



## **AGENDA**

### **REGULAR MEETING OF THE BOARD OF DIRECTORS WEDNESDAY, FEBRUARY 15, 2023 – 4:00 PM 9300 FANITA PARKWAY, SANTEE, CA 92071**

#### **NOTICE TO THE PUBLIC**

The meeting will be held at the appointed meeting place, the Board Room at the District's Customer Service Center, located at 9300 Fanita Parkway in Santee.

The meeting is also being held virtually via Zoom pursuant to recent amendments to the Brown Act permitting virtual meetings and waiving certain teleconference requirements under certain circumstances. Some Board Members may attend the meeting virtually pursuant to such Brown Act amendments.

#### **Register to watch the webinar via the link below:**

[February 15, 2023 Board Meeting](#)

*After registering, you will receive a confirmation with a link to join the webinar.*

#### **For teleconference dial:**

+1-646-568-7788

Webinar/Meeting ID:

896 5802 1628#

*Enter # for participant ID*

#### **PUBLIC COMMENT INSTRUCTIONS**

Members of the public may address the Board on any item on the agenda when the item is considered, or under "Opportunity for Public Comment" regarding items not on the posted agenda that are within the subject matter jurisdiction of the Board. If attending via Zoom, attendees must click the hand raise icon within the meeting platform and will be called on to unmute themselves when it is their turn to speak. If attending in person, fill out a "request to speak" form located near the entrance of the board room and give to the Board Secretary. Public comments are limited to 3 minutes.

Public comments may also be submitted in writing through the [public comment e-form](#) at least a half hour prior to the start of the meeting or mailed to the attention of Amy Pederson, Padre Dam, PO Box 719003, Santee, CA 92072. These public comment procedures supersede the District's normal public comment policies and procedures to the contrary.

The complete agenda package is available for public review at [www.PadreDam.org](http://www.PadreDam.org). No action may be taken on any item not appearing on the posted agenda, except as provided by Gov. Code Section 54954.2. Any written materials provided to the Board within 72 hours of the meeting regarding any item on this agenda will be available for public inspection on the District's website. For questions or request for information related to this agenda contact Amy Pederson, Board Secretary, at 619.258.4614 or [apederson@padre.org](mailto:apederson@padre.org).

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the American with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should contact our ADA Coordinator: Larry Costello at 619.258.4678 or [lcostello@padre.org](mailto:lcostello@padre.org).



## AGENDA

- **CALL TO ORDER**
- **PLEDGE OF ALLEGIANCE**
- **OPPORTUNITY FOR PUBLIC COMMENT**

Opportunity for members of the public to address the Board regarding items not appearing on this agenda and are within the jurisdiction of the Board (Gov. Code 54954.3)
- **ITEMS TO BE ADDED, WITHDRAWN OR REORDERED ON THE AGENDA**
- **PRESENTATION**

Recognizing Scott Brooks, Field Services Technician, upon completion of 10 years of service.
- 1. **APPROVAL OF MINUTES**

Recommendation:  
Approve the minutes of the February 1, 2023 Regular Board Meeting.
- **CONSENT AGENDA**

Items are considered to be routine and will be acted upon by a single motion without discussion, unless a Board Member, staff, or the public request a specific item be removed from the consent agenda for discussion.
- 2. **DIRECTORS COMPENSATION AND EXPENSE CLAIMS**

Recommendation:  
Approve claims and authorize payments.
- 3. **AUTHORIZATION FOR REMOTE TELECONFERENCE PUBLIC MEETINGS IN ACCORDANCE WITH ASSEMBLY BILL 361**

Recommendation:  
Make findings that the Governor’s Proclamation of a State of Emergency remains in effect, and state and local officials continue to impose or recommend social distancing, and authorize remote teleconference meetings for Padre Dam’s legislative bodies pursuant to Brown Act provisions enacted by AB 361.
- **ACTION AGENDA**

Items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined.

**4. AWARD CONSTRUCTION CONTRACT – JERRY JOHNSON AND EAST COUNTY SQUARE RESERVOIRS IMPROVEMENTS PROJECT (JN 219028)**

Recommendation:

1. Approve the funding plan described herein in order to fund the construction of the Jerry Johnson and East County Square Reservoirs Improvements Project.
2. Reject the bid received from AMP United LLC as non-responsive.
3. Reject the bid protest received from Spiess Construction Company, Inc. as moot.
4. Award the construction contract for the Jerry Johnson and East County Square Reservoirs Improvements Project to the lowest responsible bidder submitting a responsive bid, Spiess Construction Company, Inc., for an amount of \$2,857,955 and authorize the CEO/General Manager or his designee to approve contract change orders up to 5 percent (\$142,898) of the contract amount.
5. Authorize the CEO/General Manager or his designee to award the construction support services contracts required for the successful completion of the project, as described in the summary, for a not to exceed amount of \$121,503 plus 10 percent contingency (\$12,150).

**5. SEMI-ANNUAL REPORT ON THE FIVE YEAR BUSINESS PLAN, FOR THE SIX MONTHS ENDED 12/31/22**

Recommendation:

Hear staff report; no action required.

**6. GROUND LEASE BETWEEN PADRE DAM MUNICIPAL WATER DISTRICT AND EAST COUNTY ADVANCED WATER PURIFICATION JOINT POWERS AUTHORITY**

Recommendation:

1. Hear staff report.
2. Find that the approved Mitigated Negative Declaration and Supplemental Mitigated Negative Declaration for the East County Advanced Water Purification project covers the actions below and no further environmental review is required under Public Resources Code section 21166 and State CEQA Guidelines section 15162.
3. Approve the Ground Lease by and between Padre Dam Municipal Water District as Landlord and East County Advanced Water Purification Joint Powers Authority, as Tenant.
4. Authorize the CEO/General Manager to execute, on behalf of Padre Dam Municipal Water District, the above Ground Lease in substantially the form attached hereto, with minor changes as approved by the CEO/General Manager and reviewed and approved as to form by Legal Counsel.

**7. BROWN ACT AMENDMENTS ENACTED BY ASSEMBLY BILL 2449 (AB 2449) RELATED TO TELECONFERENCE PUBLIC MEETINGS**

Recommendation:

1. Hear report on amendments to the Brown Act enacted by AB 2449 that provide additional teleconference options for a minority of the Board to attend public meetings remotely so long as certain conditions are met.
2. Consider the following options: 1) whether to allow Board and Committee meeting to be held using all teleconference options permitted under the Brown Act; or 2) amending the District's Administration Policy to only allow use of the traditional/pre-pandemic Brown Act provisions.

- **REPORTS**

The following items are reports and are placed on the Agenda to provide information to the Board and the public. There is no action called for on these items. The Board may engage in discussion upon which a specific subject matter is identified but may not take any action other than to place the matter on a future agenda.

**8. BOARD REPORTS**

- A. County Water Authority (CWA) Board of Directors Meeting
- B. Metro Commission/Metro Wastewater JPA
- C. San Diego East County Chamber of Commerce Government Affairs & Infrastructure Land Use Committee
- D. East County Economic Development Council
- E. Other meetings/conferences/events attended by Directors per AB1234 (Council of Water Utilities, CSDA San Diego Chapter, etc.)

- **DIRECTORS COMMENTS**

Directors' comments are to be related to District business which may be of interest to the Board. They are placed on the agenda to enable individual Board Members to convey information to the Board and the Public. There is to be no discussion or action taken on comments made by Board Members.

**9. DISTRICT COUNSEL'S REPORT**

**10. GENERAL MANAGER'S REPORT**

**11. INFORMATIONAL REPORTS**

- **CLOSED SESSION**

At any time during the regular session, the Board may adjourn to closed session to consider litigation, or discuss with Legal Counsel matters within the attorney-client privilege, subject to the appropriate disclosures.

- **ADJOURNMENT**

CERTIFICATION OF POSTING

I certify that on February 10, 2023, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Padre Dam Municipal Water District, said time being at least 72 hours prior to the meeting, in accordance with Gov. Code Section 54954.2(a).

  
Amy Pederson, Board Secretary

# February 2023

February 2023							March 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4				1	2	3	4
5	6	7	8	9	10	11	5	6	7	8	9	10	11
12	13	14	15	16	17	18	12	13	14	15	16	17	18
19	20	21	22	23	24	25	19	20	21	22	23	24	25
26	27	28					26	27	28	29	30	31	

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Jan 30	31	Feb 1 4:00pm Canceled: Board Meeting	2 12:00pm Metro Commission/JPA	3
6	7 7:30am San Diego East County Chamber's Government Affairs Committee meetings	8	9	10
13	14	15 7:30am East County Economic Development Council 4:00pm Board Meeting	16 7:30am Santee Chamber Board Mtg 2:00pm East County AWP JPA Board Meeting 6:00pm CSDA Quarterly Meeting	17
20 Office Closed (Presidents' Day) 8:30am Santee Chamber Governmental Affairs Committee	21 8:00am COWU (Zoom )	22 4:00pm Park Committee	23 9:00am CWA Board Mtg	24
27 4:00pm Facilities Dev. & Ops Committee	28	Mar 1	2	3

# March 2023

March 2023							April 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4							1
5	6	7	8	9	10	11	2	3	4	5	6	7	8
12	13	14	15	16	17	18	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22
26	27	28	29	30	31		23	24	25	26	27	28	29
							30						

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Feb 27	28	Mar 1 4:00pm Board Meeting	2 12:00pm Metro Commission/JPA	3
6	7 7:30am San Diego East County Chamber's Government Affairs Committee meetings	8	9	10
13	14	15 7:30am East County Economic Development Council 4:00pm Board Meeting	16 7:30am Santee Chamber Board Mtg 2:00pm East County AWP JPA Board Meeting	17
20 8:30am Santee Chamber Governmental Affairs Committee	21 8:00am COWU	22	23 9:00am CWA Board Mtg	24
27 4:00pm Finance & Admin Committee	28	29	30	31

# April 2023

April 2023							May 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			
30													

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Apr 3	4 7:30am San Diego East County Chamber's Government Affairs Committee meetings	5 4:00pm Board Meeting	6 12:00pm Metro Commission/JPA	7
10	11	12	13	14
17 8:30am Santee Chamber Governmental Affairs Committee	18	19 7:30am East County Economic Development Council 4:00pm Board Meeting	20 7:30am Santee Chamber Board Mtg 2:00pm East County AWP JPA Board Meeting	21
24 4:00pm Security Committee	25	26	27 9:00am CWA Board Mtg	28

# May 2023

May 2023							June 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
7	1	2	3	4	5	6	4	5	6	7	1	2	3
14	8	9	10	11	12	13	11	12	13	14	15	16	17
21	15	16	17	18	19	20	18	19	20	21	22	23	24
28	22	23	24	25	26	27	25	26	27	28	29	30	

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>May 1</b> 	<b>2</b> 7:30am San Diego East County Chamber's Government Affairs Committee meetings	<b>3</b> 4:00pm Board Meeting	<b>4</b> 12:00pm Metro Commission/JPA	<b>5</b>
<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>15</b> 8:30am Santee Chamber Governmental Affairs Committee	<b>16</b> 8:00am COWU	<b>17</b> 7:30am East County Economic Development Council 4:00pm Board Meeting	<b>18</b> 7:30am Santee Chamber Board Mtg 2:00pm East County AWP JPA Board Meeting 6:00pm CSDA Quarterly Meeting	<b>19</b>
<b>22</b> 4:00pm Facilities Dev. & Ops Committee	<b>23</b>	<b>24</b> 4:00pm Park Committee	<b>25</b> 9:00am CWA Board Mtg	<b>26</b>
<b>29</b> Office Closed (Memorial Day)	<b>30</b>	<b>31</b>	<b>Jun 1</b>	<b>2</b>



**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF PADRE DAM  
MUNICIPAL WATER DISTRICT HELD ON  
WEDNESDAY, FEBRUARY 1, 2023**

The regular meeting of the Board of Directors of Padre Dam Municipal Water District was held on Wednesday, February 1, 2023, at the appointed meeting place, the Board Room at the District's Customer Service Center, located at 9300 Fanita Parkway in Santee and by video conference as an option for remote participation pursuant to recent amendments to the Brown Act permitting virtual meetings and waiving certain teleconference requirements under certain circumstances.

President Pommering called the meeting to order at 4:00 pm. A quorum was declared by roll call vote, and the following Directors were present: Caires, Fordyce, Pommering, Qualin and Till.

Directors absent: None

Staff members present: Kyle Swanson, CEO/General Manager; Karen Jassoy, CFO/Director of Finance; Lisa Sorce, Director of Human Resources & Administrative Services; Paul Clarke, Director of Operations & Water Quality; Jeff Moneda, Director of Engineering; Laura Koval, Director of Park & Recreation; Amy Pederson, Board Secretary; Paula de Sousa, District Counsel; Melissa McChesney, Communications Manager; Michael Hindle, Engineering Manager; Kay Kim, Engineer, Wilson Lau, Engineer, Megan Monteith, Park Recreation Manager; Phil Stevens, Senior Lab Analyst; Diane Johnson, Information Systems Technical Specialist; Rob Northcote, Plant Manager; Nina Tarantino, Human Resources Specialist; Josh Falos, Recycled Water Operator; Melissa Kussman, Human Resources Specialist; Tom Martin, Engineering Technician

Visitors present: Justin Ryan, Santee resident; Kathi Monteith

**OPPORTUNITY FOR PUBLIC COMMENT**

There were no public comments.

**ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA**

There were no items to be added, withdrawn, or reordered at this time.

**PRESENTATION**

Laura Koval, Director of Park and Recreation, recognized Megan Monteith, Park Recreation Manager, for receiving the National Recreation and Park Association's 30 under 30 award and expressed appreciation for Ms. Monteith's hard work and dedication to Santee Lakes.

The Board congratulated Ms. Monteith on a job well done.

**1. APPROVAL OF MINUTES**

On motion of Director Fordyce, seconded by Director Qualin, and unanimously carried by roll call vote, the minutes of the January 18, 2023 Regular Board Meeting were approved as submitted.

● **ACTION AGENDA**

Items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined.

**2. DISTRICT FUNCTIONS REPORT ON RECYCLED WATER AND BACKFLOW**

John Tackett, Lead Compliance Administrator, defined cross-connection as an actual or potential connection between the potable water system and any source that could contaminate the system and reviewed the responsibilities of the Compliance Administrator and Compliance Specialist to prevent cross-connection contamination. He provided an overview of the recycled water system and explained the regulations and responsibilities for maintaining the system including regular cross-connection inspections and annual testing requirements. He shared examples of potential contaminate sources that could come from the customer's side and explained the District has approximately 3,180 backflow devices at the meter of sites that pose a risk to the potable water system. In closing, he summarized the types of services that require backflow devices and related regulations and answered Board questions.

Informational report; no action required.

**3. TAVERN ROAD AND WEST VICTORIA DRIVE PIPE UPGRADES AT INTERSTATE-8 PROJECT (JN 218027)**

Wilson Lau, Engineer, provided background information for the project stating pipelines on Tavern Road and West Victoria Drive were classified as high priority repairs following a Pipe Bridge Crossing Assessment prepared in 2016 and reviewed the locations and upgrades to be completed. He explained the pipelines are located within Caltrans' bridges and right of way and therefore a Caltrans encroachment permit is needed. He stated Caltrans did a preliminary review of the project plans and provided the District with their requirements for the upgrades and explained the Board authorized additional funds to Dudek's as-needed professional services contract in June 2019 to address Caltrans requirements. Dudek assisted staff in preparing and submitting the application for the encroachment permit but during Caltrans review of the application they identified additional requirements for the upgrades. In closing, Mr. Lau summarized next step to address Caltrans additional requirements and Dudek's fee proposal to accomplish these steps, stating funds are available within the budget for the additional cost.

On motion of Director Caires, seconded by Director Till, and unanimously carried by roll call vote, the Board authorized the CEO/General Manager to execute Amendment No. 2 to the original purchase order to Dudek, Inc. for additional professional engineering design services in an amount not to exceed \$48,857.14.

**4. AMENDMENTS TO THE FISCAL YEAR 2023 JOB CLASSIFICATION AND STANDARD RATES OF PAY FOR ALL EMPLOYEES EFFECTIVE FEBRUARY 1, 2023**

Lisa Sorce, Director of Human Resources and Administrative Services, shared a draft organization chart for the East County Advanced Water Purification (AWP) Project and explained the District is continuing to change and create new job descriptions for future positions at the East County AWP. She reviewed the proposed changes stating the Operations Manager and Operations Supervisor positions are replacing Padre Dam's current Plant Manager and Recycled Water Operator Supervisor positions and include additional responsibilities related to AWP. She also highlighted the addition of the Y-Rated Salary for the position of Lead Park & Recreation Coordinator.

Responding to Director Till, Ms. Sorce explained staff assigned to the AWP will remain Padre Dam employees and their salaries will be reimbursed by the East County AWP Joint Powers Authority.

On motion of Director Fordyce, seconded by Director Qualin, and unanimously carried by roll call vote, the Board adopted Resolution 2023-04 approving amended Job Classification and Standard Rates of Pay for Fiscal Year 2023 effective February 1, 2023 (pay period starting January 21, 2023), to include: 1) Adding a new Operations Manager Position at Salary Grade 45 for the East County Advanced Water Purification Project; 2) Adding a new Operations Supervisor Position at Grade 32 for the East County Advanced Water Purification Project; 3) Adding a line on the Salary Schedule to reflect a Y-Rated Salary for the position of Park & Recreation Coordinator, Lead; 4) Removing the Plant Manager Position Salary Grade 35; and 5) Removing the Recycled Water Operations Supervisor Position at Salary Grade 27.

## **5. 2023 LEGISLATIVE PRIORITIES GUIDELINES**

Melissa McChesney, Communications Manager, explained the purpose of the Legislative Priorities Guidelines are to provide staff with guidance on issues that could benefit or impact the District and provide the framework to evaluate legislative and regulatory issues. She summarized 12 key priorities outlined in the guidelines and reviewed the proposed changes, stating since the guidelines are reviewed annually the changes are minimal.

On motion of Director Caires, seconded by Director Pommering, and unanimously carried by roll call vote, the Board adopted the updated Legislative Priorities Guidelines for 2023.

### **● REPORTS**

The following items are reports and are placed on the Agenda to provide information to the Board and the public. There is no action called for on these items. The Board may engage in discussion upon which a specific subject matter is identified but may not take any action other than to place the matter on a future agenda.

## **6. BOARD REPORTS**

- A. County Water Authority (CWA) Board of Directors Meeting  
Kyle Swanson, General Manager, submitted a written report available in the agenda packet.
- B. Metro Commission/Metro Wastewater JPA  
Karen Jassoy, Director of Finance, stated the meeting is next week.
- C. Santee Chamber of Commerce Board Meeting  
Director Qualin submitted a written report available in the agenda packet and commented he is coordinating volunteers to assist with parking at the upcoming street fair.
- D. Other meetings/conferences/events attended by Directors per AB1234  
(Council of Water Utilities, CSDA San Diego Chapter, etc.)  
Director Fordyce stated he attended a tour of District facilities and he continues to be impressed with the workforce at the District.

- **DIRECTORS COMMENTS**

Directors' comments are to be related to District business which may be of interest to the Board. They are placed on the agenda to enable individual Board Members to convey information to the Board and the Public. There is to be no discussion or action taken on comments made by Board Members.

Director Till reminded rate payers that increases in bills include pass-through rate increases from San Diego County Water Authority and Metropolitan Water District. Additionally, she informed the Board of a special series of articles on the Colorado River recently published by the Los Angeles Times.

**7. DISTRICT COUNSEL'S REPORT**

No report.

**8. GENERAL MANAGER'S REPORT**

A. Report on the Ray Stoyer WRF Emergency Airline Repair (JN 223001)

At the request of the General Manager, Kay Kim, Engineer, shared photos and provided an update on the emergency repairs completed at the District's Water Recycling Facility (WRF) following staff's discovery of an air supply reduction to its biological treatment basins on January 2, indicating airflow has improved significantly following the repair. She stated staff is closely monitoring the air supply system performance to determine if any further repairs or rehab would be necessary to meet the needs of the treatment plant prior to the East County Advanced Water Purification facility being brought online.

At the request of the General Manager, Paul Clarke, Director of Operations and Water Quality, reported on staff's response to water surfacing at Mast Boulevard and Medina Drive following the recent rain storm. After confirming there were no leaks in the recycled water system, staff observed a blockage in Weston Development's private sewer system causing wastewater to overflow into the intersection. Staff took immediate action to remove the blockage and resolve the issue and contacted the development's Home Owners' Association (HOA) to make them aware of their responsibilities to maintain the private sewer system. Responding to Board questions, Mr. Clarke confirmed the District would invoice the HOA for the sewer repair.

**9. INFORMATIONAL REPORT**

The following report was noted and filed.

A. Finance and Treasurer's Report for the six months ended December 31, 2022

- **CLOSED SESSION**

At any time during the regular session, the Board may adjourn to closed session to consider litigation, or discuss with Legal Counsel matters within the attorney-client privilege, subject to the appropriate disclosures.

**10. CLOSED SESSION**

At 5:31 pm, the Board recessed to convene in Closed Session to discuss the following:

**A. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Initiation of Litigation under Government Code Section 54956.9 (d)(4): 1 potential case

**B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Anticipated litigation, significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9 – 1 case

The meeting reconvened in open session at 6:16 pm and the Board Secretary reported no reportable action was taken.

- **ADJOURNMENT**

President Pommering declared the meeting adjourned at 6:16 pm.

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Board President

ATTEST:

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Board Secretary

**PADRE DAM MUNICIPAL WATER DISTRICT  
DIRECTORS' MONTHLY PER DIEM AND EXPENSE CLAIM SUMMARY**

**NAME:** August Caires                      **EMP. NO.** 9813                      **MONTH/YR** January-23

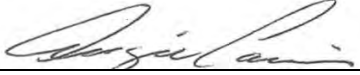
	DATE	MEETING ATTENDED	MILEAGE	AMOUNT
			\$ 0.585	\$145
1	1/13/2023	GM Issues Meeting	0	145.00
2	1/18/2023	Regular Board Meeting	0	145.00
3	1/26/2023	CWA Board Meeting	0	145.00
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
<b>TOTAL:</b>			0	\$435.00

**SECTION II - EXPENSE CLAIM SUMMARY (Expense Report form must be attached) (PAY TYPE 805)**

DATE	DESCRIPTION	AMOUNT

**SECTION III - LOCAL MEETING EXPENSE PAID BY DISTRICT**


**SECTION IV - SUMMARY**

	Total Meetings Attended:	
The undersigned presents this claim in good faith for per diem due and expenses incurred, and not heretofore paid by the District.	Total Eligible Per Diem (Pay Type 105)	\$435.00
	Total Expense Claim (Pay Type 805)	\$0.00
Signed: 	Total Mileage x IRS rate (Pay Type 800)	\$0.00
Date: 2/7/2023	<b>TOTAL AMOUNT DUE</b>	<b>\$435.00</b>
Board Approved:		

**MAXIMUM OF 10 MEETINGS PER MONTH – 120 MEETINGS PER YEAR**  
Per Diems are due the 1st of each month

**PADRE DAM MUNICIPAL WATER DISTRICT  
DIRECTORS' MONTHLY PER DIEM AND EXPENSE CLAIM SUMMARY**

**NAME:** Brian Fordyce      **EMP. NO.** 200208      **MONTH/YR** January-23


DATE	MEETING ATTENDED	MILEAGE 0.655	AMOUNT
1	1/16/2023 Meeting with GM		145.00
2	1/18/2023 Regular Board Meeting		145.00
3	1/27/2023 District Operations Tour		145.00
4	1/30/2023 Meeting with GM		145.00
5			
6			
7			
8			
9			
10			
11			
<b>TOTAL:</b>		<b>0</b>	<b>\$580.00</b>

**SECTION II - EXPENSE CLAIM SUMMARY (Expense Report form must be attached) (PAY TYPE 805)**

DATE	DESCRIPTION	AMOUNT

**SECTION III - LOCAL MEETING EXPENSE PAID BY DISTRICT**


**SECTION IV - SUMMARY**

The undersigned presents this claim in good faith for per diem due and expenses incurred, and not heretofore paid by the District.  Signed:   Date: _____  Board Approved: _____	Total Eligible Per Diem (Pay Type 105)	\$580.00
	Total Expense Claim (Pay Type 805)	
	Total Mileage x IRS rate (Pay Type 800)	\$0.00
	TOTAL AMOUNT DUE	\$580.00

**MAXIMUM OF 10 MEETINGS PER MONTH – 120 MEETINGS PER YEAR**

**Per Diems are due the 1st of each month**

**PADRE DAM MUNICIPAL WATER DISTRICT  
DIRECTORS' MONTHLY PER DIEM AND EXPENSE CLAIM SUMMARY**

**NAME:** Bill Pommering      **EMP. NO.** 180494      **MONTH/YR** January, 2023

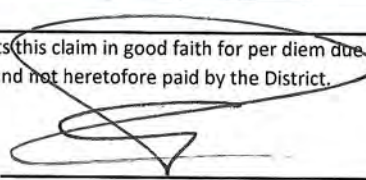
DATE	MEETING ATTENDED	MILEAGE	AMOUNT
		\$ 0.655	\$145
1	01/03/2023	SD East County Chamber Governmental Affairs Committee	145.00
2	01/09/2023	Santee Chamber of Commerce Government Affairs Committee	145.00
3	01/13/2023	Meeting w/General Manager	145.00
4	01/17/2023	Pre Board Meeting	145.00
5	01/18/2023	East County EDC Board Meeting	0.00
6	01/18/2023	General Board Meeting	145.00
7	01/19/2023	AWP JPA Board Meeting	145.00
8	01/25/2023	Meeting w/General Manager	145.00
9	01/30/2023	Pre Board Meeting	145.00
10			
11			
12			
13			
		<b>TOTAL:</b>	<b>0 \$1,160.00</b>

**SECTION II - EXPENSE CLAIM SUMMARY (Expense Report form must be attached) (PAY TYPE 805)**

DATE	DESCRIPTION	AMOUNT

**SECTION III - LOCAL MEETING EXPENSE PAID BY DISTRICT**


**SECTION IV - SUMMARY**

The undersigned presents this claim in good faith for per diem due and expenses incurred, and not heretofore paid by the District.  Signed:   Date: <u>02/01/2023</u>	Total Meetings Attended:	
	Total Eligible Per Diem (Pay Type 105)	\$1,160.00
	Total Expense Claim (Pay Type 805)	\$0.00
	Total Mileage x IRS rate (Pay Type 800)	\$0.00
	<b>TOTAL AMOUNT DUE</b>	<b>\$1,160.00</b>

Board Approved:

**MAXIMUM OF 10 MEETINGS PER MONTH – 120 MEETINGS PER YEAR**

Per Diems are due the 1st of each month



**PADRE DAM MUNICIPAL WATER DISTRICT  
DIRECTORS' MONTHLY PER DIEM AND EXPENSE CLAIM SUMMARY**

**NAME:** Rocky Qualin                      **EMP. NO.** 200201                      **MONTH/YR** January-23

DATE		MEETING ATTENDED	MILEAGE \$ 0.655	AMOUNT \$145
1	1/12/2023	Santee Chamber of Commerce - Board Retreat		145.00
2	1/16/2023	Meeting with General Manager		145.00
3	1/18/2023	Board Meeting		145.00
4	1/30/2023	Meeting with General Manager		145.00
5				
6				
7				
8				
9				
10				
11				
12				
13				
<b>TOTAL:</b>			<b>0</b>	<b>\$580.00</b>

**SECTION II - EXPENSE CLAIM SUMMARY (Expense Report form must be attached) (PAY TYPE 805)**

DATE	DESCRIPTION	AMOUNT

**SECTION III - LOCAL MEETING EXPENSE PAID BY DISTRICT**


**SECTION IV - SUMMARY**

The undersigned presents this claim in good faith for per diem due and expenses incurred, and not heretofore paid by the District.  Signed: <u>          <i>Rocky Qualin</i>          </u>  Date:                      2/1/2023  Board Approved:	Total Meetings Attended:	
	Total Eligible Per Diem (Pay Type 105)	\$580.00
	Total Expense Claim (Pay Type 805)	\$0.00
	Total Mileage x IRS rate (Pay Type 800)	\$0.00
	<b>TOTAL AMOUNT DUE</b>	<b>\$580.00</b>

**MAXIMUM OF 10 MEETINGS PER MONTH – 120 MEETINGS PER YEAR**  
 Per Diems are due the 1st of each month

**PADRE DAM MUNICIPAL WATER DISTRICT  
DIRECTORS' MONTHLY PER DIEM AND EXPENSE CLAIM SUMMARY**

**NAME:** Suzanne Till                      **EMP. NO.** 200143                      **MONTH/YR** January-23

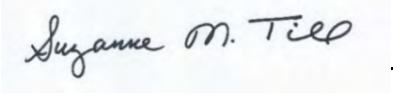
DATE	MEETING ATTENDED	MILEAGE	AMOUNT
		\$ 0.655	\$145
1 1/16/2023	Meeting with GM		145.00
2 1/18/2023	Board meeting		145.00
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
<b>TOTAL:</b>		0	\$290.00

**SECTION II - EXPENSE CLAIM SUMMARY (Expense Report form must be attached) (PAY TYPE 805)**

DATE	DESCRIPTION	AMOUNT

**SECTION III - LOCAL MEETING EXPENSE PAID BY DISTRICT**


**SECTION IV - SUMMARY**

	Total Meetings Attended:	
The undersigned presents this claim in good faith for per diem due and expenses incurred, and not heretofore paid by the District.	Total Eligible Per Diem (Pay Type 105)	\$290.00
	Total Expense Claim (Pay Type 805)	\$0.00
Signed: 	Total Mileage x IRS rate (Pay Type 800)	\$0.00
Date: 2/5/2023	<b>TOTAL AMOUNT DUE</b>	<b>\$290.00</b>
Board Approved:		

**MAXIMUM OF 10 MEETINGS PER MONTH – 120 MEETINGS PER YEAR**  
Per Diems are due the 1st of each month



**BOARD AGENDA REPORT**

**Meeting Date:** 02-15-2023  
**Dept. Head:** Kyle Swanson  
**Submitted by:** Amy Pederson  
**Department:** Administration  
**Approved by:** Kyle Swanson, CEO/GM

**SUBJECT:** AUTHORIZATION FOR REMOTE TELECONFERENCE PUBLIC MEETINGS IN ACCORDANCE WITH ASSEMBLY BILL 361

**RECOMMENDATION(S):**

Make findings that the Governor’s Proclamation of a State of Emergency remains in effect, and state and local officials continue to impose or recommend social distancing, and authorize remote teleconference meetings for Padre Dam’s legislative bodies pursuant to Brown Act provisions enacted by AB 361.

