variable) supply costs beyond power and additional treatment are included.</p> <p>Confirmed input value: \$1,944.44 per acre-foot</p>	<p>Comments: Reliable electronic industry-standard cost accounting system is in place. Data is audited by utility personnel annually. Since the data is not audited by a third party knowledgeable in M36 methodology, a Data Value Grade of 8 is not supported.</p> <p>Confirmed DVG: 7</p>
<p>Pending Items needed to complete the validation</p>	<p>None</p> <p>Validator: Elizabeth Lopez 760-752-7177</p>	

DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: FISCAL YEAR 2023 TACTICAL PLAN INITIATIVES

BACKGROUND:

At its meeting on December 15, 2021, the Board adopted Strategic Plan 2022. The plan lays out the District's strategic direction for the next five to six years. The strategic direction was broken into six Strategic Focus Areas (SFAs). Each SFA also contained a number of Supporting Strategies (SSs), which more clearly defined the objectives of each of the SFAs. Listed below are the SFAs and SSs contained within Strategic Plan 2022:

- 1. Infrastructure Integrity:**
 - Operations and Maintenance
 - Asset Management and Replacement
 - Facility Planning
- 2. Organizational Improvement/Efficiency:**
 - Technology
 - Continuous Improvement
 - Performance Measurement
- 3. Workforce Excellence:**
 - Employee Engagement
 - Employee Recruitment and Retention
 - Employee Training and Development
- 4. Fiscal Responsibility:**
 - Fiscal Management
 - Operating and Capital Facility Reserve Funding
 - Customer Rates and Charges
- 5. Public Information and Outreach:**
 - Customer Outreach
 - School Outreach
 - Water Use Efficiency
 - Public/Private Partnerships
- 6. Environmental Stewardship:**
 - Water Resources
 - Water Supply Management
 - Renewable Resources
 - Natural Environment Protection

DISCUSSION:

In order to attain the vision outlined in the Strategic Plan, staff have developed an implementation plan, called the Tactical Plan. A Tactical Plan will be developed for each Fiscal Year covered by the Strategic Plan. On March 2, 2022, the Board adopted Tactical

Plan 2022, which covered the time period until June 30, 2022. On September 7, 2022, the Board received a report summarizing the results of the 37 items contained within Tactical Plan 2022.

The Tactical Plan now being presented to the Board (Tactical Plan 2023) covers the period of time spanning from July 1, 2022, through June 30, 2023. The Tactical Plan Initiatives contained in the Tactical Plan will continue to move the District towards its objectives. The Initiatives selected recognize the organizational limitations of staffing, time, budget, and workload. Tactical Plan 2023 contains 64 initiatives, addressing all six of the Strategic Focus Areas contained within Strategic Plan 2022.

During each Tactical Plan cycle, the Board will receive updates on the status of the Initiatives contained in the Tactical Plan. Near the end of any FY, staff will be developing a Tactical Plan for the subsequent FY. Staff will address resource issues associated with the upcoming years' Tactical Plan Initiatives in each year's respective budget.

FISCAL IMPACT:

There is no specific fiscal impact to approving Tactical Plan 2023. The Tactical Plan Initiatives contained in Tactical Plan 2023 are expected to be able to be completed within current budget and resource allocations.

RECOMMENDATION:

This item is presented for Board review and consideration. If no changes are needed, the staff recommends the Board adopt Tactical Plan 2023.

ATTACHMENT:

Tactical Plan 2023
Vallecitos Water District's Strategic Plan 2022

Tactical Plan 2023

STRATEGIC FOCUS AREA NO. 1: INFRASTRUCTURE INTEGRITY		
SUPPORTING STRATEGY	TACTICAL PLAN INITIATIVE	DEPARTMENT
Operations and Maintenance	Enhance Fats, Oils, and Grease Program with field sampling to determine sewer strength	Operations and Maintenance
Operations and Maintenance	Complete wastewater collections odor control system upgrades	Operations and Maintenance
Operations and Maintenance	Meadowlark Failsafe replacement (Buena Reach)	Engineering/Capital Facilities
Operations and Maintenance	Sage Canyon Tank refurbishment	Engineering/Capital Facilities
Operations and Maintenance	Emergency Bypass Rehabilitation Project	Engineering/Capital Facilities
Operations and Maintenance	MRF Conversion to Sodium Hypochlorite	Operations and Maintenance/ Engineering
Operations and Maintenance	Tres Amigos Waterline Replacement Phase I	Engineering/Capital Facilities
Asset Management and Replacement	Assess all steel reservoirs and create rehabilitation schedule	Operations and Maintenance/ Engineering
Asset Management and Replacement	Inventory of single-check fire service backflows and develop replacement program	Operations and Maintenance
Asset Management and Replacement	Accelerate Valve Replacement Program	Operations and Maintenance/ Engineering
Asset Management and Replacement	Sewer lining and rehabilitation 2022 project	Engineering/Capital Facilities
Asset Management and Replacement	Asset Management Plan	Engineering/Asset Management
Asset Management and Replacement	Develop annual report on pump & motor efficiency analysis	Operations and Maintenance
Asset Management and Replacement	District-Wide water leak detection	Engineering/Asset Management
Facility Planning	Montiel Lift Station and Forcemain Replacement Project	Engineering/Capital Facilities
Facility Planning	Land Outfall Parallel Sewer Section	Engineering/Capital Facilities