**ALTERNATIVE(S):**

None recommended; not implementing AB 361 would result in the requirement to adhere to previous Brown Act provisions that include providing the location of any Board Member teleconferencing on the agenda and posting the agenda at their publicly accessible teleconference site.

**ATTACHMENT(S):**

None

**FUNDING:**

Requested amount: n/a  
Budgeted amount:  
Are funds available?  Yes  No  
Project cost to date:

**PRIOR BOARD/COMMITTEE CONSIDERATION:** The Board last made the required findings authorizing continued use of remote teleconference public meetings at its December 21, 2022 meeting.

**STRATEGIC PLAN IMPLEMENTATION:**

This agenda item is consistent with the District’s Strategic Plan and meets one or more of the following Strategic Goals: Provide safe, reliable water, recycled water and sewer services; Ensure fiscal health and competitively sustainable rates; Enhance customer communications and education; Increase water, wastewater and energy independence; Maintain workforce excellence; Expand park and recreation opportunities.

<b>Reviewed by:</b>	<b>Action Required:</b>	<b>Policy Updates:</b>	<b>Action Taken:</b>
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input checked="" type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input type="checkbox"/>	None <input type="checkbox"/>		

## **EXECUTIVE SUMMARY:**

In order to continue to allow virtual or hybrid (virtual and in person) public meetings without the need to comply with the Brown Act's pre-pandemic teleconferencing requirements the Board must comply with provisions of AB 361 which include adopting findings every 30 days that 1) the Board has reconsidered the circumstances of the state of emergency and 2) the state of emergency continues to directly impact the ability of the members to meet safely in person or state or local officials continue to impose or recommend measures to promote social distancing.

Currently the COVID-19 State of Emergency remains in effect, and state and local health officials continue to recommend or require social distancing. Therefore, staff recommends the Board make the required findings and authorize remote teleconference meetings for Padre Dam's legislative bodies pursuant to Brown Act provisions enacted by AB 361.

## **DESCRIPTION:**

As the COVID-19 pandemic has evolved, so has the legislation governing public meetings (Board and Committee meetings) subject to the Brown Act. Beginning in March 2020, Governor Newsom issued a series of Executive Orders in an effort to contain the spread of the COVID-19 virus. These Executive Orders (N-25-20, N-29-20, N-35-20) collectively modified certain requirements of the Brown Act and expired on September 30, 2021.

Assembly Bill (AB) 361 was passed and, effective October 1, 2021, amended the Brown Act to allow public agencies to continue conducting virtual/remote meetings without the need to comply with all of the "pre-pandemic" teleconferencing requirements so long as the following conditions are met:

- There is a gubernatorial proclaimed state of emergency.
- There are state or local measures to promote or require social distancing.
- The agenda must include the meeting link or dial-in for public access.
- Members of the public must be allowed to address the Board in real-time during the meeting.
- Public comments can no longer be required to be submitted in advance.
- If technical problems arise that result in the public's access being disrupted, the legislative body may not take any vote or other official action until the technical disruption is corrected and public access is restored.
- The Board must adopt findings every 30 days that 1) the Board has reconsidered the circumstances of the state of emergency and 2) the state of emergency continues to directly impact the ability of the members to meet safely in person or state or local officials continue to impose or recommend measures to promote social distancing.

The provisions enacted by AB 361 providing flexibility to meet remotely during a proclaimed emergency will sunset on January 1, 2024.

Padre Dam's Board last adopted the required findings at its January 18, 2023 meeting and must do so again at its February 15, 2023 meeting in order to continue to meet remotely under modified Brown Act requirements for the next 30 days.

Currently the Governor-declared State of Emergency remains in effect, and state and local health officials continue to recommend or require social distancing. Therefore, staff recommends the Board make the required findings (that the State of Emergency remains in effect, state and local officials continue to impose or recommend social distancing) and authorize remote teleconference meetings for Padre Dam's legislative bodies pursuant to Brown Act provisions enacted by AB 361.

**RECOMMENDATION(S):**

Make findings that the Governor's Proclamation of a State of Emergency remains in effect, and state and local officials continue to impose or recommend social distancing, and authorize remote teleconference meetings for Padre Dam's legislative bodies pursuant to Brown Act provisions enacted by AB 361.



**BOARD AGENDA REPORT**

**Meeting Date:** 02-15-2023  
**Dept. Head:** Jeff Moneda, P.E.  
**Submitted by:** Wilson Lau, P.E.  
**Department:** Engineering  
**Approved by:** Kyle Swanson, CEO/GM

**SUBJECT:** AWARD CONSTRUCTION CONTRACT – JERRY JOHNSON AND EAST COUNTY SQUARE RESERVOIRS IMPROVEMENTS PROJECT (JN 219028)

**RECOMMENDATION(S):**

1. Approve the funding plan described herein in order to fund the construction of the Jerry Johnson and East County Square Reservoirs Improvements Project.
2. Reject the bid received from AMP United LLC as non-responsive.
3. Reject the bid protest received from Spiess Construction Company, Inc. as moot.
4. Award the construction contract for the Jerry Johnson and East County Square Reservoirs Improvements Project to the lowest responsible bidder submitting a responsive bid, Spiess Construction Company, Inc., for an amount of \$2,857,955 and authorize the CEO/General Manager or his designee to approve contract change orders up to 5 percent (\$142,898) of the contract amount.
5. Authorize the CEO/General Manager or his designee to award the construction support services contracts required for the successful completion of the project, as described in the summary, for a not to exceed amount of \$121,503 plus 10 percent contingency (\$12,150).

**ALTERNATIVE(S):**

Reject all bids and do not award the construction contract at this time.

**ATTACHMENT(S):**

1. Bid Protest Letter from Spiess Construction Company, Inc. dated January 18, 2023
2. Notice of Non-Responsive Bid Letter from Padre Dam Municipal Water District to AMP United LLC dated February 2, 2023
3. Dudek, Inc.’s Scope and Fee Estimate
4. Geocon Inc.’s Scope and Fee Estimate
5. Helix Environmental Planning Inc.’s Scope and Fee Estimate

**FUNDING:**

Requested amount: \$3,491,750\*  
Budgeted amount: 2,862,326 (note the funding plan description herein)  
Are funds available?  Yes  No  
Project cost to date: \$238,345

\*The requested amount includes budget for Padre Dam’s labor for administering the construction phase.

**PRIOR BOARD/COMMITTEE CONSIDERATION:** Five-Year Strategic Business Plan and Budget for FY23 – FY27

**STRATEGIC PLAN IMPLEMENTATION:** This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

<b>Reviewed by:</b>	<b>Action Required:</b>	<b>Policy Updates:</b>	<b>Action Taken:</b>
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input checked="" type="checkbox"/>	None <input type="checkbox"/>		

## **EXECUTIVE SUMMARY:**

The Board approved Five Year Business Plan and Budget includes funding for the Jerry Johnson and East County Square Reservoirs Improvements (Project). The Project consists of interior and exterior protective coating improvements, rehabilitation/replacement of cathodic protection elements, and repair/refurbishment of various minor exterior appurtenances. The Project also includes the demolition of the existing welded steel roof and installation of a new aluminum dome roof replacement for the Jerry Johnson Reservoir. Construction plans and specifications were advertised for bid on November 15, 2022. Bids were received on January 11, 2023, with a total of three bids received. Of these, AMP United LLC (AMP United) was the apparent low bidder at the time of the bid opening. Following the bid opening, Spiess Construction Company, Inc. (Spiess) submitted a bid protest letter disputing the bid submitted by AMP United. However, District staff reviewed the bids and determined AMP United's bid is non-responsive because it failed to acknowledge receipt of Bid Addendum #2 and the contractor did not possess a Class A contractor's license at the time of the bid opening, which is explicitly required by the bid documents. Staff reviewed the bid proposal of the next lowest bidder, Spiess Construction Company, Inc. (Spiess Construction) and determined its bid to be responsive and the contractor possesses a Class A contractor's license. Staff recommends the Board reject AMP United's bid as non-responsive, reject the bid protest as moot, and award the construction contract to the lowest responsible bidder submitting a responsive bid, Spiess Construction.

## **DESCRIPTION:**

The Five Year Business Plan and Budget includes funding for the Jerry Johnson and East County Square Reservoirs Improvements Project (JN 219028). In March 2020, District staff performed condition assessment of the protective coating systems and verified the coatings were in need of replacement and refurbishment. This proposed rehabilitation is a proactive way in maintaining the existing reservoirs in order to extend the useful life expectancy.

The Jerry Johnson Reservoir is located at 333 La Cresta Heights Road El Cajon, California. The reservoir was constructed in 1972 and is a 1 million gallon potable water steel tank. The coating assessment indicates that the exterior coating is delaminating and the interior tank shows corrosion particularly on the roof. This includes corrosion at the center support columns and roof beams, which could both indicate structural issues.

The East County Square Reservoir is located at 8243 East County Drive in El Cajon, California. It was constructed in 2007 and is a 1.5 million gallon potable water steel tank. The coating assessment indicates that the exterior coating is still intact but recommended an overcoating to keep the intermediate coating from being exposed. The interior tank needs recoating to keep the corrosion from progressing.

In October 2021, the District retained, Dudek, Inc. (Dudek), one of Padre Dam's listed as-needed consultants, to prepare design plans and specifications for the coating of Jerry Johnson Reservoir. Staff evaluated the cost of roof repair compared to replacing the entire roof and decided that a new aluminum dome roof would be more cost effective based on a life-cycle cost analysis. In addition, the design plans and specifications include replacement of the cathodic protection system, spot repairs to extend the useful life of the reservoir, and replacements of exterior appurtenances so that District staff could access the reservoir safely.

In July 2022, District staff decided to combine the Jerry Johnson Reservoir project with the Reservoir Refurbish/Coating project at East County Square Reservoir. Both projects had similarities and there would

be cost savings to manage and execute both improvements during construction. Dudek is the design engineer consultant and both reservoirs have similar improvement work, including the replacement of the cathodic protection system, repairs/refurbishment of various minor exterior appurtenances, and coating of the tank. The goal of consolidating the projects is to reduce District staff time and efforts by completing the two projects as one project with one contractor and minimizing soft costs.

**BID RESULTS AND ANALYSIS**

The Project was advertised on November 15, 2022 with bids due on January 11, 2023. A total of 3 bid proposals were received.

Contractor	Bid Price
Paso Robles Tank	\$2,949,846
Spiess Construction Company, Inc.	\$2,857,955
AMP United LLC	\$1,968,450

AMP United was the apparent low bidder at the time of the bid opening based solely on the Bid Price. However, upon review of AMP United’s bid, staff determined their bid is non-responsive because it failed to acknowledge receipt of Bid Addendum #2 and the contractor did not possess a Class A contractor’s license at the time of the bid opening which is explicitly required by the bid documents. Spiess Construction later sent a letter of bid protest (Attachment 1) in regards to an irregularity with AMP United’s bid. District staff consulted with Legal Counsel and determined AMP United’s bid package deviates from the contract requirements which cannot be waived. District staff sent a response letter (Attachment 2) to AMP United notifying them that their bid is non-responsive. District staff reviewed the bid proposal of the next lowest bidder, Spiess Construction, and determined the bid to be responsive. Therefore, District staff recommends the Board rejects the bid protest submitted by Spiess as moot and award the construction contract to Spiess as the lowest responsible bidder submitting a responsive bid.

**CONSTRUCTION SUPPORT SERVICES**

The table below summarizes the not-to-exceed fees for the construction support services required to execute the Project (Attachments 3 through 5).

Service	Fee
Dudek- Engineering Support Services	\$52,647
Geocon- Special Inspection	\$11,800
Helix Environmental- Biological Surveys and Monitoring)	\$57,056
<b>Total</b>	<b>\$121,503</b>

Padre Dam staff will provide construction management and inspection for the Project. Staff costs for construction management, inspection, operations, and communications are anticipated to be approximately \$357,244.



## **FUNDING PLAN**

The Board approved Strategic Business Plan for Fiscal Years (FY) 2023 –2027 includes funding for the construction of the Jerry Johnson and East County Square Reservoir Improvement. Also, funding for the project designs were budgeted for and committed during FY 2018–2022. The budget and expenditures for Jerry Johnson and East County Square Reservoirs are summarized in the table below:

<b>Funding Source for Jerry Johnson &amp; East County Square Reservoirs</b>	<b>Budgeted Amount</b>	<b>Expenditures</b>	<b>Budget Available</b>
FY18 – FY22	\$111,326	\$111,326	\$0
FY23 – FY27	\$2,751,000	\$127,019	\$2,623,981
Remaining Budget			\$2,623,981

The total requested amount is \$3,491,750, which leaves a budget deficit of \$867,769. In order to fully fund the construction of the Jerry Johnson and East County Square Reservoirs, District staff proposes to utilize funding from the Interstate 8 Unencased Transmission Mains Replacement project as summarized in the table below:

<b>Funding Source for I-8 Unencased Transmission Mains</b>	<b>Budgeted Amount</b>	<b>Anticipated Expenditures</b>	<b>Budget Available</b>
FY18 – FY22	\$594,313	\$594,313	\$0
FY23 – FY27	\$8,000,000	\$7,122,618	\$877,382
Available Budget for Jerry Johnson & East County Square Reservoirs			\$877,382

This funding plan proposes to replace only one of the two transmission main crossings included within the original scope of work, unless bids received for both transmissions mains can be awarded based on available budget, or an alternative funding source can be identified. The preliminary engineering analysis for the project forecasts replacement of both crossings would exceed \$15 million which far exceeds the allocated budget. For this reason, staff recommends the replacement of the most critical transmission main crossing at Labrador Lane and allocating the remaining available budget to fund the construction of the Jerry Johnson and East County Square Reservoirs. This funding plan is consistent with the District’s goal of achieving infrastructure sustainability through reliability, resiliency, and rate payer affordability while addressing the most critical infrastructure needs. The plan prioritizes water supply reliability while living within the overall Board approved Capital Improvement Plan (CIP) budget and maintaining healthy fund balances, and is consistent with the District’s Five Year Strategic Business Plan objectives.

### **RECOMMENDATION(S):**

1. Approve the funding plan described herein in order to fund the construction of the Jerry Johnson and East County Square Reservoirs Improvements Project.
2. Reject the bid received from AMP United LLC as non-responsive.
3. Reject the bid protest received from Spiess Construction Company, Inc. as moot.
4. Award the construction contract for the Jerry Johnson and East County Square Reservoirs Improvements Project to the lowest responsible bidder submitting a responsive bid, Spiess Construction Company, Inc., for an amount of \$2,857,955 and authorize the CEO/General Manager or his designee to approve contract change orders up to 5-percent (\$142,898) of the contract amount.
5. Authorize the CEO/General Manager or his designee to award the construction support services contracts required for the successful completion of the project, as described in the summary, for a not to exceed amount of \$121,503 plus 10 percent contingency (\$12,150).



AZ #119975 • CA #333989 • NV #0038929

**Spiess Construction Co., Inc.****P.O. Box 2849  
Santa Maria, CA 93457-2849  
(805) 937-5859  
Fax (805) 934-4432**

January 18, 2023

Padre Dam Municipal Water District  
Attn: Mr. Wilson Lau, P.E.  
9300 Fanita Parkway.  
Santee, CA 92072Email: [wlau@padre.org](mailto:wlau@padre.org)Re: Jerry Johnson and East County Square  
Reservoirs Improvements Project (JN 219028)

Subj: Protest of Low Bidder

Dear Mr. Lau:

On 11 January 2023, Spiess Construction Co. Inc. ("Spiess") timely submitted a complete bid to the Padre Dam Municipal Water District for the Jerry Johnson and East County Square Reservoirs Improvements Project (JN 219028) (the "Project"). Amp United, LLC ("Amp") was the apparent low bidder, and Spiess was the apparent second low bidder. Spiess is formally protesting the award of the contract to Amp due to Amp's failure to comply with the Bid Documents. In sum, Amp's bid omitted material information and failed to complete several items required by the Bid Documents. As a result, Amp's apparent low bid is non-responsive. Spiess has a substantial economic, financial, and business interest in the proposed award of the contract, and respectfully submits this formal protest.

To begin, Amp used an improper date to acknowledge Addendum Number 1 and failed to include a signed copy of Addendum Number 2. The requirement to sign Addendum Number 2 "before submitting your bid" can be found on the face of Addendum Number 2 and is also set forth in the Instruction to Bidders, Section 00200, Article 5 – Addenda of the bidding documents.

Amp also failed to complete several items in Section 00430. Specifically, Amp failed to:

1. Complete the Contractors, Information, and Experience form, which required the type of business entity to be listed on page 27;
2. List its current projects (backlog) - #8 on page 30;
3. List the percentage of time that each of the listed personnel would be allotted to the Project on page 32;
4. Replace page 33 of the Contractors, Information, and Experience with the new form provided in Addendum Number 1;
5. Include information to support the requirements that the Aluminum Cover Manufacturer shall have a minimum of 10 years of experience with designing aluminum dome roofs;
6. Include the history showing that the Aluminum Cover Erector has installed at least 10 dome roofs for tanks 70 feet in diameter and larger in the past 10 years.

In addition to failing to complete section 00430 properly, Amp also failed to:

1. list the Manufacturer of the Aluminum Dome Roof Cover as required in section 00435 on page 41; and
2. Correctly identify the DIR number for Beacon Energy Services as required for the List of Subcontractors Form in section 00440.

We believe these omissions are material, particularly the failure to provide the requisite experience of the Aluminum Cover Manufacturer and Aluminum Cover Erector. California Public Contract Code Section 10180 requires the District to award its contracts to the lowest responsive bidder via competitive bidding. A bid that does not strictly conform to the call for bids cannot be accepted if the variance could have affected the amount of the bid or given the bidder an advantage or benefit not allowed other bidders. A bid containing material deviations must be rejected as non-responsive. Based on the enumerated errors listed above, clearly Amp's bid is non-responsive. Amp's deviations from the District's Bid specifications are material defects that require the award of the contract to Spiess.

Accordingly, we respectfully request that the Padre Dam Municipal Water District reject the apparent low bid and determine that the award of this contract rightfully belongs to Spiess Construction Co. Inc.

Your prompt consideration of this matter is greatly appreciated. We look forward to your determination and to working with you on this Project.

Sincerely,

Spiess Construction Co, Inc.



Scott A. Coleman,  
President



February 2, 2023

Raymond Alvarez  
Project Manager  
AMP United, LLC  
50 Sheffield Drive Suite 104  
Dover, NH 03820

SUBJECT: NOTICE OF INTENT TO RECOMMEND NON-RESPONSIVE BID FOR JERRY JOHNSON AND EAST COUNTY SQUARE RESERVOIRS IMPROVEMENTS PROJECT

Dear Raymond,

Padre Dam Municipal Water District ("District") staff has determined, and intends to recommend to the District's Board of Directors ("Board") that the bid submitted by the apparent low bidder, AMP United LLC (AMP United), is non-responsive as the bid does not meet the following items established in the specifications.

1. Section 00100 of the Notice Inviting Bids (page 3) requires each bidder shall possess State of California General Engineering Contractor (Class A) license. AMP United did not indicate in their bid forms that they possess this license. Therefore, this constitutes a material failure to comply with Section 00200 Instructions to Bidders, subsection 10 Licensing Requirements (page 6) "Pursuant to Section 7028.5 of the Business and Professions Code, the District shall consider any bid submitted by a contractor not currently licensed in accordance with state law and pursuant to the requirements found in the Contract Documents to be nonresponsive, and the District shall reject the Bid."
2. Section 00200 of the Instructions to Bidders, subsection 1 (page 4) states "Failure to acknowledge Addenda may make a bid nonresponsive and ineligible for award of the Contract." AMP United bid did not acknowledge Addendum No. 2.
3. Section 00430 Contractor Information and Experience subsection E.2 (page 34) states "Failure to furnish the required information and demonstrate the requisite experience, in the format required, may render your bid non-responsive. " The information provided in the bid failed to show the required length of experience in support of this premise.

Because each one of the above mentioned rationale, alone, is sufficient to deem a bid non-responsive, District staff will recommend that the Board reject AMP United's bid as non-responsive and award the contract to the lowest responsible bidder at the next regularly scheduled Board meeting, on Wednesday, February 15, 2023 at 4:00 pm.

AMP United LLC

Feb 2, 2023

Page 2 of 2

To watch via a webinar click on the link below:

[https://us06web.zoom.us/webinar/register/WN\\_8hrz6OpxRU2SGkTcJLDgJA](https://us06web.zoom.us/webinar/register/WN_8hrz6OpxRU2SGkTcJLDgJA)

After registering, you will receive a confirmation e-mail with a link to join the webinar.

To Listen Via Teleconference dial: 646-568-7788

Webinar/Meeting ID: 896 5802 1628#

Enter # for participant ID

The meeting will be held in the Board Room located at 9300 Fanita Parkway, Santee, California, if you wish to attend in person.

The District appreciates your interest in this project.

Sincerely,



Michael Hindle, P.E.

Manager of District Projects

cc: Jeff Moneda, P.E.

Wilson Lau, P.E.

January 11, 2023

Mr. Wilson Lau  
Engineering and Planning  
Padre Dam Municipal Water District  
9300 Fanita Parkway  
Santee, CA 92071

**Subject: Engineering Services During Condition of Jerry Johnson and East County Square Reservoir Improvements Project (JN 219028)**

Dear Mr. Lau:

Dudek is pleased to provide this proposal for engineering services during construction of the Jerry Johnson and East County Square Reservoirs Improvement Project. The project consists of installing a new aluminum dome roof, including new interior and exterior ladders and new roof appurtenances, replacing/enlarging the shell access manways, interior and exterior recoating, ringwall repairs, a new cathodic protection system, and miscellaneous improvements to tank shell appurtenances at the Jerry Johnson Reservoir. At the East County Square Reservoir, the project consists of interior recoating and exterior overcoating, a new cathodic protection system, and miscellaneous improvements to tank shell appurtenances.

The following scope of work and fee estimate are based on Dudek's experience with similar reservoir rehabilitation projects. The actual level of effort is dependent on the contractor and other factors outside of our control. Work will be conducted on a time and materials basis and as requested by the District to support staff during construction of the improvements.

### **Scope of Work**

#### **Task 1 – Project Management and Meetings**

Dudek shall attend the pre-construction meeting with the District and Contractor prior to beginning of construction and up to five (5) on-site coordination/progress meetings during construction as requested by the District. Of these meetings, up to five (5) will be attended by Kelsey Structural and up to four (4) by RF Yeager Engineering. Dudek assumes that the District or Contractor will prepare agenda and minutes, as required.

This task also includes preparation of monthly progress reports that include progress to date, potential completion issues, anticipated next steps, and budget status.

#### **Task 2 – Conformed Drawings and Specifications**

Dudek will prepare conformed drawings and specifications incorporating all addenda issued during the bid phase. The conformed documents will be submitted in electronic .pdf format for use during construction.

#### **Task 3 – Engineering Services During Construction**

Dudek and subconsultants (Kelsey Structural and RF Yeager Engineering) shall provide the following construction phase services:

1. **Contractor's RFI:** Respond to up to ten (10) Requests for Information from the Contractor and the District.
2. **Shop Drawing Reviews:** Review and provide recommendations for up to twenty-five (25) shop drawing submittals, including up to ten (10) resubmittal reviews.
3. **Structural Observations:** Kelsey structural will perform up to three (3) structural observations during construction per 2022 CBC requirements to verify general conformance with the contract documents. A written structural observation report shall be provided with comments and action items to be addressed by the contractor.
4. **Record Drawings:** At the conclusion of construction, the District will provide Dudek with a single, consolidated set of redlined construction documents. Dudek, Kelsey Structural, and RF Yeager Engineering shall prepare the final record construction documents based on the same.

**Level of Effort/Fee Estimate:** The estimated fee for the scope of work presented above is \$54,184. A breakdown of estimated labor hours by category and subconsultant fees for each task is provided in the table below.

	Project Team Role:	Labor Hours and Rates					TOTAL DUDEK HOURS	DUDEK LABOR COSTS	Subconsultant Fees			TOTAL FEE
		QA/QC	Sr. Project Manager	Senior Engineer II	Senior Designer I	Project Coord			Structural Engineer	Corrosion Engineer	OTHER DIRECT COSTS	
		Team Member: N. Harper	A. Combs	S. Diaz	M. Goosens	M. Kinney			Kelsey Structural Fee	RF Yeager Engineering Fee		
<b>Billable Rate :</b>	\$270	\$260	\$235	\$190	\$160							
<b>Task 1</b>	<b>Project Management</b>											
1.1	Meetings and Site Visits (up to 6)		15			15	\$ 3,900	\$ 5,940	\$ 2,310	\$ 250	\$ 12,400	
1.2	Project Administration		8			4	\$ 2,720				\$ 2,720	
	<b>Subtotal Task 1</b>		<b>23</b>			<b>4</b>	<b>\$ 6,620</b>	<b>\$ 5,940</b>	<b>\$ 2,310</b>	<b>\$ 250</b>	<b>\$ 15,120</b>	
<b>Task 2</b>	<b>Conformed Drawings and Specifications</b>											
2.1	Prepare Conformed Drawings and Specifications		2	2	6	10	\$ 2,130				\$ 2,130	
	<b>Subtotal Task 2</b>		<b>2</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>\$ 2,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,130</b>	
<b>Task 3</b>	<b>Construction Support Services</b>											
3.1	RFIs (up to 10)	2	12			14	\$ 3,660	\$ 3,094	\$ 1,364		\$ 8,118	
3.2	Shop Drawings (up to 25)		10	22		32	\$ 7,770	\$ 4,298	\$ 2,728		\$ 14,796	
3.3	Structural Observations		2			2	\$ 520	\$ 5,500			\$ 6,020	
3.4	Record Drawings	1	2	2	10	15	\$ 3,160	\$ 2,684	\$ 2,156		\$ 8,000	
	<b>Subtotal Task 3</b>	<b>3</b>	<b>26</b>	<b>24</b>	<b>10</b>	<b>63</b>	<b>\$ 15,110</b>	<b>\$ 15,576</b>	<b>\$ 6,248</b>	<b>\$ -</b>	<b>\$ 36,934</b>	
	<b>Total Hours and Fee</b>	<b>3</b>	<b>51</b>	<b>26</b>	<b>16</b>	<b>4</b>	<b>\$ 23,860</b>	<b>\$ 21,516</b>	<b>\$ 8,558</b>	<b>\$ 250</b>	<b>\$ 54,184</b>	

Please feel free to call or email me at 760-479-4174/acombs@dudek.com if you have questions regarding this proposal. We look forward to continuing to move the project forward to completion.

Sincerely,



Amanda Combs, PE  
Project Manager



Proposal No. LG-23021  
 January 16, 2023

Padre Dam Municipal Water District  
 9300 Fanita Parkway  
 Santee, California 92071

Attention: Mr. Wilson Lau

Subject: PROPOSAL FOR SPECIAL INSPECTION SERVICES  
 JERRY JOHNSON AND EAST COUNTY SQUARE RESERVOIRS  
 IMPROVEMENTS PROJECT (JN 219028)  
 333 LA CRESTA HEIGHTS ROAD AND 8243 EAST COUNTY DRIVE  
 EL CAJON, CALIFORNIA

Reference: *Construction Plans for: Jerry Johnson and East County Square Reservoirs Improvement Project (JN 219028)*, prepared by Dudek, dated November 11, 2022.

Dear Mr. Lau:

In accordance with your request, we are pleased to present this proposal to provide special inspection services during improvements to the existing tanks. We understand that the proposed improvements include a new roof and interior repairs to the Jerry Johnson Reservoir and a new cathodic protection system for the East County Reservoir. In addition, both reservoirs will receive new exterior coatings and other relatively small improvements. We reviewed structural plans to prepare this proposal and we recommend the following scope.

### **SCOPE OF SERVICES**

**Structural Steel, Welding and Bolting.** We would provide an ICC certified inspector to inspect steel elements of the structures as required by the CBC and approved plans. Welding inspection shall be in compliance with American Welding Society (AWS) D1.1 and high-strength bolts in accordance with American Institute of Steel Construction, or as required by approved plans. We would perform inspections of the steel elements to check compliance with the details shown on the approved construction documents, such as bracing, stiffening, member locations, and proper application of joint details at connections. We would evaluate the requirements for bolts, nuts, washers, and paint; bolted parts; and installation and tightening in such standards are met. Periodic inspections would be performed of the work in progress including single pass fillet welds and welded studs when used for structural diaphragm. We would perform continuous inspection of moment frame welding and multi-pass welds in accordance with AWS D1.1 and CBC. Off-site inspection of non-approved fabricators is not included in this estimate, and we assume bolts will be manufactured in the United States and not require testing. We estimate that 120 hours of inspection will be required.

**Report Preparation and Submittal.** Upon completion of the testing and observation services, we would prepare a final report indicating the compliance of the work inspected.



## PROPOSED FEE

We propose to provide the outlined geotechnical engineering services for an estimated fee of \$11,800 as shown in Table 1. We would provide our services in accordance with the previously negotiated contract. Invoices will be submitted at four-week intervals and be itemized to reflect only the actual time and costs incurred. If unexpected field conditions are encountered that require a significant modification to the recommended scope of work and/or an increase to the not-to-exceed amount, we will not proceed with the modified scope or increased amount without obtaining your verbal authorization. The proposed scope of services does not include the evaluation or identification of the potential presence of hazardous materials on the site.

**TABLE 1  
ESTIMATE FOR SPECIAL INSPECTION MATERIALS SERVICES**

Item	Estimated Fee
Structural Steel, Welding and Bolting	\$10,800
Report Preparation and Submittal	<u>\$1,000</u>
<b>TOTAL ESTIMATED FEE</b>	<b><u>\$11,800</u></b>

We prepared this proposal with the understanding that this is a prevailing wage project and the prevailing wage rates would be applied to the special inspections.

It is mutually agreed between Client and Geocon Incorporated that all services afforded, and work performed by us are provided pursuant to Civil Code Section 2782, *et seq.*, and such agreement is expressly integrated into and made a part of any and all contracts or agreements entered into between the parties.

Please carefully review the contents of this proposal and prepare a contract agreement/task order for our signature.

Should you have any questions regarding this proposal, or if we may be of further service, please contact the undersigned at your convenience.

Very truly yours,

GEOCON INCORPORATED



Matthew Love, RCE 84154  
Senior Project Engineer



Shawn Weedon, GE 2714  
Vice President/Senior Engineer

ML:SFW:arm

(e-mail) Addressee

**HELIX Environmental Planning, Inc.**  
7578 El Cajon Boulevard  
La Mesa, CA 91942  
619.462.1515 tel  
619.462.0552 fax  
www.helixepi.com



January 19, 2023

Wilson Lau  
Engineer  
Padre Dam Municipal Water District  
9300 Fanita Parkway  
Santee, CA 92072-9003  
[wlau@padre.org](mailto:wlau@padre.org) | 619.258.4642

**Subject: Scope and Cost Estimate to Provide Environmental Consulting Services for the East County Square Reservoir and Jerry Johnson Reservoir Improvements Project (JN 219028)**

Dear Mr. Lau:

HELIX Environmental Planning, Inc. (HELIX) is pleased to submit this scope of work and cost estimate to Padre Dam Municipal Water District (District) to provide environmental consulting services related to the East County Square Reservoir and Jerry Johnson Reservoir Improvements Project (project). This Task Order is submitted pursuant to our Agreement for As-needed Environmental Consulting Services, dated September 1, 2022. The project involves general maintenance at the reservoir including removing existing and applying new coatings inside and out. Maintenance may require minor vegetation trimming for access to the facilities. Work is expected to occur outside of the general bird breeding season (January 15 to September 15). No ground disturbance would occur.

#### **SCOPE OF SERVICES**

The following scope of work includes tasks related to environmental monitoring during construction activities.

##### **Task 1 Pre-Construction Nesting Bird Survey**

HELIX will conduct a single pre-construction nesting bird survey at each reservoir to determine if active nests are present on or within 100 feet of the project sites. The survey will be conducted within seven days of the start of construction. HELIX will provide a brief letter report to the District describing the survey methods and results of the survey. In the event that an active bird nest or nests are found, the report will include a map of active nest(s) found during the survey and corresponding recommended setback buffer from the active nest based on the project requirements, species, nest location, and other environmental factors. Additional pre-construction surveys would be required if construction activities do not initiate within seven days of the pre-construction survey date, which would require additional authorization from the District.

## **Task 2 Biological Construction Monitoring**

Under this task, HELIX will provide biological construction monitoring to ensure that activities occur within the approved project limits. Construction monitoring includes the following tasks to be carried out by HELIX:

- a) Attend the pre-construction meeting for each reservoir (as-needed);
- b) Supervise the placement of fencing along the approved limits of disturbance at each reservoir;
- c) Help ensure that construction activities and staging areas are restricted to the approved development area; and
- d) Monitor construction activities, including vegetation removal, (as needed) to help ensure that construction does not encroach into biologically sensitive areas beyond the approved limits of disturbance.

A brief summary of biological construction monitoring activities will be emailed to the District weekly when conducted. For cost estimate purposes, up to 80 monitoring hours total to attend the pre-construction meetings, monitor fence placement and vegetation removal, and conduct biological monitoring as needed throughout the project. If additional biological construction monitoring is required or requested by the District, additional authorization from the District would be required.

### **Optional Tasks**

## **Task 3 Coastal California Gnatcatcher Surveys**

HELIX will conduct US Fish and Wildlife Service (USFWS) protocol-level presence/absence surveys for the federally listed threatened coastal California gnatcatcher (*Polioptila californica californica*). The District is not a participating agency in the Natural Community Conservation Planning (NCCP) program. For non-participating agencies, the USFWS requires six protocol-level surveys for the federally listed threatened coastal California gnatcatcher (*Polioptila californica californica*) be completed between March 15 and June 30 at least seven days apart. HELIX is required under its 10(a)(1)(A) recovery permit (TE778195) to notify the USFWS 15 days in advance of starting the first survey and submit a written report to the USFWS within 45 days of completing the final survey.

## **Task 4 Noise Monitoring**

In the event protocol-level presence/absence surveys for the federally listed threatened coastal California gnatcatcher (Task 3) determine the adjacent suitable habitat at either or both reservoirs to be occupied by coastal California gnatcatcher, HELIX will provide noise monitoring support during construction activities in accordance with the project design features. Activities are anticipated to include noise monitoring and documentation of activities with the potential to generate loud noise adjacent to occupied Diegan coastal sage scrub. A brief summary of noise monitoring activities will be emailed to the District weekly when conducted. For cost estimate purposes, this task assumes the equivalent of up to 12 site visits per reservoir (approximately 120 hours) within the coastal California gnatcatcher breeding season for noise monitoring.

### ASSUMPTIONS AND LIMITATIONS

The following assumptions and limitations are a material component of this proposal:

- Costs associated with biological monitoring active bird nests and sensitive species during construction are not part of this scope of work.
- Impacts would not occur in native vegetation communities and any potential impacts to sensitive avian species are limited to indirect noise impacts.
- A noise analysis and recommendations on the implementation of noise barriers are not included in the scope of work. If noise barriers or other noise attenuation measures are required to reduce construction related indirect noise impacts, additional authorization from the District would be required.

### COST ESTIMATE

HELIX is pleased to submit this cost estimate not to exceed \$19,259 (without optional tasks), or \$57,056, including optional tasks, which is provided below in a breakdown by task. All work shall be invoiced on a time-and-materials basis pursuant to HELIX's as-needed services contract with District.

<u>Task No.</u>	<u>Task Name</u>	<u>Cost</u>
1	Pre-Construction Nesting Bird Survey	\$7,253
2	Biological Construction Monitoring	<u>12,006</u>
<b>TOTAL (without optional tasks)</b>		<b>\$19,259</b>
3 (Optional)	Coastal California Gnatcatcher Surveys	16,837
4 (Optional)	Noise Monitoring	<u>20,960</u>
<b>TOTAL (with optional tasks)</b>		<b>\$57,056</b>

### CLOSING

We look forward to working with you on this project. If you have any questions concerning this cost estimate, please call your Project Manager, Katie Bellon, or me at (619) 462-1515 or email at [KatieB@helixepi.com](mailto:KatieB@helixepi.com).

Sincerely,



Joanne M. Dramko, AICP  
Environmental Planning Discipline Leader

Attachment: Cost Sheet

1/19/2023

HELIX Environmental Planning, Inc.

East County Square and Jerry Johnson Reservoirs

		Task 1		Task 2		Task 3		Task 4		TOTAL	
2022-2025 PDMWD Rate		Nesting Bird Survey		Bio Construction Monitoring		Optional: Protocol CAGN Surveys		Optional: Noise Monitoring			
HELIX LABOR	Rate	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Personnel											
Principal	\$265		\$0	2	\$530	2	\$530	-	\$0	4	\$1,060
Principal Biologist	\$260	2	\$520		\$0	4	\$1,040	2	\$520	8	\$2,080
Biology Project Manager I	\$160	4	\$640	4	\$640	4	\$640	4	\$640	16	\$2,560
Biologist III	\$135	40	\$5,400	80	\$10,800	88	\$11,880	120	\$16,200	328	\$44,280
Technical Editor	\$135	-	\$0		\$0	4	\$540	-	\$0	4	\$540
Operations Manager	\$110	-	\$0		\$0	4	\$440	-	\$0	4	\$440
Sr. GIS Specialist I	\$155	4	\$620		\$0	10	\$1,550	-	\$0	14	\$2,170
Subtotal HELIX Labor		50	\$7,180		\$11,970	116	\$16,620	126	\$17,360	378	\$53,130

EXPENSES	Task 1		Task 2		Task 3		Task 4		TOTAL	
Document Reproduction		\$0		\$0		\$0		\$0		\$0
Communications (postage/couriers/hosted conference calls)		\$0		\$0		\$0		\$0		\$0
GPS (per day)	\$60	\$0		\$0		\$0		\$0		\$0
Travel (car rentals, meals, hotels,etc)		\$0		\$0		\$0		\$0		\$0
Newspaper Ad		\$0		\$0		\$0		\$0		\$0
Aerial Imagery		\$0		\$0		\$0		\$0		\$0
Plotting & Color Prints		\$0		\$0		\$0		\$0		\$0
Noise Meter	\$120	\$0		\$0		\$0	24	\$2,880		\$2,880
Mileage	\$0.655	100	\$66	50	\$33	300	\$197	600	\$393	\$689
Records Search		\$0		\$0		\$0		\$0		\$0
Subtotal Expenses		\$66	\$33	\$197	\$3,273					\$3,569
HELIX Mark-Up on Expenses		\$7	\$3	\$20	\$327					\$357
Total Expenses		\$73	\$36	\$217	\$3,600					\$3,926

<b>TOTAL</b>		\$7,253	\$12,006	\$16,837	\$20,960	\$57,056
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**BOARD AGENDA REPORT**

**Meeting Date:** 02-15-2023  
**Dept. Head:** Karen Jassoy  
**Submitted by:** Karen Jassoy  
**Department:** Finance  
**Approved by:** Kyle Swanson, CEO/GM

**SUBJECT:** SEMI-ANNUAL REPORT ON THE FIVE YEAR BUSINESS PLAN, FOR THE SIX MONTHS ENDED 12/31/22

**RECOMMENDATION(S):**

Hear staff report; no action required.

**ALTERNATIVE(S):**

n/a

**ATTACHMENT(S):**

1. Summary Statement of Operations for the six months ended December 31, 2022.
2. Performance Indicator Scorecards for the 2<sup>nd</sup> Quarter of FY '23.

**FUNDING:**

Requested amount: n/a

Budgeted amount:

Are funds available?  Yes  No

Project cost to date:

**PRIOR BOARD/COMMITTEE CONSIDERATION:**

**STRATEGIC PLAN IMPLEMENTATION:**

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

<b>Reviewed by:</b>	<b>Action Required:</b>	<b>Policy Updates:</b>	<b>Action Taken:</b>
Dept Head <input checked="" type="checkbox"/>	Motion <input type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input type="checkbox"/>	None <input checked="" type="checkbox"/>		

**EXECUTIVE SUMMARY:**

Padre Dam’s Fiscal Year (FY) ’23–’27 Strategic Business Plan (Plan) is a key planning instrument and road map to “Securing a Sustainable Future” for the District and the community it serves. The Plan holds staff accountable with established objectives, goals and performance measurements that track progress and potential short comings. It also gives staff flexibility in its deployment allowing for reallocation of resources as priorities shift. The Plan requires staff to provide quarterly Performance Indicators and semi-annual updates (written and verbal) on goals, accomplishments and achievement of strategic objectives. This agenda covers the first six months of year one of the Plan (July 1, 2022 – December 31, 2022).

**DESCRIPTION:**

***Plan Development***

Development of the FY ’23-’27 Five Year Strategic Business Plan began in the fall of 2020. The process required significant forethought, planning and engagement. Throughout the process, staff sought out different perspectives and critical insight from multiple stakeholders. Strategic Objectives were identified based on input from the Board, public and staff. Goals were set for the District’s Business Functions based on current and projected needs and priorities. Performance Indicators were developed to track and report on the progress towards or achievement of those goals. Finally, a budget was developed and rates were set to provide the funding needed to accomplish the Plan’s goals and objectives.

***Strategic Objectives***

One of the goals of the Plan was to clearly link the important work that the District does to its long term strategic vision. Based on input gathered from a series of facilitated workshops, focus groups and surveys, staff identified six long-term **Strategic Objectives** shown below. These objectives will guide our decision making, impact goals and priorities, influence policy decisions, and lead the District into the future. They also support the District’s Mission, Vision and Values.



***Business Functions***

Another key component of Plan development was to identify the District’s core **Business Functions**. These core Business Functions are where the work of the District gets done. The activities within these functions help support our customers, accomplish our mission and achieve our Strategic Objectives. The following eight core Business Functions were identified:



Staff in each Business Function identified their top Goals for the Plan, tying each back to one or more of the six Strategic Objectives to ensure that everything staff does is in furtherance of those important objectives. These are not the only things that will be accomplished during the Plan but will be used to demonstrate success and show the Board and the public, the important work that staff is doing. Champions were also identified for each Business Function. The role of the Champions is to keep staff focused on accomplishing the work and achieving established goals and objectives.

### **Performance Indicators**

Staff also developed Key Performance Indicators (KPIs) for each Business Function Goal. KPIs can be used to track performance, allocate resources and communicate goal completion. KPI's can be either Qualitative or Quantitative.

- *Qualitative* KPIs show performance towards or achievement of a specific goal. Some Qualitative Indicators measure ongoing performance while others are specific milestones that must be met. It is important to track Qualitative Indicators quarterly to ensure staff stays focused, identify if there is a risk that a goal may not be achieved, or to communicate when a goal is complete.
- *Quantitative* KPIs show performance against a specific number of planned tasks. It is important to track Quantitative Indicators quarterly to show performance against a goal but it is also important to look at them cumulatively; there are a number of reasons a task may fall behind in one period but it is also possible to exceed a goals in future periods so that the cumulative goal is met.

Used correctly, a good KPI acts as a compass to show if an organization is on the right path to achieving its goals. Therefore, *KPIs will be tracked* on scorecards and provided to the Board and public quarterly.

### **Plan Update: July 1, 2023 – December 31, 2023**



#### **OPERATIONS + WATER QUALITY**

The Operations Department is responsible for the delivery of safe, high quality drinking water, collection and treatment of wastewater and delivery of recycled water to our customers. There are many talented professionals contributing to the District's mission each day. Crews work to provide a high level of service as well as respond to all types of emergencies 24/7. Changes in staffing and technology present both challenges and opportunities for this team over the next five years.

#### **Operations + Water Quality Key Focus Areas:**

Construction, Fleet  
& Facilities  
Water Quality &  
System Operations  
Regulatory  
Compliance

Some key highlights for the Operations + Water Quality function include:

#### **Construction, Fleet & Facilities:**

- Internal crews completed a project to raise the material bin concrete walls in the Operations Yard to allow for additional material storage and increase operational efficiency.
- Completed the excavation and construction of the Vactor Dump concrete structure and piping within the Operations Yard. This replaces the Vactor dump at Pond C which was removed due to construction of the Advanced Water Purification Project (Project).
- Completed GM office remodel for efficiency of Admin staff.
- Completed asphalt restoration and drainage mitigation of the Fanita Reservoir site. This project eliminated some erosion problems adjacent to the road/driveway and will help extend the life of the driveway for several years.



**Water Quality & System Operations:**

- Upgraded the Mt. Top Reservoir chlorine injection system/building. Crews installed new electrical conduit to connect the new chlorine generation communication and power from the existing chlorine generation building to the pump station.
- Completed repairs identified in surge tank inspections at West Victoria Pump Station and Pump Station 1 surge tanks as well as additional coating repairs at Alpine Pacific Reservoir.
- Completed two rounds of contracted fire hydrant painting. Over 700 hydrants were painted which includes painting of the bollards that may surround a hydrant.

**Regulatory Compliance:**

- Completed two rounds of Exfiltration Testing with **Southern California Coastal Water Research Project** (SCCWRP) in support of compliance with the Regional Water Quality Control Board’s Investigative Order.
- Ray Stoyer Water Recycling Facility (WRF) and Operations staff conducted sewer systems sampling for Methyl tertiary-butyl ether (MTBE) in the systems. This sampling was followed up with smoke testing in that area to help identify sewer connections/laterals. Staff were able to identify a potential area that was problematic and planning has started to fix the issue.



One Strategic Objective supported by the accomplishments of the Operations and Water Quality function was **Operational Excellence**. Providing highly-trained staff focused on operating and maintaining the water, wastewater, recreation and recycled water systems helps to ensure regulatory compliance, longevity and reliability. The recently renewed National Pollutant Discharge Elimination System (NPDES) permit included a Time Scheduled Order (TSO) from the Regional Water Quality Control Board that addresses compliance with the discharge limits for MTBE. By conducting several rounds of sewer system sampling, staff have narrowed down an area that is suspected to be contributing the MTBE found in the sewer system. An upcoming Capital Improvement Program (CIP) project will include the lining of the sewer pipes in the area found to be contributing the MTBE to the sewer system. This will help the District to ensure regulatory compliance and to comply with the TSO and create a cleaner source of waste water to be treated at the WRF.



**INFORMATION SYSTEMS**

The overall goal of the Information Systems (IS) Team is to provide information technology infrastructure, solutions, and services that support the mission, vision, and values of Padre Dam. IS supports a variety of technology, applications and services that have defined lifecycles. As systems age, IS will explore and evaluate new solutions with stakeholders and end-users, with operational efficiency and future innovation in mind. The IS Team is made up of technical specialists, systems analysts, and GIS experts.

**Information Systems Key Focus Areas:**

- IS Infrastructure & Operations
- IS Services & Applications
- Data Governance
- Cyber Security
- GIS Services & Applications

Some key highlights for the Information Systems function include:

**IS Infrastructure & Operations:**

The IS Infrastructure and Operations define the hardware, software, network components and staff that make up the backbone of modern IS operations. Modern infrastructures reside on a combination of

traditional on-premises and cloud-based systems. This infrastructure must be operated, successfully managed and well-maintained. Continuous improvement will explore and evaluate new and innovative future opportunities, including Platform as a Service (PaaS) and Infrastructure as a Service (IaaS).

### ***IS Services & Applications:***

IS Service and Applications define software and applications that support other departments in the work they do and goals they have. Major software packages include a Financial and Human Resources system (FHRIS), Customer Service and Utility Billing system (CIS), Electronic Document Management system (EDMS), communication systems and various other supporting applications. IS staff provides critical technical support when needed and often acts as a liaison between staff and software providers to troubleshoot and upgrade. Continuous improvement will explore and evaluate new and innovative opportunities for the future to include Software as a Service (SaaS).

### ***Data Governance:***

Data governance involves complementary custodial and stewardship roles. Data Custodians are accountable for data assets from a technical perspective, while Data Stewards are accountable from a business perspective. Data custodians and stewards play complementary roles in data governance and IS fills both roles. Custodial duties involve technical data control, including security, scalability, configuration management, availability, accuracy, consistency, audit trail, backup and restoring technical standards, policies and business rule implementation. Stewardship duties involve business controls, data content, and metadata management related to sets of data assets. Departments that use the same data view it differently. Data stewardship ensures that data supports all business needs and requirements, providing access to data through reports and business intelligence applications and ensuring actionable information is readily available to decision-makers.

### ***Cyber Security:***

Protecting vital data from being stolen or corrupted is an ongoing concern. Ensuring a secure and safe computing environment is crucial for IS as attacks on sensitive data and systems continue to grow globally with increasing frequency. Strong cyber defense strategies aim to reduce risk and prevent damage to the District's data and information systems. This is accomplished by adhering to a cybersecurity framework that defines, tests, implements and refines these strategies as technological changes dictate.

### ***GIS Services & Applications:***

Geographic Information Systems (GIS) is a spatial and geographical database system designed to capture, store, manipulate, analyze and manage organizational data to help stakeholders visualize and interpret the relationships between data to make informed decisions. A fully developed GIS benefits the District by enabling users to create informational maps, spatially view all District infrastructure, query information by the asset attributes or spatial location and make better decisions.

The District's Enterprise GIS gives staff access to GIS data to address varying departmental needs. It allows the end user to pinpoint an asset's location or identify an area of customers impacted by a service interruption electronically. It also allows for real-time updates when assets are added or moved. These aims will be accomplished by providing accessible GIS services internally and publicly, integrating GIS with other systems, providing mobile and cloud capabilities, ensuring quality and timely data, lending technical support and expanding inter- and intradepartmental collaboration.

In conclusion, information technology is crucial to every aspect of Padre Dam’s operations and missions. All these systems must be well maintained and managed to ensure availability. Innovation and advances mean technology do not remain static. Change is the norm, and to remain flexible, IS and GIS strategic plans will be revisited periodically to adjust and re-prioritize as necessary.



One Strategic Objective supported by the IS function was **Technology + Innovation**. Under the IS Service and Application focus area, the IS team deployed a new Enterprise IS Service Management software. This solution allows all users to submit trouble tickets directly to the IS Department with a simple email, streamlining service delivery and tracking. It also allows the users to communicate directly with the service tech via this same email address, providing them with constant updates on the status and completion of their issue. The software contains a project management and inventory module that will aid the IS Department in completing major District initiatives in a timely fashion and accurately track all equipment to improve budgeting and upgrade schedules. The IS Department spearheaded the deployment of a new Unified Communication system. This replaces the outdated phone system with a new system providing advanced phone, email and video conference functionality to all District employees. It will add advanced functionality and performance tracking to both of the District’s call centers providing customers with advanced tools to improve District responsiveness and increase customer satisfaction.



### **CUSTOMER SERVICES**

Customer Services is dedicated to providing exceptional service and support to our customers. The team manages many functions throughout a customer’s lifecycle including initiation and termination of service, ongoing assistance and management of troubled accounts. Often the only people that customers interact with, the Customer Services staff must be highly trained, patient, professional and compassionate. Customer Services also serves as a hub for workflow within the District, working closely with all departments to provide vital data. There are two interconnected segments to this Business Function: the Customer Service Center and Field Services. These two areas work together to accomplish the mutual goal of obtaining meter data used for customer billing and reporting.

**Customer Service  
Key Focus Areas:**

---

- Billings, Receipts & Collections
- Customer Assistance
- Resource Management & Development
- Meter Services & AMI

Some key highlights for the Customer Services function include:

#### ***Billings, Receipts & Collections:***

Customer service experienced one its most challenging years mostly related to the pandemic. In addition to the many departmental changes, the unprecedented government assistance programs such as the State Arrearages and the Low Income Housing Water Assistance Program (LIHWAP) created challenges in identifying which customers would qualify by the criteria set forth by each of these programs. Staff did an incredible job which required significant staff hours so that Padre Dam customers could benefit from these programs. Furthermore, Governor Newsom’s Executive Order to not discontinue water service for non-payment was lifted. When the moratorium ended, the District had hundreds of accounts in the category of significantly delinquent, many of which had not made a payment since the beginning of the pandemic. This presents significant challenges for Staff as they work with customers to secure payment and provide assistance within the parameters of the District’s rules and regulations.

### **Customer Assistance:**

Our talented District staff is able to assist customers in many ways, such as answering billing questions, high bill concerns, meter functionality, payment options, payment arrangements and more. In addition, customers have easy access to talk to a live Customer Service Representative (CSR) with little or no wait times. Furthermore, the District's CSR's have a local presence and understand the community we serve because many of them live locally. In concert with strong telephone support, our Field Service Technicians are readily available to visit a customer's property to assist in the reading of their meter, check for possible leaks and answer any questions the customer may have.

### **Resource Management & Development**

Staff is able to provide the kind of service our customers deserve with the use of our state-of-the-art Customer Information System (CIS) provided by Advanced Utility Systems. The Department recently completed a significant upgrade to V4, the most current platform of the database. This version offers staff more streamlined processes, which results in efficiency when working with a customer and gives staff better access to data and advanced reporting. Staff also educates customers on the use of our online water use portal Aquahawk. This software allows a customer to monitor their own usage and set notification parameters to contact them when designated thresholds are triggered.

### **Meter Services & AMI:**

Field services supports the metering and the Advanced Metering Infrastructure (AMI) functions. This highly skilled group enables the District to perform many tasks that would normally require a contractor in some cases. Staff recently completed the change out of 23,000 water meters. Staff completed this 7-year program in just 5 years. In addition, internal staff is reducing the amount of AMI infrastructure needed to successfully run the program. 44 AMI gateways were reduced to 17 with the use of more powerful units. Additionally, staff is reducing the once 623 repeaters in the system to approximately 250. We currently reside at 470. The team is working with solar to further support our infrastructure by powering many of these units without the use of disposable batteries, which fail over time. All their efforts have resulted in a consistent 99.8% successful meter reading percentage.

#### **FISCAL STABILITY**

One Strategic Objective supported by the Customer Services function was **Fiscal Stability**. Due to the Governor Newsom's Executive Order to suspend shut-offs for non-payment during the pandemic, delinquent balances on customer accounts rose significantly. Even though we were not able to discontinue water service for non-payment of bills, staff spent significant time collecting and maintaining the data for analysis. Staff then reached out to customers on a regular basis to recommend a partial payment be made if possible. The lifting of the Governor's moratorium created many challenges for staff as well. Customers were now subject to have their service discontinued for non-payment. Many customers faced large delinquent balances because they hadn't paid since the beginning of the pandemic. Staff has been very flexible in working with these customers by offering payment arrangements, extension, and governmental subsidies to assist them in the paying their bill. The District received \$250,000, the maximum amount they were eligible for, under the State Arrearages Program. The Low Income Household and Water Assistance Program was another government program that provided financial assistance for utility bills. The District has received approximately \$22,500 in funding that was applied to customer bills.



## WORKFORCE MANAGEMENT + SUPPORT

The number one asset of any organization and the key to its success is its people. Therefore, Human Resources is most focused on providing excellent customer service to employees, retirees and prospective applicants in an effort to enhance the overall experience of working at Padre Dam and ensure that every employee understands how important their work is to successfully achieving the District’s strategic objectives.

Workforce Management + Support  
Key Focus Areas:

- Employee Life Cycle
- Talent Management
- Employee Growth
- Employee Injury & Illness Prevention

Some key highlights for the Workforce Management + Support function include:

### ***Employee Life Cycle:***

For the first six months of the fiscal year, we have hired twenty-three employees, seven of which were internal promotions that needed to be backfilled. This equates to a thirty percent internal promotion rate. This means that the Human Resources department has done sixteen onboarding sessions with new hires. Onboarding is an important introduction to the organization that is truly the start of the employee life cycle. The Onboarding starts before the employee’s first day because we run our background checks and reference checks. During an employee’s first week at the District, they complete new hire paperwork, meet with the Safety & Risk Manager and General Manager, receive training on the District’s intranet (Stream) and in some cases, accounts payable training. Once the employee is integrated into their department, Onboarding continues with department specific training in order to learn the practices and processes of their department/workgroup. The Human Resources Department then checks in with the new hire at the thirty day mark to see how they are doing. This process is proven to be successful in ensuring that new hires get the focused attention they need.

### ***Employee Growth:***

Now that COVID is mostly behind us, the District has been able to start offering in person training again. Our internal Management Readiness Training saw an increase in participation of twenty-six percent. The District now has 46 employees enrolled in and actively engaged in the Management Readiness Training Program. This is an important metric as this is largely a self-paced course with in-person training sprinkled throughout and shows that our employees are open to and engaged in their future growth.