Tactical Plan 2023

STRATEGIC FOCUS AREA NO. 2: ORGANIZATIONAL IMPROVEMENT/EFFICIENCY		
SUPPORTING STRATEGY	TACTICAL PLAN INITIATIVE	DEPARTMENT
Technology	Digital signature/E-Signature initiative for contracts and public forms	Information Technology
Technology	Public Record Request submission/tracking software	Information Technology
Technology	Electronic forms submission for the public	Information Technology
Technology	SCADA upgrade project - Phase II	Information Technology
Technology	Update and ensure compliance with Records Retention Policy	Administrative Assistant/Information Technology
Technology	DHS upgrades for critical infrastructure hardware	Information Technology
Continuous Improvement	Update Board Member Handbook	General Manager/Administrative Assistants
Continuous Improvement	Maximo plan check process finalization and reporting	Engineering/Development Services
Performance Measurement	Annual Change Order percentage less than 5%	Engineering/Capital Facilities

Tactical Plan 2023

STRATEGIC FOCUS AREA NO. 3: WORKFORCE EXCELLENCE		
SUPPORTING STRATEGY	TACTICAL PLAN INITIATIVE	DEPARTMENT
Employee Engagement	Provide opportunities for interactions with General Manager Re: Employee MOU negotiations	General Manager
Employee Engagement	Explore early retirement incentives	Administrative Services/Human Resources
Employee Recruitment and Retention	Complete annual Soft Skills training for all employees	Administrative Services/Human Resources
Employee Recruitment and Retention	Conduct "Stay Interviews" of key staff	Administrative Services/Human Resources
Employee Recruitment and Retention	Conduct negotiations with Employee Association for a successor MOU	Administrative Services/Human Resources
Employee Recruitment and Retention	Complete a compensation study	Administrative Services/Human Resources
Employee Recruitment and Retention	Revise policies and processes to assist with recruitment efforts	Administrative Services/Human Resources
Employee Recruitment and Retention	Hiring/Retention incentives	Administrative Services/Human Resources
Employee Recruitment and Retention	Improve diversity recruitment strategies	Administrative Services/Human Resources
Employee Recruitment and Retention	Leave Donation policy	Administrative Services/Human Resources
Employee Training and Development	Leadership assessments for new supervisors	Administrative Services/Human Resources
Employee Training and Development	Update the District's Succession Plan	Administrative Services/Human Resources
Employee Training and Development	Conduct "Smith System" Driver Training	Administrative Services/Risk & Safety
Employee Training and Development	Survey field crews to identify most likely source of injuries	Administrative Services/Risk & Safety

Tactical Plan 2023

STRATEGIC FOCUS AREA NO. 4: FISCAL RESPONSIBILITY		
SUPPORTING STRATEGY	TACTICAL PLAN INITIATIVE	DEPARTMENT
Fiscal Management	Evaluate water/sewer capacity issue	Engineering/Development Services
Fiscal Management	Update reclaimed water agreement	Finance
Fiscal Management	Develop solar benefit analysis review and tracking	Finance
Fiscal Management	Evaluate need and options for lines of credit	Finance
Fiscal Management	Evaluate outsourcing of payroll	Finance
Fiscal Management	Develop financial benchmarking for CIP	Finance
Fiscal Management	Prepare award winning Comprehensive Annual Financial Report	Finance
Fiscal Management	Expand NorthStar and Maximo integration to improve efficiencies	Finance
Fiscal Management	Evaluate Benefit of Meter Bench Test Facility	Finance
Fiscal Management	Prepare AMI Feasibility/ROI Study	Finance
Fiscal Management	Cross connection control program development	Finance
Operating and Capital Facility Reserve Funding	Develop PERS Funding Target Policy	Finance
Operating and Capital Facility Reserve Funding	Investigate development of Rate Stabilization Fund	Finance
Customer Rates and Charges	Modify bills to illustrate pass through rates	Finance
Customer Rates and Charges	Explore placing certain revenue requirements on property tax bill	Finance
Customer Rates and Charges	Monetization of other District land	General Manager