### ***Employee Injury and Illness Prevention:***

The District’s Experience Modification Factor or EMOD (aka X-Mod) increased from 1.1 to 1.23 for FY ‘23. This is attributable to two employees who had similar back injuries less than two months apart in mid-2021. The EMOD is a multiplier used to calculate our workers' compensation premium. It shows how our organization's workers' compensation claims experience compares to other businesses similar in size and types of jobs. The Safety & Risk Manager remains focused on employee safety and is offering ongoing training as well as weekly stretching sessions and tailgates that provide focused topics on safety. As a result, SDRMA (our insurance provider) has notified us that our FY '24 estimated premium for Property/Liability coverage will be in the \$2.1M - \$2.2M range, an increase of 16% - 19% from FY '23. While this amount is higher than we would like, it is in line with our projected budgeted increase of 20%.



One Strategic Objective supported by Human Resources for the first six months of the Fiscal Year has been **Talent Management**. Human Resources and Communications have been working together to create revised branded materials for our outreach to applicants. This includes two new displays featuring photos of current employees and information about what it is like to work at Padre Dam. These displays are critical for the District when attending career fairs.



## **COMMUNICATION + OUTREACH**

As a public agency, Padre Dam works for the community it serves. Continuous communications with customers, partners and constituents is always critical. It is important to engage with stakeholders during normal times so that we are already engaged for more challenging periods such as drought, water emergencies or even a pandemic. The District maintains a robust and active communications and outreach plan to ensure continuous communications with the public. The communications department leads the District's outreach and education efforts, conservation programs and legislative and advocacy strategies.

### **Communications + Outreach**

#### **Key Focus Areas:**

Value of our Services

Water Supply & Reliability Messaging

Public Outreach

Government Relations

Internal Communications

Some key highlights for the Communications + Outreach function include:

### ***Value of our Services***

- Elevated the value of our services through highlights of our employees in Padre Profile videos shared on the District website and social media platforms. Recent Padre Profiles include Dave Roberts and Brandon Floyd.
- Highlighted employees' value through a social media employee quote campaign that highlights employees monthly. Recent quotes were from Marie Southwick and Peter Houze.
- Elf on the Shelf winter campaign promoting the different work and infrastructure of the District.

### ***Water Supply & Reliability Messaging***

- Produced multiple construction notices related to the East County Advanced Water Purification (AWP) Project (Project). Notices were produced to provide an overview of the AWP Project, truck hauling, laydown yard details, trail closures and early concrete pours.
- Interactive construction map produced for East County AWP website to provide up-to-date information for the community on impacts.
- Produced messaging on state drought conditions for customers.

### ***Public Outreach***

- Produced FY '22 Annual Report highlighting District functions and audited financial information.
- Produced FY '22 video and infographic to educate and inform District customers on the highlights of work completed during the last fiscal year.
- Developed Communications and Outreach Plan for FY '23 with the goal to inform and educate on the District's services, rates, customer programs and projects while building trust.
- Continued to foster media relationships through producing and promoting press releases related to District rates, Board member passing and new Board member appointments.
- Communicated water service impacts for valve replacements and other operations work through email and direct mail.
- Held community open house meetings to share information with customers on upcoming rates and district services.
- Promoted conservation rebates and incentives to customers through the District website, social media and bill inserts.
- Produced bi-monthly e-newsletters and bill inserts to provide District information and updates to customers.

### Government Relations

- Successfully lobbied at state level for and received \$2 million state budget request through working with Assembly member Weber as the champion for the East County AWP.
- Successfully lobbied federally for Water Resources Development Act (WRDA) authorization for the East County AWP Program and received \$2.4 million for East County AWP Program through Representative Issa in the Omnibus Appropriations Bill.
- Participated as a member of ACWA’s State Legislative Committee.
- Coordinated and collaborated on water and agency related legislation with San Diego County Water Authority (SDCWA), WateReuse and the California Special District’s Association (CSDA).

### Internal Communications

- Water supply updates and legislative updates provided to the Board on a regular basis.
- District General Manager Dialogue sessions held for employees on a quarterly basis.
- Stream training provided to new employees to promote use of internal communications platform.

**CUSTOMER EXPERIENCE** One Strategic Objective supported by the accomplishments of the Communication + Outreach function this period was **Customer Experience**. This objective can be observed throughout multiple key focus areas. One example relates to water supply and reliability messaging. At the end of the third straight dry year for California we were faced with communicating drought information to our customers in response to state actions. This also gave us the opportunity to stress the importance of a new local water supply: the East County AWP Program. Construction efforts for the project kicked-off in summer 2022 so it was important to provide information on impacts to customers and the community. While the District has successfully communicated with customers on the importance of this future water supply for years we want to make sure to continue the support we have built. In order to ensure continued support and understanding for the Project, it is important to share program impacts. We did this early and continue to provide up to date schedules and details through direct mail, social media and an online interactive construction map. These efforts have allowed the program to continue to build and retain support among Padre Dam customers.



### ENGINEERING + PROJECT MANAGEMENT

The Engineering and Project Management business function provides administrative and technical support to plan, develop, design and construct new facilities required to balance infrastructure reliability, resiliency, and ratepayer affordability while continuously delivering the required levels of service expected by our rate payers. Engineering and Project Management is responsible for Capital Program development and implementation, facility planning, coordinating services for new customers and developments, inspection of newly constructed facilities and right-of-way acquisition and enforcement.

Some key highlights for the Engineering + Project Management function include:

#### ***CIP & Project Management:***

Padre Dam’s Capital Improvement Program (CIP) is the framework that guides the District in prioritizing capital replacement and improvement needs to support its core business functions; it is also intended to minimize uncertainties in financial decision making and maximize the use of financial resources allocated to capital improvements. Utilities like Padre Dam are faced with an aging water and wastewater system,

**Engineering + Project Management Key Focus Areas:**

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- CIP & Project Management
- Development Services
- Inspection
- Planning & Compliance
- Right of Way

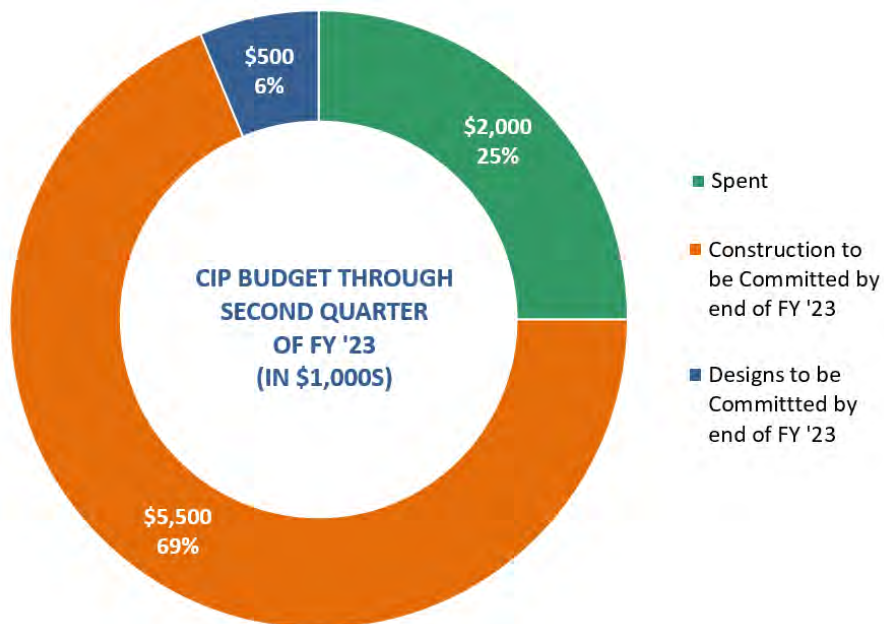
limited financial resources and competing priorities. This infrastructure requires maintenance and upgrades irrespective of the amount of revenue generated. It is imperative that an effective capital improvement program is developed and executed to maximize the useful life of our existing assets, prioritize infrastructure replacement and rehabilitation based on timely condition assessments and ensure long-term infrastructure sustainability through flexibility and adaptability.

The following summarizes a few of the accomplishments for CIP & Project Management key focus area through the first half of Fiscal Year 2023:

- Studies and Projects in the Planning Phase
  - Pump Station Rehabilitation (Structural)
  - Inverted Sewer Siphon & Sludge Main Improvements
  - Investigative Order to Identify and Quantify the Sources and Transport Pathways of Human Fecal Material to the Lower San Diego River Watershed
  - Blossom Valley Reservoir (Preliminary Design)
  - Potable Water Condition Assessment (Completed Phase 1 Assessments)
  - Operations Yard Phase 3 Improvements (Study)
  - Influent Pump Station Sewer Improvements (Preliminary Design)
  
- Projects in the Design Phase
  - Jerry Johnson & East County Square Reservoirs (Design Completed & Advertised for Bid)
  - Sewer & Maintenance Hole Rehabilitation (Design Completed & Advertised for Bid)
  - Magnolia Ave/SR-67 Sewer Capacity Improvements – Advertised RFP for Design
  - Interstate 8 Unencased Main Replacement (60% Design)
  - Tavern Road & West Victoria Drive Pipe Upgrades at I-8 (90% Design)
  
- Construction Projects
  - Cordial Road Pipeline Replacement (Completed)
  - Grossmont Tank Rehabilitation (Completed)
  - Operations Yard Vector Dump Station (Completed by Operations Department)
  - Pump Station Improvements Project Phase 1
  - Valve Replacement Project
  
- Miscellaneous Accomplishments
  - Award of As-Needed Consultant Contracts (7-total) allows for expediting professional services with contracts already in place for quicker turnarounds in an efficient manner.
  - Progress towards Revised Lease Agreement with the City of San Diego for the El Capitan Pipeline
  - Participating with the County of San Diego for Upgrades to the County's Trunk Sewers within Padre Dam's service area
  - Various Meetings with jurisdictional agencies including Caltrans, the City of Santee, and the County of San Diego to coordinate various Padre Dam Projects, including avoiding pavement moratoriums.
  - Supporting the East County Advance Water Purification Program
  - Cross-training of staff for improved succession planning and retention of staff.

The figure on the following page summarizes the CIP budget through the first half of FY '23 and the anticipated committed amounts through the last half of FY '23:





As shown above, the overall CIP Budget for FY '23 is \$7.9M; approximately \$2.0M has been spent through the first half of FY '23. It is anticipated that \$5.5M in funding will be committed by the end of FY '23 for construction of the Jerry Johnson & East County Square Reservoirs (\$3.5M), Construction Management Services for Blossom Valley Reservoir Replacement (\$1.3M) and Sewer & Maintenance Hole Rehabilitation (\$0.7M). Another \$0.5M will be committed towards design of the Magnolia Avenue & SR-67 Sewer Capacity Improvements. This puts the CIP & Project Management key focus area in a strong position to expend or commit at least 75 percent of the allocated budget by the end of FY '23, which demonstrates our support of the strategic objective for Sustainability and Resource Management. With momentum, we expect to ramp up in our services, with a goal to complete 90 percent of the projects identified in the Board approved CIP.

***Development Services:***

The primary focus for the Development Services team has been customer service. The team actively reviewed development construction documents and plans including three Subdivision Maps, nine Public Street/Utility Improvement plans, and seven Grading plans.

In addition to formal plan reviews, staff responded to requests for record drawings, easement encroachment reviews, and fire flow data. Staff also reviewed and issued availability letters and conditions of approval for future projects within the District. Both engineering and inspection staff worked to close out five different construction projects.

Staff worked to expedite reviews to meet applicant’s requested timelines:

- Grossmont College: The team worked on a collaborative solution to complete construction while school was not in session. In addition, the team came up with a method to minimize lead time for the purchase of equipment by suggesting an alternative solution.
- Woodside Street Improvement: Staff worked to create construction exhibits to relocate Padre Dam facilities within Woodside Avenue in advance of a County project to improve the corridor. In coordination with Operations, construction will be completed ahead of the County project.

***Inspection:***

The inspection team provided services for eleven projects during this period. Staff participated in constructability reviews for private projects and early works packages for the AWP Project. The team has been cross-training with the Development Services Engineering Technicians to provide backup in case of an emergency or increased development requests. Staff responded to over 3,750 requests for location services through the DigAlert system.

**Right of Way:**

The Right-of-Way Agent position has been vacant and one of our Engineering Technicians is currently in an acting role to determine if positions can be combined for cost savings. A pilot program is currently in the works to evaluate the position’s needs. Tasks included as part of the pilot program are easement quitclaims, encroachment resolutions, cell site lease agreements and other legal agreements.

**CUSTOMER EXPERIENCE** One Strategic Objective supported by the accomplishments of the Engineering and Project Management function this period was **Customer Experience**. Timely review and identification of infrastructure required to provide services to new buildings is critical for building owners, and occupants, to realize beneficial use for their investments. Recently, Padre Dam’s Development Services team collaborated with Grossmont College regarding services for their newly constructed building addition on their campus. Rather than just process the requested 3-inch service meter which isn’t readily available, staff was proactive and suggested an alternative solution. Staff’s extra customer service efforts beyond the normal call of duty lead to an alternative approach that was less expensive and saved six to nine months, which will benefit the students utilizing the new facility improvements.

**FINANCIAL MANAGEMENT**



The Financial Management function is responsible for the day-to-day monetary operations of the District as well as its long-term financial health. It also focuses on tracking and reporting financial data for internal staff and the Board to assist them in making important operational and policy decisions. Financial Management provides the public and other interested parties with key financial information about District operations, performance and compliance with relevant laws and obligations.

**Financial Management Key Focus Areas:**

- Accounting
- Resource Management & Development
- Budgeting & Reporting
- Rate Setting
- Finance & Investing

Some key highlights for the Financial Management function include:

**Accounting:**

- Processed weekly check runs for both Padre Dam and the East County Advanced Water Purification (AWP) Joint Powers Authority (JPA).
- Processed AWP reimbursements from funding sources, providing all required support.
- Worked with Operations and Customer Service to secure funding from the state’s Low Income Household Water Assistance Program (LIHWAP).
- Processed 28 payrolls and began preparations for annual tax reporting.
- Participated on committees and laterals including the Deferred Comp Committee, the Basin, On Boarding Lateral, Ethics Committee, PDEA and Interview Panels.

**Resource Management and Development:**

- Hired two new employees to replace a retiring Payroll Specialist and to assist with increased workload due to AWP (one position funded by the East County AWP JPA).
- Trained new employee on the District's financial software; by the end of the transition period, the new employees successfully processed payroll on their own.

***Budgeting & Reporting:***

- Completed all monthly financial statement packages timely.
- Updated 10 Year History with final audit data.
- Finalized annual financial audit and single audit.
- Completed annual audit for the East County AWP JPA.
- Submitted required quarterly reports for the East County AWP's grants and loans.

***Rate Setting:***

- Received Board approval in July for utility rates recommended by the Cost of Service Study. The approved water and sewer rates will provide a 0% increase in revenue and a 0% increase to our typical residential customer for the next five years. Approved recycled water rate increases were necessary to continue to provide recycled water services.
- Used a portion of rebates from San Diego County Water Authority (CWA) to offset water purchases. Since Jan 1, 2022, \$607K in water purchase costs have been offset. Over the next six months (Jan '23 – Jun '23), an estimated \$712K will be offset by delaying the pass-through impact until July 1. The remainder of the rebates will be used for water purchases in FY '24.

***Finance & Investing:***

- Performed ongoing financing duties for the East County AWP relating to loans, grants and subsidies.
- Participated in CWA's Member Agencies Rate Workgroup (MARW) and Metro JPA Commission.

**TALENT  
MANAGEMENT**

One Strategic Objective supported by the accomplishments of the Financial Management function this period was **Talent Management**. Accurate and timely payroll processing is vital to ongoing District operations. Upon learning that the District's Payroll Specialist was to retire at year end, the Financial Management team worked with Human Resources to ensure an experienced replacement was found. This included developing an ideal candidate profile, reviewing and scoring applications, choosing and interviewing the most qualified candidates and finally selecting the best person for the job. The recruitment was so successful that we were able to fill not only the payroll position but also a general accounting position to assist with increased workload from the East County AWP Project. Staff did an excellent job mentoring and training both new employees on the payroll process. The new employees learned very quickly and were able to successfully process payroll by themselves by the time the Payroll Specialist retired.



## **PARK + CAMPGROUND**

Santee Lakes Recreation Preserve is a self-sufficient, award-winning recreational park and campground that welcomes over 750,000 annual visitors to enjoy RV camping, cabins, fishing, fitness, bicycling, pedal boats, trails, picnic areas and special events in a safe and clean environment. Santee Lakes is unique in the park and recreation realm, covering operational costs and completing capital improvement projects through guest user fees and without receiving revenue from taxpayers or Padre Dam ratepayers.

### **Park + Campground Key Focus Areas:**

Financial Stability

Technology &  
Innovation

Operational  
Excellence

Some key highlights for the Park + Campground function include:

### ***Financial Stability***

- Cabin Occupancy 86%; Campground Occupancy 89%
- Increased Sponsorship revenue by more than 20%
  - \$23,650.00 collected in Q2
- General Store revenue 3.8% above budget
- 50% increase in Adopt-A-Table donations
- Ladies at the Lakes Fall Market event
  - Sycuan raffle donations (new)
  - \$15,307 revenue
- Lights at the Lakes Drive Through Holiday Lights Show (new event)
  - 3,000 tickets sold; \$96,000 revenue
- Implemented new marketing efforts to increase revenue and occupancy during the East County AWP Project construction
  - Lights at the Lakes full Page Ad in Santee Magazine
  - Advertised on the back cover of the Senior Guide Magazine
  - Advertised in the San Diego Family Magazine
  - Advertised Lights at the Lakes through Peach Jar

### ***Technology & Innovation***

- Doubled free and paid TENGU internet bandwidth access for campers; added 30 minute free trial
- Added individual Wi-Fi access and smart TVs to each cabin
- Increased digital advertising efforts with Good Sam
- Participated in selection and design of new District phone system

### ***Operational Excellence***

- Completed \$200K upgrade of Lakeshore Loop campground asphalt project; including new DG
- Trimmed 376 trees during Q2
- Park and Recreation Coordinators maintained Lights at the Lakes displays
- Renewed Aquaculture Permit
- Applied new deck joint sealant at pool complex
- Installed 3 lake fountains in lake 2
- Installed new gate operator at main entrance
- Installed additional security cameras at the facility
- Replaced aging canopy rope on lake 5 amphitheater
- Completed cabins biannual A/C system inspection, cleaning and flooring deep cleaning
- Completed quarterly HVAC services and annual Backflow testing

#### TALENT MANAGEMENT

One Strategic Objective supported by the accomplishments of the Park + Campground function this period was **Talent Management**. Tiffany Lutke, the Transition Services Coordinator for Transition Partnership & Workability Programs at Patrick Henry High School reached out to Park Recreation Manager Megan Monteith regarding her program. The program is a state funded program that provides pre-employment skills training, worksite training and follow-up services for youth (12-22) in special education who are making the transition from school to work. In the summer of 2022, Tyler Parks joined the General Store team and successfully completed the program by learning the responsibilities of a Park and Recreation Aide. In the fall, Tiffany contacted Ms. Monteith again and asked if we would bring Tyler back utilizing additional funding from the Transition Program. He was approved for the additional work. When Tyler turned 18, he secured a Temporary Park and Recreation Aide position working the Lights at the Lakes events. In January 2023, Tyler was hired as a permanent Park and Recreation Aide.

#### SUSTAINABILITY + RESOURCE MANAGEMENT

**Sustainability and Resource Management** is the remaining Strategic Objective not highlighted by a business functions for this period. However, work in this important area continues to be an essential element of the work done throughout all Business Functions. A few highlights of the work being done in this area include:

- Consideration of electric vehicle charging stations using solar powered technology.
- Ongoing planning for energy recovery element for the East County AWP Program.
- Ongoing communications and outreach efforts to our customers about the benefits and importance of the future local water supply from the East County AWP Program.
- Improving data management throughout District systems to reduce redundancies and minimize network hardware needs.

#### **Strategic Objectives Help Secure a Sustainable Future**

The District's Strategic Business Plan provides a direct link between the strategic long-term vision of the District and the important work of our staff day-in and day-out. As highlighted in this agenda report, each Business Function's goals and related KPIs identified in the Plan tie back to and support the various Strategic Objectives. This is key to ensuring that the District is successful in achieving our mission this year and that we continue to make progress in securing a sustainable future.

#### **FINANCIAL UPDATE**

**Attachment 2** shows the Statement of Activities for each Operation for the first six months of FY '23. For this period, combined District revenues were favorable to budget by \$1.1M (2.6%); all operations other than Recycled Water contributed to this positive variance. Direct costs added \$1.2M (8.6%) to this positive variance; this was mostly due to the Sewer operation. Combined operating expenses were also favorable to budget (\$1.7M or 8.5%). Depreciation on the District's capital assets was in line with the budget. Non-operating activity, which includes Interest Income/Expense and Gain/Loss on sale of fixed assets and investments, was just slightly over budget (\$15K). Overall, the combined change in net position was favorable by \$3.9M. After adjustments for non-cash items, CIP, capital spending, debt service and a temporary loan to the East County Advanced Water Purification JPA (for which the District is earning interest), the District's combined fund balance decreased by \$12.4M. The following provides more information about each operation's performance:

- Potable Water Operation: The budget for the Plan assumes consistent water sales over the five years. These budgeted sales volumes were based on forecasts from the Cost of Service Study. Actual acre feet (AF) sold for the first six months of FY '22 was 5,145 AF, or 74 AF (1.4%) less than budget and 166 AF less than the prior year. Water sales were favorable to budget until December but December water sales were 16.5% under budget. Water sales revenue was unfavorable to budget by \$304K (-1.7%) while total operating revenue was favorable to budget by \$465K (1.7%) because of higher than budgeted miscellaneous revenues (e.g. rental income, penalties, service charges). Even though water sales were under budget, water purchases were slightly higher than budget (\$9K or .1%) but this is just a timing difference; water purchases were under budget in January. Overall revenues available for operations exceeded budget by \$489K. Operating expenses were \$394K favorable to budget due to timing of budgeted expenditures. Depreciation and other non-operating activity were favorable to budget by \$61K and \$43K respectfully. Change in net position was favorable to budget by \$987K. After adjustments for other cash and non-cash items, the Potable Water Fund balance had a net decrease of \$12M.
- Recycled Water Operation: The budget for the Plan assumes consistent recycled water sales over the five years. These budgeted sales volumes were based on forecasts from the Cost of Service Study. Actual acre feet (AF) sold for the first six months of FY '22 was 582 AF or 31 AF (5.7%) higher than budget. However Recycled Water revenue was \$86K or 4.6% unfavorable to budget. This is because recycled water rates increased by 15% in January but total revenue for the year was spread over twelve months. Operating expenses, depreciation and non-operating activity combined were favorable to budget by \$254K. Change in net position for this operation was \$78K compared to a budgeted -\$97K. After adjustments for other cash and non-cash items, the Recycled Water Fund balance had a net decrease of \$2.2M
- Sewer Operation: The budget for the Plan also assumed consistent sewer volumes over the five years based on forecasts from the Cost of Service Study. Sewer revenue for this period was higher than budget (\$714K or 7.4%) while Sewer treatment costs were lower than budgeted (\$1.3M compared to \$2.4M); the reason for this was because the District received a \$1.3M true-up from the City of San Diego which offset treatment costs. Operating expenses and non-operating activity were favorable to budget by \$1.1M and \$129K respectively while depreciation was over budget by \$91K. Overall change in net position was \$4.1M or \$3.0M favorable to budget. After adjustments for other cash and non-cash items, the Sewer Fund balance had a net increase of \$2.2M.
- Park Operation: The Park Operation was in-line with budget projections. Park fee revenues of \$3.9M were \$16K (.4%) favorable to budget. Direct costs, operating expenses, depreciation and non-operating expenses were a combined \$3.9M of \$36K (.9%) unfavorable to budget. Overall change in net position was -\$21K or \$19K unfavorable to budget; the Park budgeted change in net position would be negative for the first six months of the year but a positive \$a \$1K loss through December but a positive \$691K by the end of the year. After adjustments for other cash and non-cash items, the Park Fund balance had a net decrease of \$290K.





**RECOMMENDATION(S):**

Hear staff report; no action required.