Tactical Plan 2023

STRATEGIC FOCUS AREA NO. 5: PUBLIC INFORMATION AND OUTREACH		
SUPPORTING STRATEGY	TACTICAL PLAN INITIATIVE	DEPARTMENT
Customer Outreach	Partner with EPA Watersense	Administrative Services/ Public Information
Customer Outreach	Develop "A Day in the Life of ..." videos for entry level job classifications	Administrative Services/ Public Information
Customer Outreach	Website redesign	Administrative Services/ Public Information
Customer Outreach	Develop new customer welcome packet	Administrative Services/ Public Information
School Outreach	Refine/Expand Palomar College Intern Program	Administrative Services/ Public Information
Public/Private Partnerships	Explore bulk purchasing initiative, shared services	Operations and Maintenance/ Finance

Tactical Plan 2023

STRATEGIC FOCUS AREA NO. 6: ENVIRONMENTAL STEWARDSHIP		
SUPPORTING STRATEGY	TACTICAL PLAN INITIATIVE	DEPARTMENT
Renewable Resources	Analyze alternative fuel options for hand tools (blowers, etc.)	Operations and Maintenance
Water Resources	MRF Direct Potable Reuse Feasibility Evaluation	Engineering/ Development Services
Water Supply Management	Water loss validation	Engineering/ Development Services



2022 Strategic Plan



This Strategic Plan is the core document that will guide the District’s efforts to positively adapt to change, and further clarify the future from the perspective of Board and management. The plan establishes a vision and direction for the District, with goals and objectives over the next five to seven years. It identifies areas of critical concern that must be addressed for the District to remain successful and provides management and staff with common goals to achieve our mission.



Mission Statement

The water and wastewater specialists – providing reliable and sustainable services.

Vision of the Future

To be a best-in-class utility of the “One Water” resource.

Organizational Values

Integrity

Honest and ethical policies, communication, and actions without bias.

Loyalty

Dedicated to the Public, the District, and its employees.

Respect

Appreciate differences in background, opinion, and approach, and acknowledge with high regard.

Responsibility

Demonstrate prudent use of all public and environmental resources.

Trust

Our actions and words inspire fairness and support.

Professionalism

Conduct interactions in a courteous and respectful manner and be responsible for personal actions and decisions.

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STRATEGIC FOCUS AREA 1 – INFRASTRUCTURE INTEGRITY

Focus: Ensure reliable facilities and infrastructure.



Strategy 1.1 – Operations and Maintenance

The life of District assets can be extended by performing preventative and predictive maintenance, repairing, and replacing equipment as needed, to ensure that our customers continue to receive a high level of service that includes a safe and reliable water supply, dependable sewer collection services, and cutting-edge wastewater treatment that meets or exceeds all regulatory requirements.

Strategy 1.2 – Asset Management and Replacement

Infrastructure includes the traditional utility assets (pipelines, pump stations, treatment plants, etc.) as well as supporting facilities, such as District buildings and Information Technology systems. Leveraging the historical maintenance and performance history of our facilities with mapping, condition assessment, and analytical tools will allow the District to manage its infrastructure more efficiently. The development and prioritization of an asset replacement schedule is crucial to minimize the financial burden of prematurely replacing infrastructure that still possess useful life and reduce the frequency of unplanned and costly breaks and repairs.

Strategy 1.3 – Facility Planning

The Water, Wastewater and Recycled Water Master Plan is the fundamental growth-related planning document of the District, which identifies current and future Capital Facility needs and the required funding to meet those needs. The Master Plan will be updated based on need due to land use changes and/or regulatory requirements and will include projections on water, wastewater, recycled water demands, facilities required to meet those demands, as well as long term buildout capital facilities and demands.

STRATEGIC FOCUS AREA 2 – ORGANIZATIONAL IMPROVEMENT/EFFICIENCY

Focus: Increase organizational effectiveness and customer service excellence.



Strategy 2.1 – Technology

Technology is critical to our ability to keep our systems secure and prepare for disasters. Staying current with technology is a never-ending challenge that must be balanced by our needs and wants through a cost benefit analysis. Using reliable, tested products with ongoing support helps to ensure the systems will continue to meet our needs in the future.

Strategy 2.2 – Continuous Improvement

Efficiency and improvement require evaluation, willingness to review and consider change and the ability to manage our work processes more effectively. By reviewing our processes on a regular basis to determine what works well or needs to change, we can revisit the capabilities of technology to get the most benefit and increase efficiency. Rather than “reinvent the wheel,” collaboration with other agencies can result in organizational improvements in a cost effective and more efficient manner. We will also refer to industry standards and best practices established by professional associations.

Strategy 2.3 – Performance Measurement

To measure our overall performance, data is processed and interpreted to provide meaningful information, or metrics. Metrics focus on key areas, track performance, and identify trends. When possible, metrics compare to industry standards and best practices using benchmarks. Regular reports are provided to management and the Board. Employee performance evaluations contain Specific, Measurable, Attainable, Relevant, and Time-based (S.M.A.R.T.) goals.

STRATEGIC FOCUS AREA 3 - WORKFORCE EXCELLENCE

Focus: Attract and retain a well-trained, diverse, and inclusive workforce.



Strategy 3.1 – Employee Engagement

Employee engagement is the emotional commitment an employee has to an organization and is closely linked to employee satisfaction, morale, and retention. Employees are more engaged when there is effective two-way communication with management, teamwork, and personal responsibility. Communication is vital in keeping employees informed and maintaining morale. Culture is instrumental and people come first as we work together to achieve common goals in support of the mission.

Strategy 3.2 – Employee Recruitment and Retention

The District will need to find new ways to entice applicants and be the employer of choice in the water and wastewater industry. Partnerships with local schools and military bases may help with internships and the hiring of veterans. Internal career paths and opportunities for advancement are equally important for employee retention. Continuing to provide competitive salaries and enhance benefits including supporting a better work/life balance such as by offering flexible schedules and opportunities for telecommuting is critical for recruitment and retention of highly qualified employees. Staffing plans may be developed to forecast future needs of departments.

Strategy 3.3 – Employee Training and Development

Keeping staff trained and up to date is critical to maintain a skilled and efficient workforce. Employee development includes responsibility, realistic goals, timely feedback, growth opportunities, and recognition. Supervisors play a vital role in employee development and also need to receive ongoing training for soft skills and leadership. A variety of methods can be used in support of knowledge management to pass on knowledge of the District and utilize experience obtained in the water and wastewater treatment industry.

STRATEGIC FOCUS AREA 4 - FISCAL RESPONSIBILITY

Focus: Ensure fiscal health and fair utility rates.



Strategy 4.1 – Fiscal Management

Now, more than ever, it is critical to be aware of economic decisions and how they impact rate payers. The District must weather periods of expansion and growth as well as economic recession through prudent and financially sustainable practice and policy. An emphasis on fiscal responsibility must be promoted throughout the District. Fiscal management affects nearly every aspect of the District’s operations and helps to minimize future rate increases.

Strategy 4.2 – Operating and Capital Facility Reserve Funding

Reserve funds ensure continuing operations, fund unanticipated, unforeseeable, and planned repair or replacement of water and wastewater system facilities, equipment and infrastructure and avoid the cost of debt issuance and ongoing interest expense. Capital facility fees pay for capital improvements exclusively to accommodate future demands and support asset planning by ensuring “growth pays for growth.” Replacement funding must be developed in a fair and equitable manner to ensure appropriate funding sources and levels.

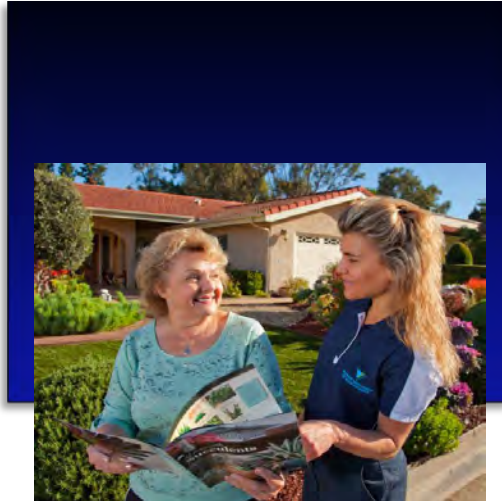
Strategy 4.3 – Customer Rates and Charges

Consider water and sewer rates that support the operation and maintenance of the District and adequately fund replacement and upgrades required to ensure reliable service and sustainability. Maintain reasonable, affordable rates and control costs through sound financial planning. Consider alternative revenue sources, grant funding, and other ways to enhance revenues and recover costs that would otherwise increase the revenue requirement for setting rates.

STRATEGIC FOCUS AREA 5 – PUBLIC INFORMATION AND OUTREACH

Focus: Actively
base to promote
District.

engage our customer
Vallecitos Water



Strategy 5.1 – Customer Outreach

To ensure contact with our customer base the District must use all possible ways of outreach including newsletters, tours, social media, local events, website, and the speaker's bureau. Outreach efforts increase awareness of the value we provide and an understanding of how we provide it.