PADRE DAM MUNICIPAL WATER DISTRICT  
STATEMENT OF OPERATIONS  
FOR SIX MONTHS ENDING DECEMBER 31, 2022

	PORTABLE WATER OPERATION				RECYCLED WATER OPERATION				SEWER OPERATION				PARK OPERATION				COMBINED			
	ACTUAL	BUDGET	FAVORABLE/(UNFAVORABLE)		ACTUAL	BUDGET	FAVORABLE/(UNFAVORABLE)		ACTUAL	BUDGET	FAVORABLE/(UNFAVORABLE)		ACTUAL	BUDGET	FAVORABLE/(UNFAVORABLE)		ACTUAL	BUDGET	FAVORABLE/(UNFAVORABLE)	
			\$	%			\$	%			\$	%			\$	%			\$	%
<b>Income provided from Operations:</b>																				
Revenues:																				
Water Sales	\$ 17,080,245	\$ 17,384,418	\$ (304,173)	-2%	\$ 1,788,872	\$ 1,875,264	\$ (86,392)	-5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,869,117	\$ 19,259,682	\$ (390,565)	-2%
Infrastructure Access Charge	697,246	688,076	9,170	1%	-	-	-	-	-	-	-	-	-	-	-	-	697,246	688,076	9,170	1%
Energy Billings	784,919	995,509	(210,590)	-21%	-	-	-	-	-	-	-	-	-	-	-	-	784,919	995,509	(210,590)	-21%
CWA/ Metro Credits	-	-	-	-	116,340	111,950	4,390	4%	-	-	-	-	-	-	-	-	116,340	111,950	4,390	4%
Sewer Revenues	-	-	-	-	-	-	-	-	10,408,767	9,695,065	713,702	7%	-	-	-	-	10,408,767	9,695,065	713,702	7%
System Charges	6,633,567	6,292,140	341,427	5%	143,721	141,706	2,016	1%	-	-	-	-	-	-	-	6,777,288	6,433,846	343,443	5%	
Park Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,860,304	3,891,516	(31,212)	-1%
Property taxes subvention	1,574,855	1,480,351	94,504	6%	-	-	-	-	-	-	-	-	-	-	-	1,574,855	1,480,351	94,504	6%	
Other Revenues	781,211	249,996	531,215	212%	-	-	-	-	5,862	3,570	2,292	64%	-	-	-	47,388	253,566	580,895	229%	
<b>Total Operating Revenues</b>	<b>27,552,043</b>	<b>27,090,489</b>	<b>461,554</b>	<b>2%</b>	<b>2,048,933</b>	<b>2,128,920</b>	<b>(79,987)</b>	<b>-4%</b>	<b>10,414,629</b>	<b>9,698,635</b>	<b>715,994</b>	<b>7%</b>	<b>3,907,692</b>	<b>3,891,516</b>	<b>16,176</b>	<b>0%</b>	<b>43,923,297</b>	<b>42,809,560</b>	<b>1,113,737</b>	<b>3%</b>
Direct Costs:																				
Water Purchases	9,427,484	9,436,500	9,016	0%	-	-	-	-	-	-	-	-	-	-	-	-	9,427,484	9,436,500	9,016	0%
Infrastructure Access Charge	688,104	688,104	-	0%	-	-	-	-	-	-	-	-	-	-	-	-	688,104	688,104	-	0%
Energy Purchases	976,696	995,509	18,813	2%	-	-	-	-	-	-	-	-	-	-	-	-	976,696	995,509	18,813	2%
Sewer METRO Costs	-	-	-	-	-	-	-	-	1,227,680	2,393,856	1,166,176	49%	-	-	-	-	1,227,680	2,393,856	1,166,176	49%
Fish Stock/Propane	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186,871	166,808	(20,063)	-12%
<b>Total Direct Costs</b>	<b>11,092,284</b>	<b>11,120,113</b>	<b>27,829</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,227,680</b>	<b>2,393,856</b>	<b>1,166,176</b>	<b>49%</b>	<b>186,871</b>	<b>166,808</b>	<b>(20,063)</b>	<b>-12%</b>	<b>12,506,835</b>	<b>13,680,777</b>	<b>1,173,942</b>	<b>9%</b>
Revenues Available for Operating Expenses	16,459,759	15,970,377	489,382	3%	2,048,933	2,128,920	(79,987)	-4%	9,186,949	7,304,779	1,882,170	26%	3,720,821	3,724,708	(3,887)	0%	31,416,462	29,128,783	2,287,679	8%
Operating Expenses:																				
Salary & Wages	3,793,553	3,518,074	(275,479)	-8%	548,417	600,592	52,175	9%	1,774,174	2,037,668	263,494	13%	806,900	877,753	70,853	8%	6,923,044	7,034,087	111,043	2%
Employee Benefits	2,689,522	2,491,816	(197,706)	-8%	407,075	427,690	20,615	5%	1,298,586	1,485,616	187,030	13%	538,517	545,910	7,393	1%	4,933,700	4,951,031	17,332	0%
Professional Services	690,658	1,264,419	573,761	45%	103,978	188,730	84,752	45%	307,071	653,683	346,613	53%	259,913	329,817	69,904	21%	1,361,620	2,436,650	1,075,029	44%
Materials, Vehicle & Building	1,266,725	1,934,939	668,214	35%	242,510	295,665	53,155	18%	576,016	866,284	290,269	34%	741,552	580,037	(161,515)	-28%	2,826,803	3,676,925	850,122	23%
Administrative Expenses	854,334	960,249	105,915	11%	193,342	234,147	40,805	17%	487,611	572,869	85,258	15%	135,392	163,217	27,824	17%	1,670,680	1,930,482	259,802	13%
Utilities	195,825	189,989	(5,835)	-3%	111,152	102,452	(8,700)	-8%	364,597	309,029	(55,567)	-18%	530,006	510,076	(19,930)	-4%	1,201,580	1,111,547	(90,033)	-8%
Billing Credits	(559,533)	(1,033,973)	(474,440)	46%	(59,422)	(113,502)	(54,080)	48%	(253,007)	(277,275)	(24,268)	9%	(252)	(250)	2	-1%	(872,214)	(1,425,000)	(552,786)	39%
Subtotal	8,931,083	9,325,512	394,429	4%	1,547,052	1,735,774	188,721	11%	4,555,047	5,647,876	1,092,828	19%	3,012,029	3,006,560	(5,469)	0%	18,045,212	19,715,722	1,670,510	8%
Depreciation/Amort	2,976,547	3,037,290	60,744	2%	495,029	518,397	23,368	5%	739,805	648,933	(90,872)	-14%	595,853	593,330	(2,523)	0%	4,807,233	4,797,949	(9,284)	0%
<b>Total Operating Expenses</b>	<b>11,907,630</b>	<b>12,362,803</b>	<b>455,173</b>	<b>4%</b>	<b>2,042,081</b>	<b>2,254,170</b>	<b>212,089</b>	<b>9%</b>	<b>5,294,852</b>	<b>6,296,809</b>	<b>1,001,957</b>	<b>16%</b>	<b>3,607,882</b>	<b>3,599,890</b>	<b>(7,992)</b>	<b>0%</b>	<b>22,852,445</b>	<b>24,513,671</b>	<b>1,661,226</b>	<b>7%</b>
Income (Loss) Provided from Operations	4,552,129	3,607,574	944,555	26%	6,852	(125,250)	132,102	-105%	3,892,097	1,007,970	2,884,127	286%	112,939	124,818	(11,879)	-10%	8,564,017	4,615,112	3,948,905	86%
Non Operating Activity																				
Interest Expense (Non CEF)	(503,218)	(502,497)	(721)	0%	(15,003)	(15,739)	736	-5%	-	-	-	-	(152,118)	(149,620)	(2,498)	2%	(670,339)	(667,855)	(2,483)	0%
Interest Expense (CEF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(188,121)	(188,120)	(0)	0%
Interest Expense (CEF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income (Non CEF)	159,044	115,675	43,369	37%	85,942	44,428	41,514	93%	200,174	70,734	129,440	183%	18,466	23,544	(5,077)	-22%	463,626	254,380	209,246	82%
Interest Income (CEF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/Loss on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(366,337)	-	(366,337)	-
Other Income/(Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non Operating Income (Expenses)</b>	<b>(344,174)</b>	<b>(386,822)</b>	<b>42,648</b>	<b>-11%</b>	<b>70,939</b>	<b>28,689</b>	<b>42,251</b>	<b>147%</b>	<b>200,174</b>	<b>70,734</b>	<b>129,440</b>	<b>183%</b>	<b>(133,652)</b>	<b>(126,076)</b>	<b>(7,576)</b>	<b>6%</b>	<b>(616,535)</b>	<b>(601,596)</b>	<b>(14,939)</b>	<b>2%</b>
Change in Net Assets	\$ 4,207,955	\$ 3,220,752	\$ 987,203	31%	\$ 77,791	\$ (96,562)	\$ 174,353	-181%	\$ 4,092,270	\$ 1,078,703	\$ 3,013,567	279%	\$ (20,713)	\$ (1,258)	\$ (19,455)	1547%	\$ 7,947,482	\$ 4,013,516	\$ 3,933,966	98%
<b>DESIGNATED FUND BALANCES</b>	<b>Total</b>	<b>Rate Stabilization</b>	<b>Capital Replacement</b>	<b>CIP Reserve</b>	<b>Total</b>	<b>Rate Stabilization</b>	<b>Capital Replacement</b>	<b>CIP Reserve</b>	<b>Total</b>	<b>Rate Stabilization</b>	<b>Capital Replacement</b>	<b>CIP Reserve</b>	<b>Total</b>	<b>Rate Stabilization</b>	<b>Capital Replacement</b>	<b>CIP Reserve</b>	<b>Total</b>	<b>Rate Stabilization</b>	<b>Capital Replacement</b>	<b>CIP Reserve</b>
Balance 07/01	\$ 48,561,764	\$ 27,510,308	\$ 5,664,763	\$ 15,386,693	\$ 19,229,000	\$ 2,563,050	\$ 4,768,232	\$ 11,897,718	\$ 24,645,093	\$ 9,532,433	\$ 6,587,148	\$ 8,525,512	\$ 8,203,341	\$ 4,836,071	\$ 3,367,270	\$ -	\$ 100,639,199	\$ 44,441,862	\$ 20,387,414	\$ 35,809,923
Change in Net Assets	4,207,955	-	-	-	77,791	-	-	-	4,092,270	-	-	-	(20,713)	-	-	-	8,357,303	-	-	-
Add Back Depreciation/Amort	2,976,547	-	-	-	495,029	-	-	-	739,805	-	-	-	595,853	-	-	-	4,807,233	-	-	-
Changes in Payables/Receivables, Other	(12,292,422)	-	-	-	(1,802,030)	-	-	-	(4,869,773)	-	-	-	-	-	-	-	(18,964,226)	-	-	-
Cash Generated from Operations	(5,107,920)	(5,107,920)	-	-	(1,229,211)	(1,229,211)	-	-	(37,698)	(37,698)	-	-	575,140	575,140	-	-	(5,799,690)	(5,799,690)	-	-
CIP/Capital Equip	(4,236,750)	-	(4,236,750)	-	(85,023)	-	(85,023)	-	(994,956)	-	(994,956)	-	(137,330)	-	(137,330)	-	(5,454,059)	-	(5,454,059)	-
Debt Principal	(1,005,573)	-	(1,005,573)	-	(24,280)	-	(24,280)	-	-	-	-	-	(727,829)	-	(727,829)	-	(1,757,682)	-	(1,757,682)	-
Transfers to CRF fm Rate Stab	-	-	2,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,200,000	-
Interest Income Transfer	-	(93,836)	93,836	-	-	(62,738)	62,738	-	-	(102,089)	102,089	-	-	(13,480)	13,480	-	-	(272,142)	272,142	-
Cash Used for Property & Debt	(5,242,323)	(93,836)	(2,948,487)	-	(109,303)	(62,738)	(46,565)	-	(994,956)	(102,089)	(892,867)	-	(865,159)	(13,480)	(851,679)	-	(7,211,741)	(272,142)	(4,739,598)	-
Financing/Contrib Capital/Other Transfers	(1,907,050)	(2,290,560)	383,510	(2,200,000)	(846,814)	(823,001)	(23,813)	-	3,367,878	2,906,796	461,081	-	-	-	-	-	614,013	(206,765)	820,778	(2,200,000)
Net Change in Cash	(12,257,294)	(7,492,316)	(2,564,977)	(2,200,000)	(2,185,328)	(2,114,949)	(70,378)	-	2,335,224	2,767,010	(431,786)	-	(290,019)	561,659	(851,679)	-	(12,397,417)	(6,278,597)	(3,918,820)	(2,200,000)
Balance 6-30	\$ 36,304,471	\$ 20,017,992	\$ 3,099,786	\$ 13,186,693	\$ 17,043,672															

**PADRE DAM MUNICIPAL WATER DISTRICT  
FIVE YEAR STRATEGIC BUSINESS PLAN FY '23 - '27  
GOALS AND QUALITATIVE PERFORMANCE INDICATORS  
FY '23 (YEAR 1, QUARTER 2)**





Not Started   
Off Task   
On Task   
Complete 

















































 <b>OPERATIONS + WATER QUALITY</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
Operations & Maintenance Department - General			1st	2nd	3rd	4th
Sewer flushing application	Completed and in use by fall of 2022	Operational Excellence / Technology & Innovation				
CCTV Application	Completed and in use by fall of 2022	Operational Excellence / Technology & Innovation				
Distribution main flushing application	Completed and in use by FY 2023	Operational Excellence / Technology & Innovation				
Water Discharge Application for NPDES Permit tracking (flushing etc.)	Completed and in use by FY 2024	Operational Excellence / Technology & Innovation				
Valve Isolation Trace Map Application	Completed and in use by FY 2024	Operational Excellence / Technology & Innovation				
Live dashboards for State reporting data	Completed and in use by FY 2025	Operational Excellence / Technology & Innovation				
Comprehensive as-built/record drawing access for field use	Completed and in use by FY 2023	Operational Excellence / Technology & Innovation				
Upgrade of CSC/WRF/Operations campus access and fire control systems	Completed by fall of 2023	Operational Excellence / Technology & Innovation				
Upgrade access control of sites with cellular providers with real time data reporting & restrictions	Completed by fall of 2023	Operational Excellence / Technology & Innovation				
Upgrade of Finance Department offices	Completed by spring of 2023	Operational Excellence				
Rehabilitation of Operations Restrooms	By 2025	Operational Excellence				
Review/Update all written Standard Operating Procedures (SOPs)	Review/Update 4 SOPs per year	Operational Excellence				
Plan and construct Operations Yard Expansion due to relocation of spoils area from pond C	Complete upgrade by 2024	Operational Excellence				
Pursue solutions to the flooding issues in Sycamore Creek	Ongoing	Operational Excellence				
Mentor and invest in training and cross training to ready employees for future promotion	Cross training of a minimum of 3 most interested staff	Talent Management				
Sewer System Management Plan Five Year Update	Complete by Spring of 2024	Operational Excellence				
Complete all regulatory reports	Annually	Operational Excellence				
Participate in AWWA Benchmarking Survey	Bi-annually	Operational Excellence				
Water Operations						
Install reservoir management systems	Install 2 mixers and/or chlorine dosing systems per year	Operational Excellence				
Site security upgrades -Install security cameras at remote site/upgrade existing cameras	One site per year	Operational Excellence				
Install Automatic gates to access remote sites	One site per year	Operational Excellence / Technology & Innovation				
Purchase movable water storage tank to maintain service while reservoirs are offline for cleaning	Purchase by FY 2024	Operational Excellence				
Evaluate and replace or upgrade chloring generating systems at PS 4 and 7	Ongoing	Operational Excellence				
Pressure Vessel Inspections (every 4 Years)	Complete in 2026	Operational Excellence				
Pump Station Control Valve Maintenance (PCV and Relief Valves)	Start in Year 4: 67 total valves completed by 2028	Operational Excellence				



**PADRE DAM MUNICIPAL WATER DISTRICT  
FIVE YEAR STRATEGIC BUSINESS PLAN FY '23 - '27  
GOALS AND QUALITATIVE PERFORMANCE INDICATORS  
FY '23 (YEAR 1)**

Not Started   
Off Task   
On Task   
Complete 

 <b>OPERATIONS + WATER QUALITY (Cont.)</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
<b>Water Recycling Facility</b>						
Meet permit discharge requirements 365 days a year	Ongoing	Operational Excellence / Sustainability & Resource Management				
Perform required maintenance of all major plant equipment annually	Annually	Operational Excellence / Sustainability & Resource Management				
Inspect chlorine scrubber	Annually	Operational Excellence				
Overhaul one vertical turbine pump and motor	Bi-Annually	Operational Excellence				
Evaluate a new computerized maintenance program	Ongoing	Operational Excellence / Technology & Innovation				
NPDES Permit renewal process	Ongoing (Expires in 2026)	Operational Excellence / Sustainability & Resource Management				
<b>Construction Group</b>						
Site paving projects	Patching/Seal Coating at three facilities per year	Operational Excellence				
Minimize Sewer Hot Spots using Smart Cover technologies	Installation/relocation of three devices oer year. Reduce hot spots by 10% per year.	Operational Excellence / Sustainability & Resource Management				
Ready all pump stations for bypass pumping operations	Identify and complete one pump station per year	Operational Excellence				

 <b>INFORMATION SYSTEMS</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
			1st	2nd	3rd	4th
<b>Planning</b>						
Implement end user operating system and application training program	Evaluate and update annually	Technology & Innovation / Operational Excellence				
Plan and Prepare for information model updates for migration to the Geometric Utility Network	Complete by 2026	Technology & Innovation / Sustainability & Resource Management				
IS/GIS Strategic plans	Annual review and re-prioritization	Technology & Innovation				
<b>System Maintenance</b>						
Active Direcorey Domain, DNS, DHCP, Microsoft 365 and Exchange online updates/enhancements	Evaluate Bi-Annually	Technology & Innovation				
Applications and Interfaces updates and enhancments	Evaluate effectiveness and strive for improvement annually	Technology & Innovation				
Maintain PCs, laptops, tablets and other portables hardware and operating systems	Evaluate effectiveness and strive for improvement annually	Technology & Innovation				
Maintain Virtualized Environments, Physical Servers, Appliance hardware & operating systems	Ongoing	Technology & Innovation				
Maintain Cyber Security Framework and Awareness	Quarterly vulnerability assessments & monitoring	Operational Excellence				
Systems, Data and Server Backup And Recovery Plans	Evaluate effectiveness and strive for improvement annually	Sustainability & Resource Management				
Internet, Data, Wifi, Wired and Wireless Telecommunications networks	Evaluate effectiveness and strive for improvement annually	Sustainability & Resource Management				
<b>Process Improvement</b>						
Migrate File Server contents to Sharepoint and OneDrive	Complete by FY 2024	Technology & Innovation				
Migrate applications to Cloud hosted and SaaS computing models	Evaluate effectiveness and strive for improvement annually	Technology & Innovation				
Track IT Service Delivery	Complete by end of FY2023	Sustainability & Resource Management / Customer Experience				





**PADRE DAM MUNICIPAL WATER DISTRICT  
FIVE YEAR STRATEGIC BUSINESS PLAN FY '23 - '27  
GOALS AND QUALITATIVE PERFORMANCE INDICATORS  
FY '23 (YEAR 1)**














































Not Started ●  
Off Task ●  
On Task ●  
Complete ✓

INFORMATION SYSTEMS (Cont.)						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
<b>GIS</b>						
Develop and Document Standards to support GIS best practices	Complete by End of Fiscal Year 2024	Operational Excellence	●	●		
Expand access to spatial data and reporting tools	Complete by End of Fiscal Year 2024	Operational Excellence / Customer Experience	●	●		
District Support of Dashboards, Webmaps, Storymaps and Esri apps	Evaluate Effectiveness and update as needed	Technology & Innovation / Sustainability & Resource Management	●	●		
Identify and document all interoperability and interfaces between datasources	Complete by End of Fiscal Year 2024	Technology & Innovation / Sustainability & Resource Management	●	●		
Improve end user access and format flexibility to GIS data resources (online, printed resources)	Complete by End of Fiscal Year 2024	Technology & Innovation / Sustainability & Resource Management	●	●		
Migrate legacy CAD and GIS applications to modern supported solutions	Complete by End of Fiscal Year 2024	Technology & Innovation / Sustainability & Resource Management	●	●		





CUSTOMER SERVICES						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
<b>Billing, Receipts &amp; Collections</b>			1st	2nd	3rd	4th
Maximize collection of bad debts	Reduce bad debt sent to agency by 10%	Fiscal Stability	●			
Decrease printing and mailing costs	Increase customer participation by 10%	Fiscal Stability	●			
<b>Customer Assistance</b>						
Increase response to customer inquiries	Minimize abandoned calls and reduce customer call wait times	Customer Experience	●			
Promote enrollment in on-line water use tool (Aquahawk)	Increase customer participation by 10%	Customer Experience	●			
Promote enrollment in Electronic Billing and Presentment and Payment (EBPP) program	Increase customer participation by 10%	Customer Experience / Technology & Innovation	●			
Institute more robust and simple EBPP and payment platform	Reduce customer calls by 10%	Customer Experience / Technology & Innovation	●			
Implement new District telephone system with new technologies	Shorten customer service call times by 10%	Customer Experience / Technology & Innovation	●			
<b>Resource Management &amp; Development</b>						
Stay Current on CIS Software	Implement upgrades in General Availability phase & before Product Retirement	Technology & Innovation	●			
Increase knowledge of CIS Software	Expand cross-training, attend CIS Conference	Technology & Innovation / Talent Management	●			
Stream Engagement	Log-in weekly / post 6 Customer/Meter Service related Stream Articles per year	Talent Management	●			
<b>Meter Services AMI</b>						
Increase efficiency and performance of upper level AMI System	Reduce number of repeaters in AMI infrastructure 50%	Technology & Innovation / Sustainability & Resource Management	●			
Complete MMP Program	Replace remaining meters by end of 2022	Technology & Innovation / Sustainability & Resource Management	●			
Maintain battery life for system performance	Semi-Annual battery life test for meter and Radio combination	Technology & Innovation / Sustainability & Resource Management	●			
Maintain low manual number of meter readings	Sustain AMI electronic reading percentage of over 99% at all times	Operational Excellence / Sustainability & Resource Management	●			
















































**PADRE DAM MUNICIPAL WATER DISTRICT  
FIVE YEAR STRATEGIC BUSINESS PLAN FY '23 - '27  
GOALS AND QUALITATIVE PERFORMANCE INDICATORS  
FY '23 (YEAR 1)**

Not Started   
Off Task   
On Task   
Complete 





 <b>WORKFORCE MANAGEMENT + SUPPORT</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
			1st	2nd	3rd	4th
<b>Recruitment &amp; Retention</b>						
Time to Hire	Less than 45 days	Talent Management				
Create a Robust District Wide Internship Program	Minimum of 2 Interns Annually	Talent Management				
Involuntary Turnover	Less than 5%	Talent Management				
<b>Engagement</b>						
Engage Employees in the Workforce Partnership (Pipeline)	Workforce Partnership Evaluated Every Three Years	Talent Management				
Stream Engagement	95% or Above Monthly	Talent Management				
Encourage Lateral Participation	75% of Employees Sit on at least 1 Lateral	Talent Management				
Participate in Gallup Engagement Survey	Every 3 Years	Talent Management				
Pay For Performance	100% of Annual Reviews Done on Time	Talent Management				
<b>Empower Staff W/Data Driven Tools</b>						
Electronic Files & Documentation	Progress towards being 100% Electronic Files/Documents	Technology & Innovation				
<b>Financial Management</b>						
Employee Benefit Insurance At or Below Budget	On Budget Tracking	Fiscal Stability				
Effective Business Insurance (GL, Property, Auto, etc.)	On Budget Tracking	Fiscal Stability				
<b>Strengthen Future Leadership Capabilities</b>						
Management Readiness Training	Increased enrollment by 2% per year	Talent Management				
Develop Future Modules MRT	Write Module 2 & Write Module 3	Talent Management				
Maintain a workforce free from harassment & discrimination	Harassment, Ethics Training Every Other Year	Talent Management				
<b>Workers Compensation / ADA</b>						
Maintain or Improve X-Mod	Maintain at or below 1.18	Operational Excellence				
Engage EOC Members in NIMS training	Goal is 100% Completion	Sustainability & Resource Management				
Workers Compensation Incident Rate	Goal is 5% or less	Operational Excellence				
Credit Incentive Points	Strive for 90% or better each year to offset premiums	Fiscal Stability				
Barriers to Entry Improvement	5% Improvement annually	Operational Excellence				
<b>Health &amp; Safety</b>						
District Emergency Drills	1 Annually	Operational Excellence				
Job Analysis	Complete 4 per year	Sustainability & Resource Management				
Field Visits to Reinforce Safety Protocols	Complete 4 per year	Talent Management				
















































**PADRE DAM MUNICIPAL WATER DISTRICT  
FIVE YEAR STRATEGIC BUSINESS PLAN FY '23 - '27  
GOALS AND QUALITATIVE PERFORMANCE INDICATORS  
FY '23 (YEAR 1)**

Not Started   
Off Task   
On Task   
Complete 





 <b>COMMUNICATIONS + OUTREACH</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
			1st	2nd	3rd	4th
<b>Value of Our Services</b>						
Elevate the Value of Water and Wastewater Services	Produce annual videos; feature employees monthly; hold tours to highlight infrastructure	Customer Experience				
Promote the successes and benefits of CIP and other key District projects	Provide CIP information on the District's website and communicate project completion through communications channels by the end of 2023	Customer Experience				
Build ambassadors in the community through education of the District's infrastructure	Provide District tours and/or water talks at least 2 times per year	Customer Experience				
<b>Water Supply &amp; Reliability Messaging</b>						
Educate customers and communicate the benefits and needs of future water supply reliability	Produce communication material on where our water comes from & future reliability efforts	Sustainability & Resource Management				
Increase customer awareness of imported water supply conditions & where our water comes from	Message on social media, the District's website and e-newsletters at least 2x per year. Develop talking points as water supply conditions change and during dry periods	Customer Experience / Sustainability & Resource Management				
Create educational experience to highlight the importance, need & benefit of East County AWP	Develop educational program for new Visitor's Center & District customers by end of 2024	Customer Experience				
Boost East County AWP Program support within Padre Dam's service area	Provide briefings, executive overviews and other important updates to key stakeholders	Customer Experience / Sustainability & Resource Management				
Implement construction outreach related to the East County AWP for impacted District customers	Produce construction notices, signage & informational sheets. Hold community meetings. Develop story map on AWP construction work in FY 2023	Customer Experience				
<b>Public Outreach</b>						
Inform and educate customers on service disruptions in our community	Create a website mapping page to inform customers about water outages and work being done in their neighborhood by the end of FY 2024. Use infographics and other means to share information with customers.	Customer Experience / Technology & Innovation				
Build relationships to foster positive media relations	Distribute press releases in a timely manner on key District topics and successes.	Operational Excellence				
Improve customer access and experience with information through enhanced communication	Increase social media engagement, website enhancements, implement text messaging option by the end of 2023. Expand email communications efforts by end of 2022	Customer Experience / Technology & Innovation				
Promote and sustain timely and effective two-way communication with customers to be a trusted resource for stakeholders on all water, wastewater and recycled water issues.	Produce customer e-newsletters, social media posts, website updates and notices. Timely and accurately respond to customer communications.	Customer Experience				
Produce high quality materials with consistent messaging that portrays who we are as a District	Develop District Reports, District fact sheets, All About Rates sheets, bill inserts, etc.	Customer Experience / Fiscal Sustainability				
Increase awareness of available water efficiency programs, rebates and incentives.	Update the District's website with all available programs, rebates and incentives. Include program information on social media, the e-newsletter, bill messages and inserts.	Customer Experience / Operational Excellence				
Increase customer understanding of water costs, impacts on rates and the District's fiscal responsibility and sustainability	Develop campaign and outreach efforts to inform & educate customers about the various cost components of rates. Implement campaign by the end of FY 2023.	Fiscal Sustainability / Customer Experience				
Implement an annual communications strategy that includes key initiatives and projects	Produce and annual Communications Plan and present highlights to the Board.	Operational Excellence				
Ensure transparency and access to Board meetings through added technology	Develop plan for both virtual and in-person access to Board meetings by the end of FY 2023	Customer Experience / Technology & Innovation				
<b>Government Relations</b>						
Participate actively in Governmental Relations and Legislative Outreach	Engage in State legislative committees with ACWA, WaterReuse, SDCWA and others.	Operational Excellence				
Provide briefings for legislators and policymakers on issues important to the District.	Annual and/or as needed	Operational Excellence				
Conduct a highly productive and effective State, Federal and local advocacy program to influence legislation, regulatory issues and funding on matters that benefit or impact our customers.	Produce Annual Legislative Priorities Guidelines and a year-end legislative report. Provide comments on items that impact customers and the District.	Operational Excellence / Fiscal Sustainability				
<b>Internal Communications</b>						
Provide adequate and timely information to support Board decisions	Provide regular water supply & legislative updates and District Functions/Project reports	Talent Management / Operational Excellence				
Five Year Plan Accomplishments	Develop infographic highlighting Plan Accomplishments	Talent Management / Operational Excellence				
Communicate routinely with District staff about District and customer communication	Provide monthly updates on the Stream and provide talking points as needed	Talent Management / Operational Excellence				


























**PADRE DAM MUNICIPAL WATER DISTRICT  
FIVE YEAR STRATEGIC BUSINESS PLAN FY '23 - '27  
GOALS AND QUALITATIVE PERFORMANCE INDICATORS  
FY '23 (YEAR 1)**

Not Started   
Off Task   
On Task   
Complete 





ENGINEERING + PROJECT MANAGEMENT						
 Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
			1st	2nd	3rd	4th
<b>CIP &amp; Project Management</b>						
Expend or commit planned CIP budget	75% by end of the Fiscal Year	Fiscal Stability / Operational Excellence				
Minimize overall construction change orders for CIP Program	Below 7.5%	Fiscal Stability				
Implement next phase of ESA transmission reliability	Complete by end of Five Year Business Plan	Operational Excellence				
Highlight engineering studies and design work with District Staff	Provide quarterly updates on Stream	Customer Experience				
Implement Microsoft Teams based project management support tool	Implement by end of FY 2023	Technology & Innovation				
Collaborate with Ops and IS to create dashboard to improve management and access to data	Complete by end of FY 2026	Technology & Innovation				
Provide community information on projects under construction	Provide updates to website starting end of FY '23	Customer Experience / Technology & Innovation				
<b>Development Services</b>						
Close out project accounting with Developer	Prior to filing Notice of Completion	Fiscal Stability / Customer Experience				
Return first plan check to Developer	4 weeks from plan check fees being paid.	Customer Experience				
Return subsequent plan check to Developer	2 weeks from date of submittal	Customer Experience				
Provide development project updates to Stream	Quarterly	Customer Experience / Technology & Innovation				
Develop customer facing web portal to handle documents, accept deposits & pay invoices digitally	Implement by end of FY 2024	Customer Experience / Technology & Innovation				
Perform site visit to observe existing conditions	100% of projects	Operational Excellence				
<b>Inspection</b>						
Constructability reviews on District projects	100% of projects	Fiscal Stability / Operational Excellence				
Dig Alert Response	Within 2 days of notification	Operational Excellence / Customer Experience				
Progress report for construction projects	Monthly	Operational Excellence				
<b>Planning &amp; Compliance</b>						
Comprehensive Master Plan development	Complete prior to end of Five Year Business Plan	Operational Excellence				
Update Sewer System Management Plan	Complete by July 1, 2024.	Operational Excellence				
Update Urban Water Management Plan	Complete and Submit to DWR by July 1, 2026	Operational Excellence				
Water supply and demand assessment as described in 2020 UWMP	Annually	Operational Excellence				
<b>Right of Way (ROW)</b>						
Pursue and obtain outstanding easements for District facilities	2 per year	Operational Excellence				
Develop easement encroachment and inspection program (use of drones)	By end of FY 2025	Technology & Innovation				
Review projects and property leases to ensure ROW needs are adequately addressed	100% of projects prior to approval	Operational Excellence				


































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Not Started   
Off Task   
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Complete 





 FINANCIAL MANAGEMENT						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
			1st	2nd	3rd	4th
<b>Accounting</b>						
Time to Run Payroll	Less than 4 days	Operational Excellence				
Timely processing of Invoices	Realize 90% of discounts available	Fiscal Stability				
Timely issuance of checks	Issue within 1 week of approved invoice	Fiscal Stability				
Timely filing of all IRS/State of CA payroll related reports	Within 30 days after quarter end	Operational Excellence				
Timely issuance of 1099s and W2s Annually	By January 31 each year	Operational Excellence				
<b>Resource Management &amp; Development</b>						
Stay Current on Munis Software	Implement upgrades in General Availability phase & before Product Retirement	Technology & Innovation				
Increase knowledge of Munis Software	Annually participate in 2 User Group Webinars, 2 Trainings or 1 Conference	Technology & Innovation / Talent Management				
Increase use of Munis Software	Implement ARGB Module by 12/31/22	Technology & Innovation				
Streamline invoicing process	Implement virtual invoice approval process by 9/30/22	Technology & Innovation / Sustainability & Resource Management				
Stream Engagement	Log-in weekly and post 12 Financial related Stream Articles per year	Talent Management				
<b>Budgeting &amp; Reporting</b>						
Timely budget completion	Finalized and approved before beginning of each fiscal year	Fiscal Stability / Operational Excellence				
Timely completion of Budget to actual reports for departments	By 3rd week after month end	Fiscal Stability / Operational Excellence				
Issue 10 Year History report Annually	Draft by October 31 each year, final within 30 days of completed audit	Fiscal Stability / Operational Excellence				
Timely distribution of financial statements	To Board by 2nd meeting each month	Fiscal Stability / Operational Excellence				
Timely distribution of audit	To Board by 2nd meeting in November	Fiscal Stability / Operational Excellence				
Timely filing of State Controllers Report	Annually by January 31	Fiscal Stability / Operational Excellence				
Follow GASB and FASB Requirements and proper internal controls	Receive Unqualified Opinion for Annual Audit	Fiscal Stability / Operational Excellence				
Report on progress of Five Year Plan goals and objectives	Quarterly KPIs, semi-annual financial update, annual comprehensive update/presentation	Fiscal Stability / Operational Excellence / Customer Experience				
Develop next Five Year Plan and Budget	By June 2027	Fiscal Stability / Operational Excellence				
<b>Rate Setting</b>						
Set reasonable and defensible rates for next Five Year Plan	Complete Cost of Service Study by March 2027	Fiscal Stability				
Gain approval for rates for next Five Year Plan	Prop 218 hearing and approval by June 2027	Fiscal Stability				
<b>Finance &amp; Investing</b>						
Comply with Debt Service Coverage Requirements	Debt Service Coverage greater than 1.2X	Fiscal Stability				
Comply with Bond Disclosure Requirements	Annual Continuing Disclosure Report posted by March 31	Fiscal Stability				
Minimize Borrowing Costs	Maintain at least an AA credit rating	Fiscal Stability				


