Strategy 5.2 – School Outreach

Educating children on water, wastewater and our industry is critical because they are the future. To reinforce the need to conserve water, it is important to reach younger water users at an early age and create a life-long behavior. The greatest source of this audience is the school system and the creation of a cooperative program with the local school districts incorporating established standards adopted by the California State Board of Education.

Strategy 5.3 - Water Use Efficiency

Changing public opinion towards outdoor water use (which accounts for 50 to 80% of residential consumption) will save significant volumes of water. Reducing water use is mandated but is also the right thing to do as drought conditions continue and will have a detrimental effect on future generations.

Strategy 5.4 - Public/Private Partnerships

Partnerships between local governmental agencies and private sector organizations can provide a cost effective, business friendly and sustainable resource. When cost-effective and feasible, identify and evaluate mutually beneficial opportunities for collaboration with

private or public agencies. These partnerships may also help with filling jobs in water and wastewater industry.

STRATEGIC FOCUS AREA 6 – ENVIRONMENTAL STEWARDSHIP



Focus: Contribute to resource sustainability and environmental stewardship.



Strategy 6.1 – Water Resources

Water availability and climate change are some of the largest threats to the District and its rate payers. The District will need to evaluate water supply options taking into consideration reliability, quantity, quality and price. Restrictions and cost of traditional water supply sources as well as regulatory changes have made water reuse a viable alternative.

Strategy 6.2 – Water Supply Management

The Urban Water Management Plan includes consideration of local and statewide issues as well as programs and goals of the San Diego County Water Authority and any legislation adopted by the State. Drought, climate change and other water shortage issues highlight the need to manage water loss from a variety of sources in water distribution systems. The District can increase water supplies and recover revenue by identifying the scale and cost of these losses. The Water Loss Audit Reporting Program provides guidance to identify and eliminate water loss.

Strategy 6.3 – Renewable Resources

District operations have the potential to consume considerable quantities of non-renewable resources. Improving the operating efficiency of District assets and expanding the use of photovoltaic energy and battery storage systems will reduce the reliance on traditional resources. The use and lifecycle management of other materials, such as single use plastics, have damaging impacts on the environment. Exploring alternative materials and evaluating District purchasing policies can reduce the impacts of District operations.

Strategy 6.4 – Natural Environment Protection

District operations have the potential to impact the surrounding natural environment. Enhanced District operations will result in better protection of the natural environment. Coordination with surrounding land use agencies can promote better watershed management and result in new building standards that are more environmentally friendly.

DATE: OCTOBER 19, 2022
TO: BOARD OF DIRECTORS
SUBJECT: GENERAL MANAGER CONTRACT EXTENSION

BACKGROUND:

On October 19, 2016, the Board of Directors of the Vallecitos Water District approved a written Employment Agreement between Vallecitos Water District and Glenn Prum retaining Glenn Prum to serve as the as the General Manager of the District. In 2018, the Board entered into a First Amended Employment Agreement. In 2021, the Board approved an Amendment to the First Amended Employment Agreement. The First Amended Employment Agreement is scheduled to expire on December 4, 2022.

DISCUSSION:

Under the terms of the First Amended Employment Agreement, the General Manager received the same annual cost of living increase as other District management employees and a merit increase as determined by the Board of Directors in its sole discretion. The Board recently conducted an evaluation of the General Manager and, based upon his outstanding performance, wants to extend the General Manager's existing contract for two years through December 4, 2024.

The General Manager receives a salary of \$273,716. The General Manager is currently entitled to 50 hours of Executive Leave per year. Executive Leave must be used in the year in which it is granted and cannot be carried over to the next year and is not eligible for cash out. The General Manager is also entitled to vacation which accrues at the equivalent of 176 hours of paid leave annually. Unused vacation time accrues and if unused is paid out upon retirement or severance.

The Board is considering extending the existing Amended Employment Agreement through December 4, 2024, based upon the following proposed amended terms:

1. The General Manager's annual salary shall be increased by \$13,686 per year (5% increase) from \$273,716 to \$287,402 payable at the regular District pay periods during the employment term, subject to all applicable withholdings and deductions. The General Manager may continue to receive such annual cost of living and merit increases in salary as may be determined by the Board of Directors in its sole discretion.
2. The General Manager shall be entitled to 80 hours per calendar year of Executive Leave, increasing from the current 50 hours/year to 80 hours/year. The proposed increase in Executive Leave is a no cost item to the District. No additional compensation is provided as a result of this increase in Executive Leave. Any accumulated hours expire at the end of each Calendar Year and there are no cash-out provisions for accumulated hours.