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 <b>PARK + CAMPGROUND</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
			1st	2nd	3rd	4th
<b>Organizational Development</b>						
Park Recognition Program	Enter employees into quarterly drawing each time a guest recognizes exceptional service.	Talent Management				
Add Park Staff Development Certifications	Develop recreation specific certifications to enhance employee skills and benefit the Park	Talent Management				
Stream Engagement	Weekly login for FT Park staff; 12 park-related articles & 2 discussion topics annually	Talent Management				
<b>Predictive &amp; Preventive Maintenance</b>						
Cabins-life extension	Allocate \$60K annually for full rehabilitation of 2 cabins per year	Sustainability & Resource Management				
Electric Meter Replacement	Replace campground meters for automated billing by 2023	Sustainability & Resource Management				
Urban Forest	Fund and maintain a 3-year trimming cycle	Sustainability & Resource Management				
Road Improvements (Dynamic Vision Plan)	Fund & maintain a \$50K (minimum) annual asphalt maintenance program	Sustainability & Resource Management				
Fleet Management	Coordinate fleet maintenance and replacement with Operations Department	Sustainability & Resource Management				
Aquaculture (Dynamic Vision Plan)	Invest/improve lake quality, management tools, infrastructure & overall aesthetics	Sustainability & Resource Management				
Green City Asset Management	Input, track, report and maintain all assets in Green City by 2022	Technology & Innovation				
<b>Infrastructure Improvements</b>						
Lake 3 Restroom Remodel (Dynamic Vision Plan)	Remodel Lake 3 restroom	Sustainability & Resource Management				
WIFI Modernization (Dynamic Vision Plan)	Modernize WIFI system and address areas with low connection rate patterns	Sustainability & Resource Management				
Cell Tower	Provide cell coverage in the campground by 2024	Sustainability & Resource Management				
<b>Financial Management</b>						
Annual Occupancy	Cabins 75%; Campground 85%	Fiscal Sustainability				
Revenue	Increase YOY revenue by 2.5%	Fiscal Sustainability				
Inventory Management	Create reports for revenue trends and inventory management control by 2023	Fiscal Sustainability				
Annual Debt Service Loans	Decrease by 40% by 2026	Fiscal Sustainability				
Sponsorship Revenue	Increase by 20% by 2027	Fiscal Sustainability				
Park Fund Balance	Minimum \$3.5M by 2027	Fiscal Sustainability				
General Store	Operate General Store at a profit	Fiscal Sustainability				
Fishing Programs	Increase non-opener attendance by 5% by 2025	Fiscal Sustainability				
Demand Pricing Automation	Implement automated Demand Pricing in the reservation software by 2024	Technology & Innovation				
Integrated Meter Billing (Dynamic Vision Plan Support)	Implement reservation software integrated meter billing by 2024	Technology & Innovation				
<b>Programs &amp; Partnerships</b>						
Workcamper Program	Provide a pipeline of at least 5 potential future Workcamper volunteers	Operational Excellence				
Volunteer Program	Create a community volunteer program for events by 2023	Operational Excellence				
Community Partnerships	Create and/or expand vendor and community for events & services	Operational Excellence				

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Off Task   
On Task   
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 <b>PARK + CAMPGROUND (Cont.)</b>						
Goal	Key Performance Indicator	Strategic Core Objective	Quarter			
<b>Customer Service &amp; Marketing</b>						
Marketing	Report on marketing efforts and trends monthly.	Fiscal Sustainability				
Customer Reviews	5 positive reviews per month	Customer Experience				
Call Metrics	90% call answer service rate quarterly	Customer Experience				
Good Sam	9.0 annual rating	Customer Experience				
Website	1.5 million annual page views	Customer Experience				
Social Media	Establish one new social media channel by 2026	Customer Experience				
Integrated Guest Experience Survey	Create and integrate survey data into the reservations software by 2025	Technology & Innovation				
Digital	Create a video marketing series for cross-channel marketing; update at least 1x by 2027	Customer Experience				
Customer Relationship Database	Create user-based transaction reporting to monitor staff input consistency	Technology & Innovation				
<b>Safety &amp; Security</b>						
Facility Safety	Create a facility checklist and reporting system to ensure facility safety by 2023	Operational Excellence				
Barriers to Entry Improvements	Improve by 5% annually	Operational Excellence				
Evening Security Patrol	Maintain a night patrol security team	Operational Excellence				



**PADRE DAM MUNICIPAL WATER DISTRICT  
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FY '23 (YEAR 1)**

OPERATIONS AND WATER QUALITY	1st Qtr (Jul-Sep)			2nd Qtr (Oct - Dec)			3rd Qtr (Jan - Mar)			4th Qtr (Apr - Jun)			Current Fiscal Year			Five Year Plan Cumulative		
	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL
<b>Water Recycling Facility</b>																		
Flow Meter Calibration	0	1	100%	0	0		15			0		15	0	1	● 100%	0	1	● 100%
Chlorine/Sulfur Dioxide Inspections	3	3	100%	3	3		3			3		12	6	6	● 100%	6	6	● 100%
Mixer Inspections	3	5	167%	4	6		4			4		15	7	11	● 157%	7	11	● 157%
Mixer Rebuilds	3	0	0%	4	4		4			4		15	7	4	◆ 57%	7	4	◆ 57%
Submersible Pump Inspections	4	6	150%	4	5		4			5		17	8	11	● 138%	8	11	● 138%
Analyzer Calibration	15	15	100%	15	15		15			15		60	30	30	● 100%	30	30	● 100%
Exercise all Valves throughout the WRF	11	11	100%	11	11		11			11		44	22	22	● 100%	22		
Water Quality Samples Collected	1470	1470	100%	1470	1470		1470			1470		5880	2940	2940	● 100%	2940		
Water Quality Samples Points Analyzed	4200	4200	100%	4200	4200		4200			4200		16800	4200	8400	● 200%	4200	8400	● 200%
<b>Wastewater Group</b>																		
Sewer Lines Cleaning Footage	151000	176855	117%	151000	234327		151000			151000		604000	302000	411182	● 136%	302000	411182	● 136%
Sewer Hot Spots Cleaned	26	26	100%	98	105		22			92		238	124	131	● 106%	124	131	● 106%
CCTV Footage	25000	37504	150%	25000	33601		25000			25000		100000	50000	71105	● 142%	50000	71105	● 142%
Sewer Line Repairs (Laterals and Mains)	7	1	14%	8	2		7			8		30	15	3	◆ 20%	15	3	◆ 20%
Sewer Lift Station Inspections	45	56	124%	45	52		45			45		180	90	108	● 120%	90	108	● 120%
Unplanned:													0	0	-	0	0	-
Sanitary Sewer Overflows (SSO's)		0			0													
Private Lateral Sewer Discharge (PLSD)		1			1													
<b>Construction Group</b>																		
Valve Replacement	22	12	55%	22	9		22			22		88	44	21	◆ 48%	44	21	◆ 48%
Valve Installations	3	1	33%	2	1		3			2		10	5	2	◆ 40%	5	2	◆ 40%
Special Projects	0	4	400%	1	5		0			1		2	1	9	● 900%	1	9	● 900%
Poly service Replacements	10	13	130%	10	7		10			10		40	20	20	● 100%	20	20	● 100%
Unscheduled:																		
Water Services Installed		9			3													
Sewer Services Installed		0			0													
Fire Services Installed		0			2													
Recycled Water Services Installed		0			0													
Relocated/Abandoned Services (All)		1			2													
Unplanned:																		
External Agency Mandated Work		0			0													
Water Main Failures/Unplanned Outages		3			1													
<b>Electrical / Cathodic Group</b>																		
Infrared Camera MCC's	38	34	89%	42	42		44			32		160	80	76	● 95%	80	76	● 95%
Pump Station Electrical System Inspection & Maintenance	5	5	100%	5	5		5			5		20	10	10	● 100%	10	10	● 100%
Generators Exercised	96	96	100%	96	96		96			96		384	192	192	● 100%	192	192	● 100%
CP Test Station Reads WSA	0	0	-	236	236		0			236		474	236	236	● 100%	236	236	● 100%
Reservoir CP Reads	0	0	-	16	16		0			16		32	16	16	● 100%	16	16	● 100%
Reservoir - Coating & CP Dive Inspection	1	0	0%	1	1		1			1		4	2	1	◆ 50%	2	1	◆ 50%
Pump Station/Vault Coating & CP Inspection	0	0	-	10	10		0			10		20	10	10	● 100%	10	10	● 100%
<b>Fleet / Warehouse / FM</b>																		
Vehicle Rehabilitation/Rebuild	1	2	200%	0	0		1			1		3	1	2	● 200%	1	2	● 200%
Capital Equipment Replacements	5	3	60%	0	0		4			0		9	5	3	◆ 60%	5	3	◆ 60%
Generators - Annual Service	0	0	-	14	14		0			0		14	14	14	● 100%	14	14	● 100%
Portable Pumps - Annual Service	0	0	-	4	0		0			0		4	4	0	◆ 0%	4	0	◆ 0%
Facilities Maintenance Projects Completed	1	1	100%	1	1		1			1		4	2	2	● 100%	2	2	● 100%
HVAC Filter Replacement/Maintenance	1	1	100%	1	1		1			1		4	2	2	● 100%	2	2	● 100%
Quarterly Inventory	1	1	100%	1	1		1			1		4	2	2	● 100%	2	2	● 100%
Scheduled Maintenance	30	43	143%	30	28		30			30		120	60	71	● 118%	60	71	● 118%
Fleet/Equipment Repairs (unscheduled)		3			0									3			3	
Facility Condition Assessment	0	0	-	1	1		0			0		1	1	1	● 100%	1	1	● 100%

**PADRE DAM MUNICIPAL WATER DISTRICT  
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	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL
<b>Compliance Group</b>																		
FOG Inspections	29	42	145%	30	43		29			30		118	59	85	144%	59	85	144%
Industrial Waste	2	4	200%	2	4		2			3		9	4	8	200%	4	8	200%
Cross Connection Control Inspections	53	61	115%	53	74		53			52		211	106	135	127%	106	135	127%

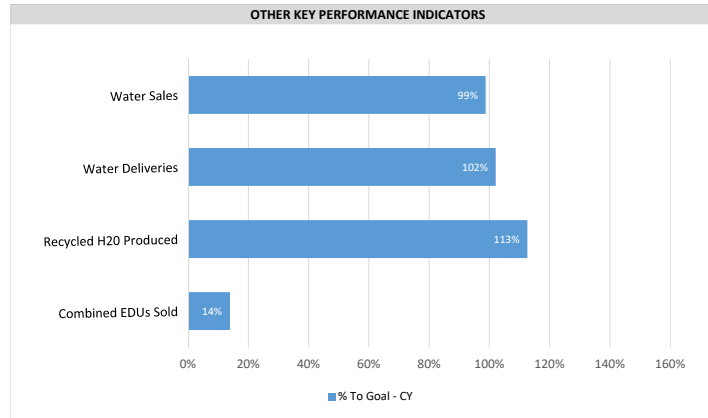
Water Operations Group	1st Qtr (Jul-Sep)			2nd Qtr (Oct - Dec)			3rd Qtr (Jan - Mar)			4th Qtr (Apr - Jun)			Current Fiscal Year			Five Year Plan Cumulative		
	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL
Water Mains Flushed	100	65	65%	100	70		100			100		400	200	135	68%	200	135	68%
Valves Exercised	675	555	82%	675	673		675			675		2700	1350	1228	91%	1350	1228	91%
Water Quality Monitoring Samples	338	364	108%	341	361		336			330		1345	679	725	107%	679	725	107%
Reservoirs Dosed	75	66	88%	75	80		75			75		300	150	146	97%	150	146	97%
Water System Site Inspections (45 sites)	250	297	119%	250	314		250			250		1000	500	611	122%	500	611	122%
Pump/Motor Maintenance/Recondition	0	2	200%	0	0		3			0		3	0	2	200%	0	2	200%
Pressure Reducing/Relief Valve Maintenance	9	0	0%	9	19		9			9		36	18	19	106%	18		
Portable Pumps Exercised	0	0	-	2	0		2			0		4	2	0	0%	2	0	0%
Large Meter Calibration (Meter Services Department)	0	19	1900%	20	0		0			0		20	20	19	95%	20	19	95%

PARK AND CAMPGROUND	1st Qtr (Jul-Sep)			2nd Qtr (Oct - Dec)			3rd Qtr (Jan - Mar)			4th Qtr (Apr - Jun)			Current Fiscal Year			Five Year Plan Cumulative		
	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL

Preventative and Predictive Maintenance	1st Qtr (Jul-Sep)			2nd Qtr (Oct - Dec)			3rd Qtr (Jan - Mar)			4th Qtr (Apr - Jun)			Current Fiscal Year			Five Year Plan Cumulative		
	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL	GOAL	ACTUAL	% TO GOAL
Cabins lift stations inspections	15	15	100%	15	15	100%	15		0%	15		0%	30	30	100%	30	30	100%
Cabins inspections	60	60	100%	60	60	100%	60		0%	60		0%	120	120	100%	120	120	100%
Back up generator inspections	6	6	100%	6	6	100%	6		0%	6		0%	12	12	100%	12	12	100%
Irrigation inspections	6	6	100%	6	6	100%	6		0%	6		0%	12	12	100%	12	12	100%
HVAC inspections	4	4	100%	4	4	100%	4		0%	4		0%	8	8	100%	8	8	100%
Pool, Spa, Sprayground water sampling	12	12	100%	12	12	100%	12		0%	12		0%	24	24	100%	24	24	100%
Picnic table maintenance	10	10	100%	10	10	100%	10		0%	10		0%	20	20	100%	20	20	100%
Boat inspections	96	84	88%	96	96	100%	96		0%	96		0%	192	180	94%	192	180	94%
Tree trimming	174	17	10%	174	376	216%	174		0%	174		0%	348	393	113%	348	393	113%
Lake Maintenance	250	54	22%	65	0	0%			-	40		0%	315	54	17%	315	54	17%
Facilities pest control	57	57	100%	57	57	100%	57		0%	57		0%	114	114	100%	114	114	100%
Reserved picnic area inspections	75	75	100%	75	75	100%	75		0%	75		0%	150	150	100%	150	150	100%
Fertilize turf	1	1	100%	1	1	100%	1		0%	1		0%	2	2	100%	2	2	100%
Restroom drain cleaning	1	1	100%			-	1		0%			-	1	1	100%	1	1	100%
Playground inspections	18	18	100%	18	18	100%	18		0%	18		0%	36	36	100%	36	36	100%

CHANGE IN NET POSITION			
Operation	YTD Actual	YTD Budget	Variance
Potable Water	\$4,207,955	\$3,220,752	987,203
Sewer	\$4,092,270	\$1,078,703	3,013,567
Recycled Water	\$77,791	-\$96,562	174,353
Park	-\$20,713	-\$1,258	(19,455)
Combined	\$8,357,303	\$4,201,635	4,155,668

OPERATING EXPENSES			
Expense	YTD Actual	YTD Budget	Variance
Salaries and Wages	\$6,923,044	\$7,034,087	(111,043)
Employee Benefits	\$4,933,700	\$4,951,031	(17,331)
Professional Services	\$1,361,620	\$2,436,649	(1,075,029)
Materials & Supplies	\$2,826,803	\$3,676,925	(850,122)
Admin Expenses	\$1,670,680	\$1,930,482	(259,802)
Utilities	\$1,201,580	\$1,111,547	90,033
Billing Credits	(\$872,214)	(\$1,425,000)	552,786
Total	\$18,045,213	\$19,715,721	(1,670,508)





**BOARD AGENDA REPORT**

**Meeting Date:** 02-15-2023  
**Dept. Head:** Mark Niemiec, P.E.  
**Submitted by:** Rebecca Abbott, P.E.  
**Department:** AWP Engineering  
**Approved by:** Kyle Swanson, CEO/GM

**SUBJECT:** GROUND LEASE BETWEEN PADRE DAM MUNICIPAL WATER DISTRICT AND EAST COUNTY ADVANCED WATER PURIFICATION JOINT POWERS AUTHORITY

**RECOMMENDATION(S):**

1. Hear staff report.
2. Find that the approved Mitigated Negative Declaration and Supplemental Mitigated Negative Declaration for the East County Advanced Water Purification project covers the actions below and no further environmental review is required under Public Resources Code section 21166 and State CEQA Guidelines section 15162.
3. Approve the Ground Lease by and between Padre Dam Municipal Water District as Landlord and East County Advanced Water Purification Joint Powers Authority, as Tenant.
4. Authorize the CEO/General Manager to execute, on behalf of Padre Dam Municipal Water District, the above Ground Lease in substantially the form attached hereto, with minor changes as approved by the CEO/General Manager and reviewed and approved as to form by Legal Counsel.

**ALTERNATIVE(S):**

Do not approve the Ground Lease and provide alternative direction to staff.

**ATTACHMENT(S):**

1. Resolution 2022-24 Declaring Property as Exempt Surplus Land
2. Ground Lease by and between Padre Dam Municipal Water District and East County Advanced Water Purification Joint Powers Authority

**FUNDING:**

Requested amount: N/A  
Budgeted amount:  
Are funds available?  Yes  No  
Project cost to date:

**PRIOR BOARD/COMMITTEE CONSIDERATION:** Resolution Declaring that Certain Real Property Owned by Padre Dam MWD is Exempt Surplus Land (July 20, 2022).

**STRATEGIC PLAN IMPLEMENTATION:**

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

<b>Reviewed by:</b>	<b>Action Required:</b>	<b>Policy Updates:</b>	<b>Action Taken:</b>
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input checked="" type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input checked="" type="checkbox"/>	Ordinance <input type="checkbox"/>	& Policies	Other _____
Standard Form <input type="checkbox"/>	None <input type="checkbox"/>		

## **EXECUTIVE SUMMARY:**

Padre Dam Municipal Water District (“District”) has planned to lease certain District real property to the East County Advanced Water Purification Joint Powers Authority (“East County AWP JPA”) to facilitate the purposes of the East County AWP JPA and allow for construction, operation, maintenance, repair, replacement, and expansion of facilities to receive, convey, treat, and dispose of wastewater and produce and deliver recycled or advanced purified water (“Project”). Additionally, the District has planned to grant the East County AWP JPA an option to lease additional District real property to facilitate the potential future expansion of the Project and/or other East County AWP JPA purposes related to the Project. To that end, in July 2022, the District Board of Directors adopted Resolution 2022-24 pursuant to the Surplus Land Act, Government Code sections 54220 et seq. (“Surplus Land Act” or “Act”) (attached to this agenda report as Attachment “1”) finding and declaring that the following District-owned property is “exempt surplus land” under the Surplus Land Act:

- **Property Proposed to be Leased:** District property located north of the Santee Lakes Recreation Preserve and South of the Ray Stoyer Water Recycling Facility (“WRF”), including the North end of Padre Dam Pond C, as more particularly depicted in Exhibit “A” of Resolution 2022-24 (“Premises”) and
- **Option Property:** District property located north of the Premises, comprising of the site on which the existing WRF is located (the District plans to decommission the WRF after completion of the East County AWP JPA Project), as also more particularly depicted in Exhibit “A” of Resolution 2022-24 (“WRF Site”);

Adoption of Resolution 2022-24 and the subsequent transmittal of Resolution 2022-24 to the California Department of Housing and Community Development, satisfied the District’s obligations under the Act, thereby permitting the District to move forward with its plans to lease the Premises and grant an option to lease the WRF Site to the East County AWP JPA. In the months following the Board’s adoption of Resolution 2022-24, District and East County AWP JPA representatives have met to negotiate the terms of a ground lease (“Ground Lease”) described in more detail below, which is now being presented to the Board for its consideration.

In support of the East County AWP Project, the District and the East County AWP JPA entered into a Right of Entry Permit agreement on July 15, 2022, granting the East County AWP JPA and its contractors permission to enter the Premises and other access areas within District property in order to conduct the work. The Right of Entry Permit is in effect through the effective date of the Ground Lease for the Premises, and through completion of the Project for other access areas.

## **DESCRIPTION:**

The District is a member agency of the East County AWP JPA, a joint powers authority formed for the purposes of constructing, operating, and administering the Project for the benefit of the East County AWP JPA member agencies and the region. In support of the Project, District representatives have met with East County AWP JPA representatives to negotiate the terms of a ground lease for Premises, which includes, among other provisions, a grant by the District to the East County AWP JPA an option to lease the WRF Site for possible future expansion of the Project, and a grant to the East County AWP JPA of an access easement over a portion of Sycamore Canyon Road for ingress and egress to the leased Premises. A copy of the proposed Ground Lease is attached to this agenda memo as Attachment “2.”

The following is a summary of the Ground Lease terms:

- Term: The Ground Lease sets an initial term of 45 years following completion of construction of the Project, subject to an extension equal to the period of time the useful life of the Project is materially extended by capital improvements, investments rehabilitation and/or reconstruction. (Section 2.01)
- Option to Lease the WRF Site: The Ground Lease grants to the East County AWP JPA an option to lease the WRF Site on substantially the same terms and conditions as set out in the Ground Lease, subject to agreement on the rent for the WRF Site. (Section 2.03)
- Rent: The Ground Lease sets the rent at \$29,715 per year (as determined by an appraisal), and sets the terms for annual “cost of living” adjustments and “fair market rent” adjustments every 5 years. (Section 3)
- Use of AWP Visitor Center Conference Rooms: The Ground Lease reserves to the District, the right to use the AWP Visitor Center Conference Rooms no less than 12 times but not more than 18 times a year at no cost to the District, subject to terms and conditions established by the East County AWP JPA or separate agreement of the parties. (Section 4.06)
- Laboratory Services: The Ground Lease establishes that the East County AWP JPA will provide laboratory services for the District upon mutually agreed upon terms established by a separate agreement of the parties. (Section 4.07)
- Access/ Other Rights to Pond C: The Ground Lease reserves to the District, access and other rights for future use at Pond C, upon mutually agreed upon terms set forth in a separate agreement of the parties. (Section 4.08)
- Grant of Access Easement to East County AWP JPA/ Reservation of Access Rights by the District: The Ground Lease includes grant of an access easement to East County AWP JPA over a portion of Sycamore Canyon Road for ingress and egress to the leased Premises, and reserves to the District the right to use the access road located on the eastern portion of the Premises so that the District can access its property to the north of the Premises. (Section 5.04 and Exhibits F and G)
- Insurance and Indemnity: The Ground Lease includes insurance requirements for the construction phase of the Project and the post construction phase, and additionally sets out the rights and obligations of the parties with regard to indemnification. (Section 8)
- Other Standard Lease Terms: The Ground Lease also sets out the agreement of the parties with regard to the following:
  - Effect of Condemnation of the Premises (Section 9)
  - Defaults and Remedies (Sections 10 and 11)
  - Dispute Resolution; Landlord’s Right to Sell/ Tenant’s Option to Purchase (Section 12)
  - Security and Environmental Requirements (Exhibit “D”)
  - Construction Requirements (Exhibit “E”)

## **Compliance with the California Environmental Quality Act**

The District, as the initial lead agency for the Project, prepared an Initial Study/Mitigated Negative Declaration (“MND”; SCH No. 2018091029) that analyzed the Project’s potential environmental impacts under the California Environmental Quality Act (“CEQA”) and concluded that the Project would have less than significant impacts with the implementation of identified mitigation measures. On December 5, 2018, the District adopted the MND and approved the Project. Thereafter, the East County AWP JPA was established and the East County AWP JPA reviewed and considered the MND as a responsible agency for the Project. On February 20, 2020, the East County AWP JPA adopted the MND for the Project under CEQA, adopted a Mitigation Monitoring and Reporting Program (“MMRP”) for the Project, and approved the Project.

Subsequently, as the new lead agency for the Project, the East County AWP JPA prepared a Subsequent Initial Study/Mitigated Negative Declaration (“Subsequent MND”) (SCH No. 2022040551) related to potential modifications to the Project. The Subsequent MND analyzed the Project modifications’ potential environmental impacts under CEQA and concluded that all environmental impacts of the Project modifications were either less than significant or could be mitigated to a level of less than significant with the implementation of identified mitigation measures. On July 21, 2022, the East County AWP JPA adopted the Subsequent MND, adopted an MMRP for the Project modifications, and approved the Project modifications.

No additional environmental review is necessary for the proposed actions under State CEQA Guidelines section 15162, as none of the conditions set forth in State CEQA Guidelines section 15162(a) exist. The potential environmental impacts have already been analyzed. The District’s proposed actions are merely subsequent approvals for an already-approved Project, with modifications, for which an MND and Subsequent MND have already been adopted under CEQA.

### **RECOMMENDATION(S):**

1. Hear staff report.
2. Find that the approved Mitigated Negative Declaration and Supplemental Mitigated Negative Declaration for the East County Advanced Water Purification project covers the actions below and no further environmental review is required under Public Resources Code section 21166 and State CEQA Guidelines section 15162.
3. Approve the Ground Lease by and between Padre Dam Municipal Water District as Landlord and East County Advanced Water Purification Joint Powers Authority, as Tenant.
4. Authorize the CEO/General Manager to execute, on behalf of Padre Dam Municipal Water District, the above Ground Lease in substantially the form attached hereto, with minor changes as approved by the CEO/General Manager and reviewed and approved as to form by Legal Counsel.

**RESOLUTION 2022-24****RESOLUTION OF THE BOARD OF DIRECTORS OF PADRE DAM MUNICIPAL  
WATER DISTRICT PURSUANT TO GOVERNMENT CODE SECTION 54221 DECLARING THAT CERTAIN  
REAL PROPERTY (ALL OR PORTIONS OF APNS 376-010-07, 376-010-05, 376-020-04) OWNED BY PADRE  
DAM MUNICIPAL WATER DISTRICT LOCATED IN THE CITY OF SANTEE, IS EXEMPT SURPLUS LAND, AND  
FINDING THAT SUCH DECLARATION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE  
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

WHEREAS, Padre Dam Municipal Water District ("District") is the owner of that certain real property located North of the Santee Lakes Recreation Preserve and South of the Ray Stoyer Water Recycling Facility ("WRF"), including the North end of Padre Dam Pond C, as more particularly depicted in Exhibit A, attached hereto and incorporated herein by reference ("Property").

WHEREAS, the District is also the owner of that certain real property located to the North of the Property, comprising of the site on which the WRF is located, as also more particularly depicted in Exhibit A, attached hereto and incorporated herein by reference ("Additional Property") (together, the Property and Additional Property are the "Properties").

WHEREAS, the Surplus Land Act, Government Code sections 54220 et seq. (the "Act") applies when a local agency disposes of "surplus land," which is defined in the Act as "land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use." (Government Code section 54221(b)(1).)

WHEREAS, "agency's use" is defined to include land that is planned to be used pursuant to a written plan adopted by the local agency's governing board for agency work or operations, including but not limited to utility sites and buffer sites near sensitive governmental uses such as waste water treatment plants, and to include a non-transit district's disposal of land "to support ... [such district's] work or operations." (Government Code section 54221(c).)

WHEREAS, the Act expressly does "not apply to the disposal of exempt surplus land." (Government Code section 54222.3.)

WHEREAS, under the Act, "exempt surplus land" includes land that a local agency is transferring to another local, state, or federal agency for the transferee agency's use. (Government Code section 54221(f)(1)(D).)

WHEREAS, under the Act, "exempt surplus land" also includes "[r]eal property that is used by a district for agency's use expressly authorized in [Government Code section 54221(c)]." (Government Code section 54221(f)(1)(J).)

WHEREAS, the Act requires local agencies such as the District to declare certain real property they own as either "surplus land" or "exempt surplus land," as supported by written findings, prior to any disposition of the real property. Under the Surplus Land Act Guidelines published by the California Department of Housing and Community Development in April 2021 ("SLA Guidelines"), dispositions subject to the Act include certain leases or options to lease transactions. (SLA Guidelines, section 102(h).)

WHEREAS, the East County Advanced Water Purification ("AWP") Joint Powers Authority ("JPA") is a joint powers authority formed pursuant to Government Code section 6500 et seq. by the District, the City of El Cajon, and the San Diego County Sanitation District, for the purposes of constructing, operating, and administering a reclamation facility capable of treating wastewater and producing recycled or advanced purified water ("Project") for the benefit of the member agencies and the region. The East County Advanced Water Purification Joint Exercise of Powers Agreement ("Joint Exercise of Powers Agreement"), effective on November 1, 2019, is attached hereto and incorporated herein as Exhibit B. The Project includes a regional collection system to collect and deliver member agencies' wastewater to a primary wastewater treatment plant, a primary wastewater treatment plant, an advanced water purification plant, and a conveyance system to deliver treated water. (See e.g. Joint Exercise of Powers Agreement, Sections 1.1.16 and 1.2.)