FISCAL IMPACT:

The recommended actions would increase the General Manager's annual salary by \$13,686. There would also be minor fiscal impacts associated with that increase, such as the District's share of the CalPERS retirement benefit and other miscellaneous costs related to the salary increase. There are sufficient funds in the current budget to cover these costs. Future budgets will reflect the new salary.

RECOMMENDATION:

That the Board consider approval of the attached Second Amendment to the Amended Employment Agreement between Vallecitos Water District and Glenn Pruim which is attached hereto extending the term of the Employment Agreement to December 4, 2024, increasing the General Manager's annual salary by \$13,686 per year (5% increase) from \$273,716 to \$287,402, and increasing his Executive Leave Benefit from 50 hours per year to 80 hours per year. All other terms of the First Amended Employment Agreement shall remain in effect.

ATTACHMENT(S):

Second Amendment to the First Amended Employment Agreement between Vallecitos Water District and Glenn Pruim

**SECOND AMENDMENT TO THE FIRST AMENDED EMPLOYMENT AGREEMENT
BETWEEN VALLECITOS WATER DISTRICT AND GLENN PRUIM**

This Second Amendment to the First Amended Employment Agreement (“Second Amendment to the Amended Agreement”) is entered into by and between the VALLECITOS WATER DISTRICT, a California water district organized and operating pursuant to Water Code section 30000 et seq. (hereinafter “District”), and Glenn Pruim (“Employee”). This Second Amendment to the Amended Agreement shall be effective October 19, 2022, upon approval of the District Board of Directors and execution by the parties.

R-E-C-I-T-A-L-S

- A. Glenn Pruim has been serving as the General Manager of the District under a First Amended Employment Agreement (“Amended Agreement”), as subsequently amended.
- B. The term of that agreement is set to expire on December 4, 2022.
- C. The District desires to continue to employ Employee as the General Manager for an additional two year term under the same terms and conditions, except as amended herein.
- D. Except as herein specifically amended, all terms and conditions of the Amended Employment Agreement, as amended in the First Amendment remain in effect as previously agreed to by the parties.

C-O-V-E-N-A-N-T-S

- 1. The term of the Amended Employment Agreement as provided in Section 2 of the Amended Employment Agreement, is extended to December 4, 2024.
- 2. Salary. The General Manager’s annual salary shall be increased by \$13,686 per year (5% increase) from \$273,716 to \$287,402, payable at the regular District pay periods during the employment term, subject to all applicable withholdings and deductions. The General Manager may in the future receive such annual cost of living and merit increases in salary as may be determined by the Board of Directors in its sole discretion, following General Manager’s annual performance evaluation.
- 3. Executive Leave. Employees’ annual Executive Leave set forth in Paragraph 7 of the Amended Employment Agreement shall be increased from 50 to 80 hours each calendar year, which shall be granted during the first full pay period of the year. Executive Leave must be used

in the year in which it is granted and cannot be carried over to the next year and is not eligible for cash out.

4. Extension of Agreement. The parties agree to discuss a further extension of this agreement prior to the expiration of the term of the agreement.

5. Remaining Terms Remain In Full Force and Effect. Except as specifically amended herein, the terms of the Amended Employment Agreement and in the First Amendment remain in full force and effect, unless further amended by the parties in writing.

Dated: _____, 2022

VALLECITOS WATER DISTRICT

By _____
Craig Elitharp, President

Dated: _____, 2022

By _____
Glenn Pruim

VALLECITOS WATER DISTRICT
Board of Directors Per Diem and Expenses (1)
Paid April 1st, 2022 through June 30th, 2022