WHEREAS, in support of the Project, the District desires to lease (or potentially transfer by other means) the Property to the East County AWP JPA for JPA's Project and for other lawful purposes of JPA described in the Joint Exercise of Powers Agreement.

WHEREAS, furthermore, in support of the Project, the District desires to additionally provide the JPA an option to lease (or potentially another type of option, or a transfer by other means) the Additional Property to facilitate future expansion of the Project and/or other JPA purposes.

WHEREAS, District's anticipated lease and option to lease (or other disposition) of the Properties to JPA meets the definition of exempt surplus land set forth in Government Code section 54221(f)(1)(D) for transfers to a local agency for the transferee agency's use because it would provide for a lease, option to lease, or other transfer of the Properties to JPA for JPA's use, with JPA being a local agency for purposes of the Act under Government Code section 54221(a)(1). Specifically, District's anticipated lease (or other disposition) of the Property to the JPA would allow the JPA to construct, operate, maintain, repair, replace, and expand facilities to receive, convey, treat, and dispose of wastewater and produce and deliver recycled or advanced purified water, and to perform incidental functions and services, and fulfill other lawful purposes of JPA described in the Joint Exercise of Powers Agreement. Furthermore, District's anticipated provision of an option to lease (or other form of option or disposition) the Additional Property to the JPA for future expansion of the Project and/or other JPA purposes related to the Project.

WHEREAS, additionally, District's anticipated lease (or other disposition) of the Property and provision for an option to lease (or other disposition) for the Additional Property to the JPA each meet the definition of exempt surplus land set forth in Government Code section 54221(f)(1)(J) for real property used by a district for the district's agency's use because the disposition and use of the Properties would constitute the District's agency's use under Government Code sections 54221(c)(1) and 54221(c)(2)(B). Specifically, the District's anticipated disposition of the Property to JPA would allow for construction, operation, maintenance, repair, replacement, and expansion of facilities to receive, convey, treat, and dispose of wastewater and produce and deliver recycled or advanced purified water, and to perform incidental functions and services, and fulfill other lawful purposes of JPA described in the Joint Exercise of Powers Agreement. These uses of the Property would benefit the District as a member agency to JPA and as a provider of water and wastewater services. Additionally, the District's anticipated provision of an option to lease (or other form of option or disposition) the Additional Property to JPA would allow JPA to expand such facilities located on the Property in the future, and allow for other JPA facilities to receive, convey, treat, and dispose of wastewater and produce and deliver recycled or advanced purified water, and to perform incidental functions and services, and fulfill other lawful purposes of JPA described in the Joint Exercise of Powers Agreement. All of these uses of the Additional Property would benefit the District



as a member agency to JPA and as a provider of water and wastewater services. Furthermore, such uses of the Properties are consistent with, and contemplated by, the District's Five Year Strategic Business Plan for Fiscal Years 2023-2027 (see e.g. Padre Dam Municipal Water District Five Year Strategic Business Plan for Fiscal Years 2023-2027, pages 69, 75) and the District's 2020 Urban Water Management Plan (see e.g. Padre Dam Municipal Water District 2020 Urban Water Management Plan, sections 6.7.4, 6.10, and 7.1.3). Therefore, the Property and Additional Property are each planned to be used pursuant to the District's written plans adopted by the Board, pursuant to Government Code section 54221(c)(1), and additionally the uses of the Property and Additional Property will directly further the express purpose of District work or operations, pursuant to Government Code section 54221(c)(2)(B)(i).

WHEREAS, the District's Board of Directors has reviewed this Resolution and now desires to declare the Properties as exempt surplus land under the Act, based on the findings and justifications contained in this Resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Padre Dam Municipal Water District as follows:

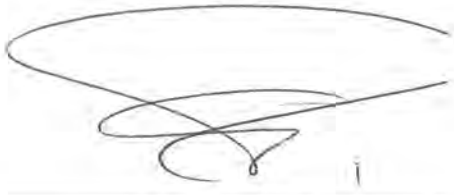
1. The above recitals are true and correct and constitute findings of the Board and are a substantive part of this Resolution.
2. That the Board hereby declares that the Properties are each exempt from the Act as exempt surplus land pursuant to Government Code sections 54221(f)(1)(D) and 54221(f)(1)(J), based on the findings contained in this Resolution for each of the Properties. The Board further declares pursuant to Government Code section 54221(c)(2)(B)(i) that JPA's use of the Properties will directly further the express purposes of District work and operations, based on the findings contained in this Resolution for each of the Properties.
3. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*) ("CEQA"). District staff has determined that the designation of the Properties as exempt surplus does not have the potential for creating a significant effect on the environment and is therefore exempt from further review under CEQA pursuant to State CEQA Guidelines Section 15060(c)(3), because it is not a project as defined by the CEQA Guidelines, Section 15378. Adoption of the Resolution, in and of itself, does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment.
4. The District's CEO/General Manager or designee is hereby authorized and directed to send a copy of this Resolution to the California Department of Housing and Community Development in accordance with the requirements of Section 400(e) of the SLA Guidelines.
5. If any section, subsection, paragraph, sentence, clause or phrase of this Resolution is declared by a court of competent jurisdiction to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the remaining portions of this Resolution.

PASSED AND ADOPTED at the Regular Meeting of the Board of Directors of Padre Dam Municipal Water District held on July 20, 2022, by the following vote:

AYES: Caires, Pommering and Wilson  
NOES: None  
ABSENT: Peasley and Till  
ABSTAIN: None

ATTEST:

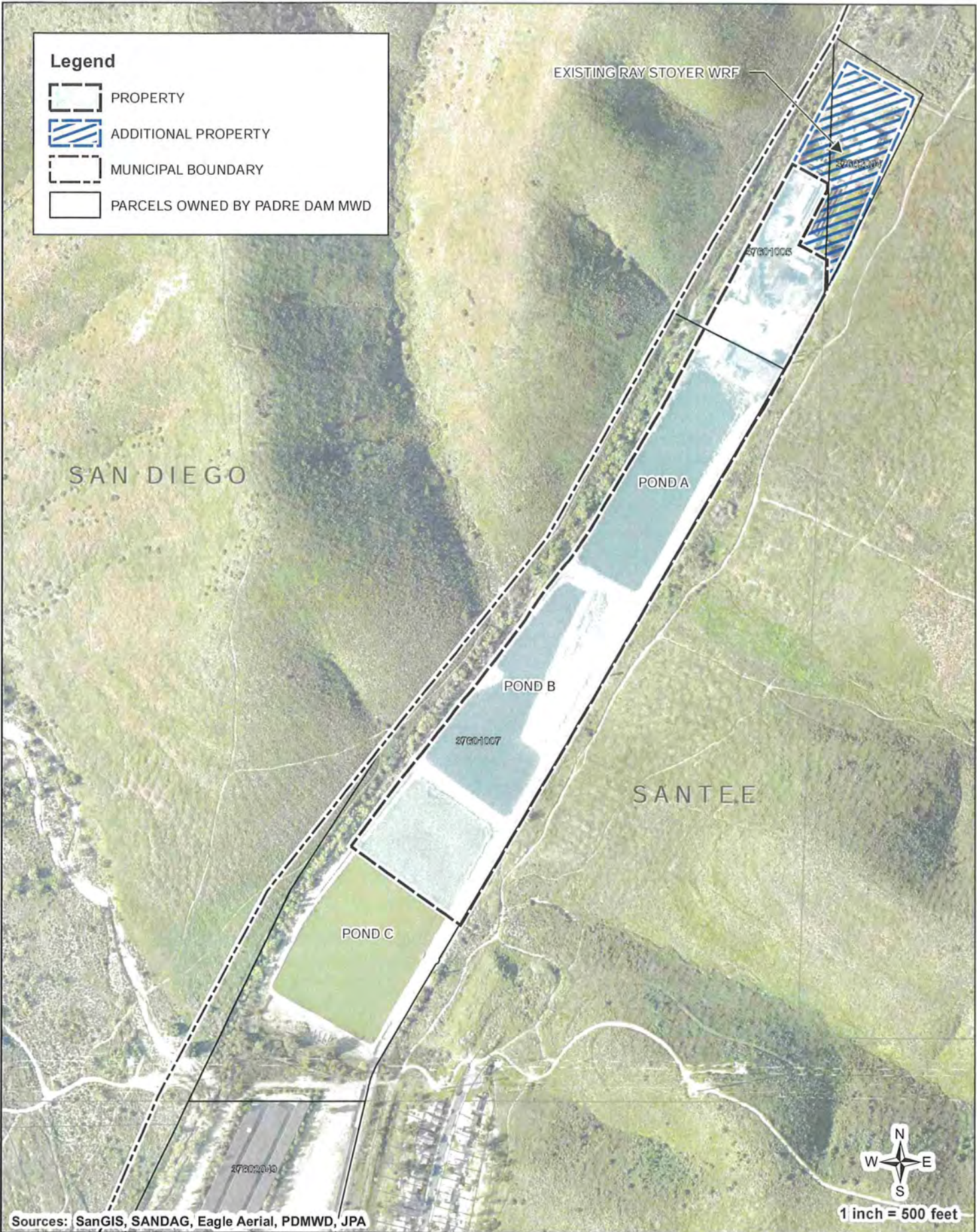
  
Board Secretary

  
Board President



**EXHIBIT A**

**Depiction of Property and Additional Property**



**EXHIBIT B**

**East County Advanced Water Purification Joint Exercise of Powers Agreement**

**EAST COUNTY ADVANCED WATER PURIFICATION  
JOINT EXERCISE OF POWERS AGREEMENT**

THIS JOINT POWERS AGREEMENT ("Agreement"), is made and entered into by and between the CITY OF EL CAJON ("El Cajon"), a charter city, PADRE DAM MUNICIPAL WATER DISTRICT ("Padre Dam"), a municipal water district, and the SAN DIEGO COUNTY SANITATION DISTRICT, a county sanitation district ("Sanitation District"). El Cajon, Padre Dam, and Sanitation District are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

**RECITALS**

- A. Each Party to this Agreement is a public agency authorized and empowered to contract for the joint exercise of powers under Articles 1 through 4, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State of California; and
- B. Each Party to this Agreement has the power to plan for, design, construct, own, lease, operate, maintain, repair, and replace a reclamation facility for the purpose of treating wastewater and producing recycled or advanced purified water for beneficial use; and
- C. The Parties desire to use any power common to them for the purpose of treating wastewater and producing recycled or advanced purified water, or taking such other actions that will make more efficient the conveyance, treatment, and disposal of wastewater and the production of recycled or potable water; and
- D. The Parties desire, by means of this Agreement, to establish a separate organization for the construction, operation, and administration of a reclamation facility for the purpose of treating wastewater and producing recycled or advanced purified water, and for related purposes.

NOW THEREFORE, in consideration of the above Recitals and of the mutual promises and agreements contained herein, the Parties agree as follows:

**ARTICLE 1  
GENERAL PROVISIONS**

- 1.1 **Definitions.** Unless the context otherwise requires, the words and terms defined in this Section 1.1 shall, for the purposes of this Agreement, have the meanings herein specified.
  - 1.1.1 **Act** means Articles 1 through 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500) relating to the joint exercise of powers common to public agencies.
  - 1.1.2 **Administrator** means the Member Agency designated by this Agreement or the Board of Directors to manage and administer the Authority. If no Member Agency is designated, or if designated, is unable or unwilling to act as the Administrator, the Board of Directors shall manage and administer the Authority or appoint officers or employees for such purposes.

- (a) The Advanced Water Purification Plant, which includes those facilities required to treat recycled water to indirect potable reuse standards for surface water augmentation, and includes facilities providing pre-osmosis treatment, reverse osmosis, and concentrate disposal. This term does not include those facilities that have been identified as Wastewater Treatment Plants and/or facilities required to generate Title 22 compliant irrigation water.
- (b) Product Water Conveyance System means the conveyance system that will be adequate to transport and deliver Product Water to the Product Water delivery point as specified by separate agreement, and includes, but is not limited to, the conveyance outlet structure and related facilities.
- (c) Regional Collection System means intercepting sewers, outfall sewers, and wastewater collection and conveyance systems owned and operated by the Authority (not including the Member Agencies' sewer systems) for the purpose of collecting and delivering wastewater from the Member Agencies' sewer systems to the Project and associated pumping stations and other equipment and their appurtenances, extensions, improvements, remodeling, additions, and alterations thereof.
- (d) Wastewater Treatment Plant(s) means new or existing primary, biological secondary, and tertiary wastewater treatment facilities.

The Project, as defined in this Agreement, shall not include Lake Jennings or Santee Lakes, although both shall be used in relation to the Project. Specifically, Lake Jennings is and shall remain owned and operated by Helix, and shall be the location to which Product Water is delivered to Helix pursuant to the terms and conditions of a separate Product Water purchase agreement. Further, Santee Lakes shall remain owned and operated by Padre Dam, and shall be used in conjunction with the treatment of recycled and advanced purified water, including brine minimization, to maintain a steady level of Product Water production and reduce the Authority's brine disposal costs and for emergency failsafe storage. In recognition of these operational benefits to the Project, Padre Dam shall receive without charge an annual average of 1,000 acre feet of water (or such other amount as may be agreed in writing by Padre Dam and the Authority) delivered to Santee Lakes from the Project, a significant portion of which will be recirculated to the Project.

**1.1.17** Title 22 Water means water produced by the Project that meets all State requirements for a direct beneficial use or a controlled use that is compliant with Title 22, Division 4 of the California Code of Regulations, as may be amended from time to time.

**1.2** Purpose. This Agreement is made pursuant to the Act by El Cajon, Padre Dam, and Sanitation District, each of which is authorized to contract with the other. The purposes of this Agreement are to: (1) create the East County AWP Joint Powers Authority; (2) provide for the administration of the Authority; (3) plan for, design, construct, own, lease, operate, maintain, repair, and replace the Project; (4) receive, convey, treat, and dispose of wastewater; (5) produce and deliver Product Water and Title 22 Water; and (6) perform services or assume obligations of the Member Agencies

- (i) To receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations, and governmental entities, provided that the Authority consents to such gifts, contributions and donations;
- (j) To prescribe the duties, compensation and other terms and conditions of employment of other agents, officers and employees;
- (k) To adopt reasonable rules and regulations for the conduct of the day-to-day operations of the Authority;
- (l) To apply for, accept, receive and disburse grants, donations, and loans from local, State, or federal agencies or from individuals or businesses.
- (m) To sue and be sued in its own name;
- (n) To invest money in its treasury, pursuant to Government Code Section 6505.5 *et seq.*, that is not required for the immediate necessities of the Authority, as the Authority determines advisable, in the same manner and on the same conditions as local agencies, pursuant to Section 53601 of the Government Code;
- (o) To assume the rights and obligations of any Member Agency related to the purpose of this Agreement, and incurred specifically for the development or implementation of the Project;
- (p) To adopt and enforce industrial pretreatment regulations. The regulations may include, but not necessarily be limited to, technically based local limits, shall be followed by each Member Agency, shall apply to industrial connections and groundwater cleanup sites that discharge or have the potential to discharge into the Regional Collection System, and shall allow the Authority to take enforcement action against dischargers that violate the regulation;
- (q) To implement all requirements of the industrial pretreatment regulations and all aspects of the Authority's service area pretreatment program, including permitting, inspection, monitoring, reporting, and enforcement activities, provided that industrial pretreatment permits may be jointly or individually issued by the Authority, the Member Agency in whose jurisdiction the discharge is located, or other public agencies authorized to do so by contract with the Authority or Member Agency;
- (r) To charge and bill industrial dischargers for their respective share of the Authority's cost to implement industrial pretreatment regulations, including application review, permit issuance, sampling, monitoring, inspection, and enforcement costs;
- (s) To carry out and enforce all provisions of this Agreement; and



- 2.5 **Ex Officio Members.** The Board may adopt bylaws authorizing ex officio members or alternates to participate in meetings of the Board of Directors. Any ex officio member or alternate shall be a member of the governing body of a public agency with an existing or anticipated contractual relationship to the Project, which may include, but not be limited to, a public agency purchasing Product Water produced by the Project. Any ex officio member or alternate shall not be entitled to vote, shall not be counted toward a quorum of the Board, and shall serve without compensation from the Authority.

### ARTICLE 3 MEETINGS OF THE BOARD

- 3.1 **Meetings.** The Board shall provide for its regular meetings by resolution; provided, however, that at least one regular meeting shall be held each fiscal quarter. The date, hour and place of the regular meetings shall be fixed by Resolution of the Board and filed with the governing body of each of the Member Agencies. The Board may meet in joint session with other public agencies and advisory bodies in accordance with State law.
- 3.2 **Ralph M. Brown Act.** All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act, commencing with Section 54950 of the Government Code.
- 3.3 **Voting.** Each Board Member shall have one vote. Except as otherwise provided by law or by this Agreement, all actions of the Board shall be approved on the affirmative vote of a majority of the Members of the Board.
- 3.4 **Quorum.** A majority of the Members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time.
- 3.5 **Board Action.** The Board may act by ordinance, resolution, or motion. Unless otherwise provided in the bylaws, ordinances shall not be required to be introduced and adopted at separate meetings of the Board. The enacting clause of all ordinances shall be, "The Board of Directors of the East County AWP Joint Powers Authority does ordain as follows."
- 3.6 **Minutes.** The Secretary of the Authority shall cause minutes of regular, adjourned regular, and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Member of the Board and to each Member Agency.
- 3.7 **Rules.** The Board may adopt from time to time such rules and regulations for the conduct of its affairs as may be required.

### ARTICLE 4 OFFICERS AND EMPLOYEES OF THE AUTHORITY

- 4.1 **Chair.** The Board of Directors shall elect one of its members as Chair of the Board. The term of office for the Chair of the Board shall be one year. The Parties intend for the Chair of the Board

**4.5.2 Duties.** The Attorney for the Authority or a designated deputy shall attend all meetings of the Board of Directors; provided, however, that the absence of the Authority Attorney shall not affect the validity of any meeting. The Attorney shall perform such other duties the Board of Directors specifies, including, but not limited to, obtaining specialized legal services.

**4.6 Administrator.**

**4.6.1 Generally.** The Board shall appoint an Administrator for the purposes of managing and administering the Authority. A Member Agency may be appointed as the Authority's Administrator. Except as provided in Section 4.6.2 below, the Board shall appoint the Administrator pursuant to a separate written agreement. The Administrator may also be appointed as the Operator.

**4.6.2 Interim Administrator.**

(a) Until the Board appoints a long-term Administrator pursuant to a separate written agreement, Padre Dam shall serve as the Authority's Interim Administrator. In no event shall the term of the Interim Administrator extend beyond March 31, 2021 without approval of the Board. Any extension shall last for not more than one (1) year. As Interim Administrator, Padre Dam shall perform all services reasonably necessary for the management and administration of the Authority including, but not limited to:

- (i) continuing the financing, planning, design, permitting, and procurement activities necessary to construct and operate the Project, which prior to this Agreement were being performed by the Parties themselves;
- (ii) coordinating and preparing for Board meetings;
- (iii) identifying key Padre Dam staff that will provide services to the Board and the Authority on behalf of Padre Dam as the Administrator, including staff who shall serve as Secretary and Treasurer, in accordance with the directions given by Padre Dam's governing board or by a management employee under the exclusive control of Padre Dam;
- (iv) being responsible for the appointment, employment, management, and/or termination of any personnel, contractors, or consultants providing services to the Authority including, but not limited to, contractors and consultants necessary for the financing, planning, design, permitting and procurement of the Project;

- (e) The Authority shall not have the ability to direct how services are to be performed, specify the location where services are to be performed, or establish hours or days for the performance of services provided by Padre Dam staff. The Authority shall not have any right to discharge or discipline any member of Padre Dam's staff.
  - (f) Padre Dam is retained as an independent contractor and is not an employee of Authority. No employee or agent of Padre Dam shall become an employee of the Authority. Padre Dam employees or agents assigned to provide services under this Agreement shall remain under the exclusive control of Padre Dam.
  - (g) The Authority shall defend, indemnify, and hold harmless Padre Dam and its officials, officers, employees, contractors, agents, and authorized volunteers from any and all claims, demands, damages, liabilities, fines, expenses, and related costs and fees, including attorney's fees, arising from or related to Padre Dam's performance of services as the Interim Administrator.
- 4.7 **Official Bond.** Pursuant to Government Code section 6505.1, the public officer, officers or persons who have charge of, handle or have access to any property of the Authority shall file an official bond in an amount to be fixed by the Board of Directors of the Authority.
- 4.8 **Additional Officers and Employees.** The Board shall have the power to appoint such additional officers and to employ such employees, assistants, contractors, consultants and others as may be appropriate. Such power shall include, but not be limited to, the power to appoint an Operator for the purposes of providing operations, maintenance, and similar services to the Authority. A Member Agency may be appointed as the Authority's Operator pursuant to a written agreement with the Authority.

#### ARTICLE 5 COMMITTEES

- 5.1 **Committees.** The Board of Directors, by a majority vote, may form committees for any purpose. Such vote shall designate the method for appointing committee members, the scope of the duties and responsibility of the committee, whether the committee is a standing or ad hoc committee, and such other matters as the Board may deem appropriate.

#### ARTICLE 6 PROJECT COORDINATION

- 6.1 **Coordination With the Parties.** The Parties may convene members of their respective staffs to review issues associated with the Project and the other purposes of this Agreement from time to time. If authorized by a written agreement between the Authority and a public agency which is not a Member Agency, or authorized by the Board, a non-Member Agency may designate a representative to review such issues with staff of the Member Agencies as appropriate.

- (a) Grants, donations, and loans received by the Authority from local, State, or federal agencies or from individuals or businesses.
- (b) Funds collected as user charges or user fees by Member Agencies.
- (c) Funds collected from Member Agencies and non-Member Agencies pursuant to the terms of a separate agreement, including, but not limited to, the interim funding agreement described in Section 7.3.2 below.
- (d) Funds collected as connection fees by Member Agencies.
- (e) Funds received from State and federal disaster relief agencies.
- (f) Funds obtained by issuing bonds, notes, warrants and other evidences of indebtedness.
- (g) "In kind" contributions from Member Agencies.
- (h) Funds from any other source derived.

The Authority shall arrange for the receipt of such funds from the above sources as are available to the Authority and as are necessary for the conduct of the Authority's activities. Member Agencies may, in the appropriate circumstances: (a) make contributions from their treasuries for the purposes set forth in this Agreement; (b) make payments of public funds to defray the cost of such purposes; and (c) make advances of public funds for such purposes. The provisions of Government Code Section 6513 are incorporated into this Agreement.

**7.3.2 Parties' Interim and Long-Term Funding Plans.**

- (a) The Parties intend for certain Initial Authority activities to be funded through a separate interim funding agreement signed by the Member Agencies and Helix.
- (b) The Parties intend for the Authority to fund Initial Authority costs through the interim funding agreement and other agreements and revenue sources available to the Authority for such purposes. Notwithstanding, in the event the Board determines that certain costs cannot be funded through such revenue sources, each Party agrees that it will contribute to a fund or budget approved by the Board. Each Party will provide contributions approved by the Board within sixty (60) days of receipt of an invoice from the Authority. Contributions made pursuant to this subsection, if any, shall be in equal, one-third shares from each Member Agency. This subsection shall remain in effect until the Member Agencies execute a separate agreement for wastewater services with the Authority.

Party intends to withdraw, the other Party's written consent to terminate this Agreement shall not be unreasonably conditioned or delayed. Notwithstanding the prior provisions of this Section 8.1, this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of the Authority.

- 8.2 **Amendment.** This Agreement may be amended at any time by the written consent of the governing body of each Party hereto.
- 8.3 **Withdrawal.** Notwithstanding any other provision of this Agreement, any Member Agency may withdraw from the Authority by providing the Authority with written notice of its intent to withdraw within the first seven (7) days of each Fiscal Year. Such notice shall not become effective until the last day of Fiscal Year in which notice was given. A withdrawal from the Authority constitutes a withdrawal of that Member Agency's representatives from the Board of Directors. If at any time there are only two (2) Parties to this Agreement, any desired withdrawal shall be subject to the termination provisions of this Agreement.
- 8.4 **Effect of Withdrawal.** The withdrawal of a Member Agency shall not terminate its responsibility to contribute its share of any obligation incurred by the Authority or to perform any other obligation arising from a separate agreement or other legally binding obligation, including amounts determined by the Board for (1) liabilities and claims accrued during the time the agency was a Member Agency (including any future obligations arising from retirement benefits for past and existing employees of the Authority, if any) or (2) budgeted expenses for the Fiscal Year in which notice of intent to withdraw is given. Except as the withdrawing Member Agency may agree, in writing, with the Board, the withdrawing Member Agency shall automatically relinquish all rights as a Member Agency under this Agreement, on the effective date of the withdrawal.
- 8.5 **Purchase Option.** Upon termination of this Agreement, but prior to disbursement of any assets of the Authority, Padre Dam shall have the option, exercisable in its discretion, to purchase the Project, in whole or in part, for fair market value at the time of the exercise of the option. Padre Dam shall provide written notice of its intent to exercise its option, and the details thereof, within forty five (45) days of termination of this Agreement. As soon as practicable after receipt of Padre Dam's notice, the Authority shall notify Padre Dam of the Authority's reasonable determination of the amount of the purchase price for the desired Project assets, and include the details and calculations for each component thereof. Upon mutual agreement on a purchase price determined under this section and payment thereof, the Authority will sell, assign, transfer, convey and deliver to Padre Dam all of its right, title, and interest in the purchased assets.
- 8.6 **Disbursement.** Upon termination of this Agreement and after payment of all liabilities, costs, expenses and charges validly incurred under this Agreement, and resolution of any purchase option exercised by Padre Dam, all remaining assets of the Authority shall be disbursed among Member Agencies, including any Member Agencies which previously withdrew from the Authority. All assets shall be divided among the Member Agencies in accordance with and proportionate to their cash contributions (including payments for services received and property at market value when received) made during the term of this Agreement, if it is feasible to do so.

- 10.2 **Notices.** Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally or by registered or certified mail, postage prepaid to the respective Parties, as follows:

**EL CAJON:**

City of El Cajon  
200 Civic Center Way  
El Cajon, CA 92020  
Attn: City Manager

**With copy to:**

City of El Cajon  
200 Civic Center Way  
El Cajon, CA 92020  
Attn: City Attorney

**PADRE DAM:**

Padre Dam Municipal Water District  
P.O. Box 719003  
Santee, CA 92072  
Attn: General Manager

**With copy to:**

Best Best & Krieger LLP  
655 W. Broadway, Floor 15  
San Diego, CA 92101  
Attn: Padre Dam General Counsel

**SANITATION DISTRICT:**

San Diego County Sanitation District  
5500 Overland Avenue, Suite 315  
San Diego, CA 92123  
Attn: Program Manager

**With copy to:**

Office of County Counsel  
1600 Pacific Highway #355  
San Diego, CA 92101  
Attn: Sanitation District General Counsel

The Parties may from time to time change the address to which notice may be provided by providing notice of the change to the other Parties.

- 10.3 **Consent.** Whenever in this Agreement or in any amendment thereto consent or approval is required, the same shall not be unreasonably withheld.
- 10.4 **Other Agreements Not Prohibited.** Other agreements by and between the Parties of this Agreement or any other entity are neither prohibited nor modified in any manner by execution of this Agreement.
- 10.5 **Section Headings.** The section headings herein are for convenience of the Parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Agreement.
- 10.6 **Laws of California.** This Agreement is made in the State of California, under the Constitution and laws of such State, and shall be construed and enforced in accordance with the laws of such State.
- 10.7 **Construction of Language.** It is the intention of the Parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

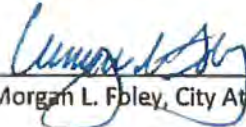
IN WITNESS WHEREOF, the Parties have caused this Joint Exercise of Powers Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year set forth below, making the same effective on the date signed by the last of all Parties hereto.