Director Meeting/Seminar	Per Diem		Benefits	Meeting		Lodging	Meals	Reimb from		Total
	#	Payments		Registration	Travel			Other Agencies		
BOYD-HODGSON, Tiffany										
Paid by VWD:										
VWD Meetings	4	\$ 800.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800.00
ACWA	-	-	-	775.00	367.96	763.41	-	-	-	1,906.37
Bill Consolidation Mtg	1	200.00	-	-	-	-	-	-	-	200.00
City of San Marcos	-	-	-	75.00	-	-	-	-	-	75.00
COWU - Council of Water Utilities	-	-	-	25.00	-	-	-	-	-	25.00
CSDA - CA Special Districts Assoc	2	400.00	-	-	-	-	-	-	-	400.00
CSDA - Prevailing Wage Workshop	-	-	-	175.00	-	-	-	-	-	175.00
Finance Committee	3	600.00	-	-	-	-	-	-	-	600.00
P3 Committee	2	400.00	-	-	-	-	-	-	-	400.00
Group Insurance	-	-	10.50	-	-	-	-	-	-	10.50
Paid by VWD - SDCWA pmt differential	-	-	-	-	-	-	-	-	-	-
Paid by SDCWA **	-	-	-	-	-	-	-	-	-	-
	12	\$ 2,400.00	\$ 10.50	\$ 1,050.00	\$ 367.96	\$ 763.41	\$ -	\$ -	\$ -	\$ 4,591.87
ELITHARP, CRAIG										
Paid by VWD:										
VWD Meetings	11	\$ 2,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200.00
CASA	3	600.00	-	-	-	-	-	-	-	600.00
City of San Marcos	-	-	-	75.00	-	-	-	-	-	75.00
Eng/Equip Committee	2	400.00	-	-	-	-	-	-	-	400.00
Fee Workshop	1	200.00	-	-	-	-	-	-	-	200.00
Finance Committee	2	400.00	-	-	-	-	-	-	-	400.00
GM Meeting	3	600.00	-	-	-	-	-	-	-	600.00
Group Insurance	-	-	272.10	-	-	-	-	-	-	272.10
Paid by VWD - MWD pmt differential	2	100.00	-	-	-	-	-	-	-	100.00
Paid by VWD - SDCWA pmt differential	4	200.00	-	-	-	-	-	-	-	200.00
Paid by SDCWA **	13	1,950.00	-	-	174.21	-	-	-	-	2,124.21
	41	\$ 6,650.00	\$ 272.10	\$ 75.00	\$ 174.21	\$ -	\$ -	\$ -	\$ -	\$ 7,171.31
HERNANDEZ, James										
Paid by VWD:										
VWD Meetings	4	\$ 800.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800.00
ACWA	4	800.00	-	-	253.54	763.41	25.00	-	-	1,841.95
CASA	-	-	-	625.00	-	301.81	-	-	-	926.81
City of San Marcos	-	-	-	75.00	3.28	-	-	-	-	78.28
COWU - Council of Water Utilities	1	200.00	-	-	-	-	-	-	-	200.00
CSDA - CA Special Districts Assoc	4	800.00	-	-	-	-	-	-	-	800.00
CSDA Legislative Days	-	-	-	275.00	390.11	476.84	152.83	-	-	1,294.78
Economic Summit	-	-	-	140.00	-	-	-	-	-	140.00
Eng/Equip Committee	2	400.00	-	-	-	-	-	-	-	400.00
GM Meeting	3	600.00	-	-	-	-	-	-	-	600.00
Hilltop Committee	1	200.00	-	-	-	-	-	-	-	200.00
SDNEDC	1	200.00	-	-	-	-	-	-	-	200.00
Water Reuse	4	800.00	-	-	203.39	1,002.17	21.70	-	-	2,027.26
Group Insurance	-	-	4,576.77	-	-	-	-	-	-	4,576.77
Paid by EWA - Encina JPA	8	1,771.28	-	-	-	-	-	-	-	1,771.28
	32	\$ 6,571.28	\$ 4,576.77	\$ 1,115.00	\$ 850.32	\$ 2,544.23	\$ 199.53	\$ -	\$ -	\$ 15,857.13
PENNOCK, James										
Paid by VWD:										
VWD Meetings	6	\$ 1,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200.00
ACWA	5	1,000.00	-	155.00	113.05	763.41	10.40	-	-	2,041.86
CASA	-	-	-	625.00	-	301.81	-	-	-	926.81
City Council Assignment	1	200.00	-	-	-	-	-	-	-	200.00
City Hydration Event	1	200.00	-	-	-	-	-	-	-	200.00
City of San Marcos	-	-	-	75.00	-	-	-	-	-	75.00
COWU - Council of Water Utilities	1	200.00	-	-	-	-	-	-	-	200.00
CSDA - CA Special Districts Assoc	3	600.00	-	-	-	-	-	-	-	600.00
CSDA Legislative Days	-	-	-	275.00	237.24	476.84	86.87	-	-	1,075.95
CSDA Leadership Academy	-	-	-	675.00	-	-	-	-	-	675.00
Fee Workshop	1	200.00	-	-	-	-	-	-	-	200.00
GM Meeting	2	400.00	-	-	-	-	-	-	-	400.00
P3 Committee	2	400.00	-	-	-	-	-	-	-	400.00
Pure Water	1	200.00	-	-	-	-	-	-	-	200.00
Group Insurance	-	-	6,141.78	-	-	-	-	-	-	6,141.78
Paid by EWA - Encina JPA	-	-	-	-	-	-	-	-	-	-
	23	\$ 4,600.00	\$ 6,141.78	\$ 1,805.00	\$ 350.29	\$ 1,542.06	\$ 97.27	\$ -	\$ -	\$ 14,536.40
SANNELLA, Mike										
Paid by VWD:										
VWD Meetings	6	\$ 1,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200.00
City of San Marcos	-	-	-	75.00	-	-	-	-	-	75.00
COWU - Council of Water Utilities	2	400.00	-	25.00	-	-	-	-	-	425.00
Fee Workshop	1	200.00	-	-	-	-	-	-	-	200.00
GM Meeting	3	600.00	-	-	-	-	-	-	-	600.00
Hilltop Committee	1	200.00	-	-	-	-	-	-	-	200.00
WaterReuse	3	600.00	-	-	-	-	-	-	-	600.00
Group Insurance	-	-	6,141.78	-	-	-	-	-	-	6,141.78
Paid by EWA - Encina JPA	7	1,549.87	-	-	-	-	-	-	-	1,549.87
	23	\$ 4,749.87	\$ 6,141.78	\$ 100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,991.65
TOTALS ⁽¹⁾	131	\$ 24,971.15	\$ 17,142.93	\$ 4,145.00	\$ 1,742.78	\$ 4,849.70	\$ 296.80	\$ -	\$ -	\$ 53,148.36

(1) Includes both expenses paid directly by the Agencies and reimbursements of expenses paid by Board members. Presented in accordance with ordinance number 221, effective 09/21/2022. (Board per Diem, \$200/meeting)

* As of 3rd Qtr 2021- EWA meetings are \$221.41 each - VWD payment differential no longer applies

** SDCWA only required to publish report for Boardmember payments once per year at Fiscal Year End, June 30th

VWD Director's Compensation for Apr-Jun 2022
Payments from SDCWA (San Diego County Water Authority)

<u>Director</u>	<u>Check</u>	<u>Chk Date</u>	<u>Per Diem Payments</u>	<u>Mileage</u>	<u>Travel/Other</u>	<u>Total</u>
CRAIG ELITHARP	217175	4/7/2022	\$450.00	\$0.00	\$0.00	\$450.00
CRAIG ELITHARP	217175	4/7/2022		48.32		48.32
CRAIG ELITHARP	217656	5/5/2022	600.00			600.00
CRAIG ELITHARP	217656	5/5/2022		31.47		31.47
CRAIG ELITHARP	218385	6/16/2022	300.00			300.00
CRAIG ELITHARP	218385	6/16/2022		31.47		31.47
CRAIG ELITHARP	218631	6/30/2022	600.00			600.00
CRAIG ELITHARP	218631	6/30/2022		62.95		62.95
Total			\$1,950.00	\$174.21	\$0.00	\$2,124.21

VWD Director's Compensation for Apr-Jun 2022
Payments from EWA (Encina Wastewater Authority)

<u>NAME</u>	<u>EWA DATE</u>	<u>CHECK NO</u>	<u>INVOICE NET</u>	<u>DESCRIPTION</u>
MICHAEL A. SANNELLA	06/29/2022	7046	\$221.41	BOARD MEETING 6/22/2022
MICHAEL A. SANNELLA	06/29/2022	7046	221.41	EWA BOD MEETING 6/16/2022
MICHAEL A. SANNELLA	06/01/2022	6940	221.41	BOD MEETING 5/25/2022
MICHAEL A. SANNELLA	05/18/2022	6888	221.41	PFC MEETING 05/10/2022
MICHAEL A. SANNELLA	05/04/2022	6821	221.41	BOD MEETING 4/27/2022
MICHAEL A. SANNELLA	04/20/2022	6755	221.41	PFC BOARD MEETING 04/12/22
MICHAEL A. SANNELLA	04/06/2022	6703	221.41	SPECIAL EWA BOARD MEETING 04/0
		Meetings Only	<u>\$1,549.87</u>	*June meeting (6/27/22) Paid in July
JIM HERNANDEZ	06/01/2022	191394	\$221.41	CIC MEETING 6/15/2022
JIM HERNANDEZ	06/01/2022	191394	221.41	EWA BOD MEETING 6/16/2022
JIM HERNANDEZ	06/01/2022	191339	221.41	MEETING WITH GM 6/14/2022
JIM HERNANDEZ	05/01/2022	191284	221.41	CIC MEETING 5/18/2022
JIM HERNANDEZ	05/01/2022	191284	221.41	BOD MEETING 5/25/2022
JIM HERNANDEZ	04/01/2022	191200	221.41	CIC MEETING 04/20/2022
JIM HERNANDEZ	04/01/2022	191200	221.41	BOD MEETING 4/27/2022
JIM HERNANDEZ	04/01/2022	191108	221.41	SPECIAL EWA BOARD MEETING 04/0
		Meetings Only	<u>\$1,771.28</u>	
			\$3,321.15	