**CITY OF EL CAJON**

By:   
Graham Mitchell, City Manager

Date: 10-16-19

**Approved as to Form:**

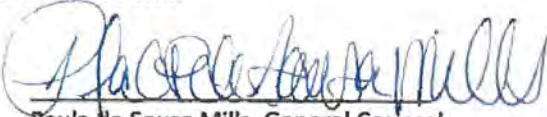
By:   
Morgan L. Foley, City Attorney

**PADRE DAM MUNICIPAL WATER DISTRICT**

By:   
Allen Carlisle, General Manager

Date: 10-16-19

**Approved as to Form:**

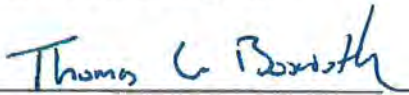
By:   
Paula de Sousa Mills, General Counsel


**SAN DIEGO COUNTY SANITATION DISTRICT**


By:   
Clerk, Board of Supervisors

Date: 11/1/19

**Approved as to Form and Legality:**

By:   
Thomas L. Bosworth, Sr. Deputy

Approved and/or authorized by the  
Board of Supervisors of the County of San Diego.  
Meeting Date: 10/30/19 Minute Order No. 582  
By:  Date: 11/1/19  
Deputy Clerk of the Board Supervisors

Approved by the Padre Dam MWD  
Board of Directors  
Meeting Date: 10/16/19  
Attest:   
Board Secretary

**GROUND LEASE**

**by and between**

**Padre Dam Municipal Water District**

**("Landlord")**

**and**

**East County Advanced Water Purification Joint Powers Authority**

**("Tenant")**



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## GROUND LEASE

THIS GROUND LEASE (the “**Lease**”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by and between the PADRE DAM MUNICIPAL WATER DISTRICT, a California municipal water district (hereinafter called “**Landlord**”), and EAST COUNTY ADVANCED WATER PURIFICATION JOINT POWERS AUTHORITY, a joint powers agency (hereinafter called “**Tenant**”). Landlord and Tenant are sometimes referred to in this Lease individually as a “**Party**” and collectively as the “**Parties.**” The Parties agree as follows:

### ARTICLE 1. PROPERTY AND BACKGROUND.

1.01. The Property. Landlord is the owner of that certain real property located at 12001 Fanita Parkway, City of Santee, County of San Diego, Assessor Parcel Number 376-010-05-00 and Assessor Parcel Number 376-010-07-00, as more particularly depicted in **Exhibit A**, attached hereto and incorporated herein by reference (the “**Property**”).

1.02. Lease. For and in consideration of the payment of rentals and the performance of all the covenants and conditions of this Lease, Landlord hereby leases and demises to Tenant, and Tenant hereby leases and hires from Landlord that portion of the Property (all or portions of APNs 376-010-07, 376-010-05) depicted in draft form in **Exhibit B** as the Proposed Lease Area (the “**Premises**”) (which Exhibit B shall, once the legal description and plat are finalized and approved by the General Manager of Landlord and Chair of the Board of Directors of Tenant, as a ministerial matter be incorporated into the Lease), and attached hereto and incorporated herein by reference, to use for all lawful purposes as described in that certain Joint Exercise of Powers Agreement with an Effective Date of November 1, 2019, which includes, but may not be limited to, construction, operation, maintenance, repair and replacement of facilities to receive, convey, treat, and dispose of wastewater and produce and deliver Product Water and Title 22 Water, and to perform incidental functions and services. Such facilities shall be known as the “**Improvements.**” The Improvements are more specifically described and depicted in **Exhibit C**, attached hereto and incorporated herein by reference.

### ARTICLE 2. TERM.

2.01. Term. The initial term of this Lease (the “**Initial Term**”) shall begin upon the date first set forth above (“**Commencement Date**”) and shall expire on the date that is 45 years after the completion of construction. For purposes of this Lease the term “**Completion of Construction**” shall mean that date, as determined by the Division of Financial Assistance of the State Water Board or any other applicable segment of the State Water Board after consultation with the Tenant, that the work of building and erection of the Improvements is substantially complete. Such 45-year period is the useful life of the Improvements (“**Useful Life**”), and shall expire at 11:59 p.m. on the day before the 45th anniversary of the Completion of Construction, unless terminated earlier in accordance with the provisions of this Lease. Notwithstanding the foregoing, the Parties agree that they intend the term of the Lease to be extended for a period of years equal to which the useful life of the Improvements (as defined in Section 1.02) is

materially extended by capital improvements, investment, rehabilitation, and/or reconstruction (“**Extension of Useful Life**”). The Parties will meet and confer in good faith prior to the expenditure of funds planned to result in the Extension of Useful Life, or in the event of emergency, unexpected or unplanned repairs for improvements, will review the required expenditures for the Useful Life of the Improvements and agree upon an extension of term. Failure of the Parties to agree on such extended term within 180 days from the date of the initial meeting to review such issue shall be resolved via dispute resolution forum as required under Section 12.18. The Initial Term and any extension of this Lease shall be known as the “**Lease Term.**” Each anniversary of the Commencement Date shall be a “**Lease Year.**”

2.02. Lease Conditioned Upon Compliance with Surplus Land Act. Tenant acknowledges and agrees that, notwithstanding any provision to the contrary contained in this Lease, this Lease, and Landlord’s obligations hereunder, are expressly subject to and conditioned upon compliance with the Surplus Land Act. Landlord represents and warrants that Landlord has, to the best of its knowledge, taken all necessary steps to comply with the Surplus Land Act and more than 30 days have passed since Landlord submitted to the California Department of Housing and Community Development an adopted resolution declaring the Property exempt surplus land under the Surplus Land Act and the Surplus Land Act Guidelines published by the California Department of Housing and Community Development.

2.03. Option to Lease Adjacent Land. Provided Tenant is not in default under this Lease beyond any notice and cure period, Tenant will have an option to Lease the adjacent property currently on which the Ray Stoyer Water Recycling Facility (“**WRF**”) is located (all or part of APN 376-020-04) and more further depicted in draft form in **Exhibit B-1**, which Exhibit B-1 shall, once the legal description and plat are finalized and approved by the General Manager of Landlord and Chair of the Board of Directors of Tenant, as a ministerial matter be incorporated into the Lease, and attached hereto and incorporated herein by reference into the Lease (“**WRF Site**”), on substantially the same terms and conditions as set forth herein; provided that the Parties shall agree in writing as to rent for the WRF Site. Such option shall be available and exercisable on the date that Landlord gives notice to Tenant that the WRF Site is available for lease at any point in time following the demolition of the WRF pursuant to the specifications of Tenant’s Progressive Design-Build Agreement for Package 1, originally dated as of October 7, 2020, as amended, or at any other point in time determined by Landlord if demolition of the WRF does not occur. Tenant may exercise its option by giving written notice of its desire to lease the WRF Site, to be effective no less than 180 days and no more than 1 year after such notice. If Tenant exercises its option, Landlord and Tenant will immediately proceed with a lease of the WRF Site under the same terms and conditions, provided that the Parties shall agree in writing as to rent for the WRF Site. If Landlord does not give notice to Tenant that the WRF Site is available for lease prior to the expiration of the Initial Term or if Tenant does not exercise the option prior to the expiration of the Initial Term, this Option shall expire.

### ARTICLE 3. RENT.

3.01. Base Rent. The initial annual base rental (the “**Rent**”) for the Premises for the Lease Term shall be Twenty Nine Thousand Seven Hundred and Fifteen Dollars (\$29,715.00) (equal to \$1,050.00 per acre for 28.30 acres, rounded). In the event that the final acreage of the Premises as described in the final legal description and plat (described in Section 1.2) is less than 27.30 acres or more than 29.30 acres, the initial Rent shall be adjusted based on final acreage and the \$1,050.00 cost per acre, retroactive to the Commencement Date. Beginning on the first anniversary of the Commencement Date and after each Fair Market Rent Adjustment, the Rent shall increase by CPI as provided in Section 3.02. The Parties acknowledge and agree that the Rent, including any Fair Market Rent Adjustment (as defined below) is for a valid public purpose of the Tenant.

3.02. Adjustments to Rent During Initial Term. Subject to the Fair Market Rent Adjustment described in paragraph 3.03 below, on the first anniversary and every year thereafter (each an “**Adjustment Date**”), Rent will be adjusted (increased but never decreased) in accordance with increases in the Consumer Price Index for all urban consumers (CPI-U) for the San Diego-Carlsbad area (1982-84 = 100) (the “**Index**”). The Index for the month three months prior to the Commencement Date will be the “**Base Index**.” The Index for the month three months prior to each Adjustment Date will be the “**Comparison Index**.” As of each Adjustment Date, Rent payable during the following year will be determined by increasing the current Rent by a percentage equal to the percentage increase, if any, in the applicable Comparison Index over the Base Index. In no event will any increase exceed three percent (3%) of the prior Rent amount. If at any Adjustment Date the Index no longer exists in the form described herein, the Parties will substitute any substantially equivalent official Index published by the Bureau of Labor Statistics, using any appropriate conversion factors to accomplish such substitution. The substitute Index shall then become the “**Index**” hereunder.

3.03. Fair Market Rent Adjustment. Six (6) months prior to the expiration of the fifth (5<sup>th</sup>) Lease Year and every 5<sup>th</sup> year thereafter during the Lease Term, and any extensions thereafter, Landlord and Tenant will attempt to agree upon a Rent amount to be utilized as the beginning Rent for the next five Lease Years (the “**Fair Market Rent Adjustment**”), which amount will not be less than Rent payable during any of the five (5) immediately preceding Lease Years. Any Rent amount so agreed upon by Landlord and Tenant will become effective during the sixth (6<sup>th</sup>), eleventh (11<sup>th</sup>), sixteenth (16<sup>th</sup>), twenty first (21<sup>st</sup>), twenty sixth (26<sup>th</sup>), thirty first (31<sup>st</sup>), and thirty sixth (36<sup>th</sup>), and forty first (41<sup>st</sup>) Lease Years. If Landlord and Tenant are unable to agree upon such a Rent amount within 30 days (thus, not later than five months prior to the expiration of the next five Lease Year period), then they shall together agree on an MAI qualified appraiser who will establish the current fair market rental value of the Premises. If the Parties are unable to agree on a single appraiser, each may designate an MAI qualified appraiser and the two appraisers so designated will independently determine the fair market rental value of the Premises. If the fair market rental values so determined are within ten percent (10%) of each other, they will be averaged. If the difference between the appraisals exceeds ten percent (10%)

and the Parties are not able to otherwise agree, the two appraisers so chosen will together select a third MAI qualified appraiser who will independently determine the fair market rental value of the Premises, the two values that are closest to each other will be averaged, the third value will be disregarded and the amount so determined will conclusively establish the fair market rental value of the Property; provided, however, that in no case will such fair market rental value be less than the Rent paid during any of the prior five (5) Lease Years, as appropriate. The Parties will share equally in the cost of a single appraiser, will each be responsible for the cost of their own appraiser (in the event each designates an appraiser) and will share equally in the cost of any third appraiser, if utilized. The Rent so established will thereafter be subject to adjustment as set forth in paragraph 3.02 above. For purposes of the above paragraph, the "fair market rental value" of the Premises will be based on comparable ground leases of comparable real property, considering the Premises in its unimproved condition and utilizing the highest and best use permitted by applicable land use regulations and by this Lease.

3.04. Late Charge. Tenant acknowledges that Tenant's failure to pay any installment of Rent or any other amounts due under this Lease as and when due may cause Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. Accordingly, if any installment of Rent or any other amount due under the Lease is not received by Landlord within 30 days after it is due, Landlord may provide written notice to Tenant, and Tenant shall pay to Landlord an amount equal to five percent (5%) of the past due amount, which the Parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant. Notwithstanding the above, the Parties agree that such late charge shall not be due to Landlord to the extent that Tenant's failure or delay in payment is caused by an act or omission of Landlord within the scope of Landlord's duties as Administrator/Operator of Tenant, as further described in Section 10.07.

3.05. Default Interest. In the event that Tenant shall fail to pay any amount of Rent, or any other monetary obligations owed to Landlord hereunder within 30 days of the date that such amounts are due and payable, Tenant shall pay to Landlord, in addition to such amounts, interest thereon at the lesser of 8% or the maximum interest rate permitted by law from the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by Tenant to Landlord. Notwithstanding the above, the Parties agree that such interest shall not be due to Landlord to the extent that Tenant's failure or delay in payment is caused by an act or omission of Landlord within the scope of Landlord's duties as Administrator/Operator of Tenant, as further described in Section 10.07.

3.06. Net Lease. This Lease is a net lease, and Rent and other payments due and payable hereunder to or on behalf of Landlord shall be paid without notice or demand and without offset, counterclaim, abatement, suspension, deferment, deduction or defense.

#### **ARTICLE 4. USE, CHARACTER AND OPERATION OF IMPROVEMENTS.**

4.01. Permitted Uses. Tenant may only use the Premises for all lawful purposes of the JPA described in the Joint Exercise of Powers Agreement effective on November 1, 2019, which includes, but may not be limited to, construction, operation, maintenance, repair and replacement of the Improvements. Tenant's Improvements shall be Tenant's personal property. Landlord shall not interfere with Tenant's use or operation of the Premises.

4.02. Use Obligations. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, age, handicaps, sex, marital status, sexual orientation, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or the improvements thereon, or any part thereof, and Tenant itself, or any person claiming under or through it, shall not establish or permit any such practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subtenants or vendees of the Premises or the improvements thereon, or any part thereof.

4.03. Shared Facilities. Landlord and Tenant shall cooperate on any shared use facilities, including but not limited to: access roads, chlorine contact basin, and recycled water pump station, as specified in separate written agreements approved by the Parties.

4.04. Use Prohibitions. Tenant agrees that in connection with the use and operation of the Premises it will not:

A. Sell or assign its interest in this Lease, including any mortgage, deed of trust or encumbrance, except for (1) an encumbrance, loan agreement, financing agreement, grant agreement, bonds, notes, or similar mechanism or indebtedness between Tenant and a state or federal agency (or instrumentality thereof), or between Tenant and a reputable financial institution, other creditor or bondholder consistent with Tenant's powers under applicable law, including the Joint Exercise of Powers Act (Gov. Code § 6500, *et seq.*), for purposes of financing the improvements or Tenant's other activities on the Premises; (2) any change in control of Tenant or of a part thereof, or any other act or transaction involving or resulting in a change in the identity of the parties in control of Tenant or the degree of such control inconsistent with this Lease provided that new entities or members of Tenant shall not trigger such a default so long as Tenant is still a public entity by law; or (3) as otherwise approved in writing by Landlord, which approval shall not be unreasonably conditioned, withheld, or delayed; or

B. Sublease or license all or any portion of the Premises and improvements thereon without the express written consent of Landlord, which consent shall not be unreasonably conditioned, withheld, or delayed, and provided that a license or agreement to operate all or any portion of the Improvements by Tenant with a third party operator shall not be prohibited under this Lease or require Landlord's consent so long as such operator is licensed and qualified for such operations; or



C. Permit undue accumulations of garbage, trash, rubbish or any other refuse; or

D. Create, cause, maintain or permit any nuisance (as defined under applicable law) in, on or about the Premises, and agrees to address community complaints regarding any such nuisance promptly; or

E. Commit or suffer to be committed any waste (as defined under applicable law) in, on or about the Premises; or

F. Knowingly use or allow the Premises to be used for any unlawful purpose, or for any purpose which violates the terms of any recorded instrument which affects the Premises and which is senior in priority to this Lease; or

G. Cause or permit any insurance coverage on the Premises or the improvements thereon to become void or voidable (unless Tenant has previously obtained replacement coverage in the same amounts) or make it impossible to obtain any required insurance at commercially feasible rates; or

H. Violate any law, ordinance or regulation applicable to the Premises and the improvements thereon; or

I. Interfere with Landlord's operations, including access to and operation of the WRF until such facility is decommissioned and use of the WRF Site prior to any lease of the WRF Site to Tenant pursuant to the provisions of Section 2.03.

4.05. Governmental Requirements. Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with, any and all laws, statutes, ordinances, permit requirements, rules and regulations of any federal, state, county, municipal and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus and officials ("**Laws**") which apply to the operation and use of the Premises on a nondiscriminatory basis, including those requiring alterations or additions to be made to, or safety appliances and devices to be maintained or installed in, on or about the Premises on a nondiscriminatory basis under any Laws now or hereafter adopted, enacted or made and applicable to the Premises, and payment of any fees, charges or assessments arising out of or in any way related to the Premises on a nondiscriminatory basis as a source of adverse environmental impacts or effects.

4.06. Landlord's Use Rights. Landlord may use the AWP Visitor Center Conference Rooms which are part of the Improvements to be developed on the Premises, if requested by Landlord, for no less than 12 but no more than 18 events per year, on dates and times selected by Landlord, as well as on other dates requested by Landlord if available ("**Padre Event(s)**"). No Rent shall be paid by Landlord, nor credited to Tenant, for Padre Events. During Padre Events, the following portions of the Premises shall be available and accessible to Landlord: Courtyard,

Lobby, Public Restrooms, Community Meeting Room, Catering Kitchen, Parking Lot, and any other portions of the Premises designated by Tenant. Landlord shall not interfere with Tenant's operation of the Premises. Further terms and conditions of such use may be established by a policy adopted by Tenant's Board of Directors and/or a separate agreement between the Parties; provided, however, Tenant shall grant priority of use to Landlord, the City of El Cajon, and the County of San Diego over use by other parties.

4.07. Tenant Laboratory Services. Tenant shall provide laboratory services in the AWP Laboratory for Landlord upon mutually agreed upon terms set forth in a separate written agreement by the Parties.

4.08. Pond C. Tenant shall provide access and other rights to Landlord for a future water recreation area at Pond C, including installation by Landlord around, over, and/or under the Improvements installed by Tenant, upon mutually agreed upon terms set forth in a separate written agreement by the Parties. Access under such agreement may include future access rights by the public to such improved recreation area.

4.09. Supplemental Terms. In addition to the terms and conditions set forth herein, the Parties agree to the supplemental security and environmental terms and conditions set forth in **Exhibit D**, attached hereto and incorporated herein by reference.

#### **ARTICLE 5. CONSTRUCTION AND MAINTENANCE OF IMPROVEMENTS.**

5.01. Construction. Construction of Tenant's Improvements shall comply with the requirements of set forth in **Exhibit E**, attached hereto and incorporated herein by reference.

5.02. Required Governmental Permits. Tenant shall procure all necessary permits and approvals, and upon Landlord's request, deliver to Landlord at Tenant's expense evidence of compliance with all then applicable codes, ordinances, regulations and requirements for permits and approvals. Landlord shall reasonably cooperate with Tenant's efforts to obtain necessary permits and approvals, including expediting any permits or approvals required from Landlord and considering waiver of fees therefor.

5.03. Premises Conditions. Landlord makes no covenants or warranties respecting any condition of the Premises or the Property. By entering on and accepting the Premises as of the Commencement Date, Tenant accepts the Premises AS IS with no representations and warranties as to condition or fitness for a particular purpose. Tenant acknowledges that there are no improvements on or infrastructure on the Premises as of the Commencement Date, other than those improvements and/or infrastructure made or constructed pursuant to the Progressive Design-Build Agreement for Package 1, originally dated as of October 7, 2020, as amended, which improvements have been made by Tenant under those certain Right of Entry Permits dated July 15, 2022, and November 1, 2022, by and between Landlord and Tenant.

5.04. Grant of Easements; Reservation of Rights.

A. Landlord shall reasonably cooperate with Tenant in granting to public entities or public service corporations, for the purpose of serving the Premises and, with the reasonable approval of Landlord, other property, rights-of-way or easements on or over the Property or Premises for poles or conduits or both for telephone, electricity, water, sanitary or storm sewers or both and for other utilities and municipal or special district services.

B. Prior to Final Acceptance, as defined in Section 8.01.A, Landlord and Tenant shall finalize and execute an access easement in substantially the same form as set out in **Exhibit F**, attached hereto and incorporated herein by reference (the "Access Easement"). Additionally, and subject to the terms hereof, Landlord reserves to itself the following:

(1) The right of ingress and egress to Landlord's property to the north of the Premises, over, under, through, or across the access road located on the eastern portion of the Premises, as depicted in **Exhibit G**, attached hereto and incorporated herein by reference.

(2) The right to grant to others in the future nonexclusive easements over, under, through, across or on the Premises; provided, however, that Landlord shall obtain Tenant's prior written consent to the grant of easements over, under, through, across or on the Premises. In requesting Tenant's consent to the grant of an easement, Landlord shall provide the proposed easement location and language, as well as information relating to the easement's anticipated use or work related thereto. Tenant may request reasonable changes or limitations to the easement documents to ensure noninterference with Tenant's use of the Premises. Tenant's consent shall not be unreasonably conditioned, withheld, or delayed. Easements granted on the Premises shall not unreasonably and materially interfere with Tenant's use of the Premises. All work on the Property shall proceed expeditiously in locations mutually approved by Landlord and Tenant. Prior to any easement work being performed on the Premises, Landlord shall provide detailed plans and specifications as well as a work schedule for Tenant's approval. Tenant shall be given reasonable notice before commencement of any work on the Premises. If installation or maintenance of such easements causes any damage to the Premises, or any portion thereof, including to pavement, curbs and sidewalks, Landlord shall repair the same, or cause the same to be repaired, to Tenant's reasonable satisfaction, at Landlord's expense.

5.05. Maintenance; Repairs, Alterations; Damage or Destruction.

A. Tenant Required to Maintain Premises; Compliance with Laws. Throughout the Term, Tenant shall, at Tenant's sole cost and expense (subject to subsection E below), maintain the Premises and all Improvements in first class condition and repair, ordinary wear and tear excepted, and in accordance with all Laws. Landlord shall have no duty or obligation to insure the Premises or any Improvements.

B. Repairs; Reconstruction. Tenant shall promptly and diligently repair, restore, and replace as required to maintain or comply as above. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises. The provisions of this subsection are subject to subsection E below.

C. No Limitation in Other Lease Terms; No Rent Abatement. Nothing in this provision defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove or replace any improvement, or as limiting provisions relating to condemnation or to damage or destruction during the final year or years of the Term. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this section shall entitle Tenant to any offset, abatement, or reduction in rent nor to any termination or extension of the Term; provided, however, that Tenant shall have the rights set forth in subsection E below.

D. Damage or Destruction to Premises. Tenant shall give prompt notice to Landlord after the occurrence of any fire, earthquake, act of God, or other casualty to or in connection with the Premises, the Improvements, or any portion thereof (hereinafter sometimes referred to as a “**Casualty**”). In the event that Tenant shall determine, subject to the rights of and with the consent of any obligee relating to the financing of the Improvements, that it is not economically practical to restore the Improvements and/or the Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, Tenant may terminate this Lease as of a date that is not less than the time required for Tenant’s compliance with the requirements of Section 5.06 regarding removal from the Premises of all fixtures and Improvements and restoration of the Premises. If Tenant terminates this Lease pursuant to this Section 5.05.D, Tenant shall surrender possession of the Premises to Landlord immediately upon the effective date of termination.

E. Damage Caused by Landlord. If the Premises or any Improvements are damaged or destroyed as a result of the negligence, recklessness or willful misconduct of Landlord, including Landlord’s officials, officers, employees, agents or authorized volunteers, Landlord shall be responsible for all costs associated with the reconstruction or repair of the Premises or Improvements and shall reimburse the same within 30 days following written demand from Tenant. Nothing in this Section 5.05.E shall apply to any damage or destruction as a result of the negligence, recklessness or willful misconduct of Landlord when serving in its capacity as Administrator/Operator of Tenant. For the clarity of the Parties, the Parties acknowledge and agree that the foregoing clause is not intended as an amendment to the Administrator/Operator Agreement (defined in Section 10.07) or a waiver or limitation of claims thereunder.

5.06. Ownership of Improvements.

A. Ownership of Any New Improvements. Except for installation of any third-party utilities or infrastructure, any and all Improvements constructed on the Premises by Tenant as permitted by this Lease shall be owned by Tenant until expiration of the Term or sooner termination of this Lease.

B. Equipment, Chattel, Trade Fixtures. All articles of personal property, including all chattel and business and trade fixtures, machinery, equipment, furniture and movable partitions owned by Tenant or any subtenants, and which were installed by Tenant or

subtenants at their expense on the Premises, shall remain the property of Tenant or subtenant, respectively, and may be removed at any time during the Term or upon termination of this Lease. Tenant shall be responsible for the repair of any damage caused by such removal.

C. Ownership at Termination. Subject to the provisions of Section 5.06.C.1 and 5.06.D, all Improvements on the Premises at the expiration of the Term or sooner termination of this Lease shall then become Landlord's property free and clear of all claims to or against them by Tenant or any third person, and Tenant shall defend and indemnify Landlord against all reasonably foreseeable liability and loss arising from such claims or from Landlord's exercise of the rights conferred by this paragraph. The Landlord and Tenant agree and acknowledge that nothing in this Section 5.06 (C) modifies Landlord's rights under the Joint Exercise of Powers Agreement effective on November 1, 2019 to purchase the "Project" as that term is defined therein.

(1) Purchase Option for Improvements; Tenant's Option to Remove. At the expiration or sooner termination of the Lease Term, Landlord shall have the option, exercisable in its discretion, to purchase the Improvements and fixtures, in whole or in part, for fair market value, as defined for purposes of this Section 5.06.C.1 as the residual value of useful life, replacement value less depreciation, or such other reasonable method as may be agreed to by Landlord and Tenant, at the time of the exercise of the option. Landlord shall provide written notice of its intent to exercise its option, and the details thereof, at least four years before the expiration date. Written notice to exercise the option on any other termination of the Lease shall be effected by notice given in or concurrently with notice of such termination or within 15 days after such termination. As soon as practicable after receipt of Landlord's notice, Tenant shall notify Landlord of Tenant's reasonable determination of the amount of the purchase price for the Improvements and fixtures, and include the details and calculations for each component thereof. Upon mutual agreement of a purchase price determined under this section and payment thereof, Tenant will sell, assign, transfer, convey and deliver to Landlord all of its right, title, and interest in the purchased assets. If Landlord and Tenant are unable to mutually agree on a purchase of the Improvements by Landlord, Tenant shall have the right to remove any and all non-purchased Improvements and fixtures in its sole discretion within four years of the expiration date or termination date.

D. Tenant's Duty to Remove. At the expiration or sooner termination of the Term, Landlord may, at Landlord's election, demand the removal from the Premises of all fixtures and Improvements constructed or placed on the Premises by Tenant or of certain fixtures or improvements or both, as specified in the notice provided for below. A demand to take effect at the normal expiration of the Term shall be effected by notice given at least four years before the expiration date. A demand to take effect on any other termination of the Lease shall be effected by notice given in or concurrently with notice of such termination or within 15 days after such termination. Tenant shall comply with the notice before the expiration date; provided, however, if Tenant is required to operate the Improvements through the expiration date pursuant to a loan agreement, financing agreement, grant agreement, or similar mechanism between Tenant and a

state or federal agency (or instrumentality thereof) for purposes of financing the Improvements or Tenant's other activities on the Premises, Tenant shall comply within four years of the expiration date. Tenant shall comply with the notice within four years after the notice for other terminations. The cost of such removal shall be paid by Tenant. The duty imposed by this provision includes but is not limited to the duty to fill all excavations, return the surface to grade and leave the Premises safe and free from debris and hazards; provided that, after compliance with a demand for removal of less than all fixtures and Improvements, Tenant shall be required to remedy only willful and negligent injuries to the Premises or remaining Improvements or fixtures. The duty imposed by this Section 5.06 shall not include an obligation to remove underground utilities, parking and sidewalk areas and landscaping.

5.07. Waiver. The provisions of this Article 5 shall govern the rights of the Parties in the event of any full or partial destruction of Improvements on the Premises and upon the expiration of termination of the Lease. As to Section 5.06.D, Landlord hereby waives the provisions of Civil Code sections 1013–1013.5.

#### **ARTICLE 6. TAXES AND ASSESSMENTS.**

6.01. Taxes. Both Tenant and Landlord are tax exempt public entities and anticipate no tax from any taxing authority, including no possessory interest tax under Revenue and Taxation Code section 107.6. However, to the extent any tax is imposed on the Premises, Property or Improvements during the Lease Term, including any possessory interest tax under Revenue and Taxation Code section 107.6, Tenant agrees that it shall be responsible for all such taxes.

#### **ARTICLE 7. UTILITIES.**

Tenant shall establish its own accounts with individual utility providers for water, gas, sewage, garbage collection, electricity, telephone and other utility service and be billed directly by such provider for same. Tenant shall pay when due and shall hold Landlord harmless from any liability for all charges for water, gas, sewage, garbage collection, electricity, telephone and other utility service supplied to the Premises.

#### **ARTICLE 8. INSURANCE AND INDEMNITY.**

8.01. Insurance.

A. Without limiting Tenant's indemnification of Landlord, Tenant shall provide insurance meeting the requirements of this Article 8, which establishes the insurance requirements for the period of time from the Commencement Date and prior to final acceptance of the Improvements by Tenant, and that period of time following final acceptance of the Improvements by Tenant through the remainder of the Lease Term.

For purposes of this Section 8.01, the term "**Final Acceptance**" shall mean means the later of the point in time when all of the conditions in (a) Section 1.5 of Exhibit 6D (Requirements for Mechanical Completion, Mechanical Completion Testing, Completion and Final Acceptance) of

the Progressive Design-Build Agreement (Phase 2 Amendment) for Package #1: Water Recycling Facility, Advanced Water Purification Facility, Visitor Center, Product Water Pump Station, and Solids Handling Facility by and between Tenant and AECOM & WML IV, A Joint Venture (“**PDB Package #1 Agreement**”) has occurred; (b) Section 1.2 of Exhibit 6F (Requirements for Final Acceptance and Performance Requirements) of the Progressive Design-Build Agreement (Phase 2 Amendment) for Package #2: Advanced Water Purification Pipeline, Dechlorination Facility, and Lake Jennings Inlet by and between Tenant and Orion Construction Corporation (“**PDB Package #2 Agreement**”) has occurred, (c) Section 1.5 of Exhibit 6F (Requirements for Final Acceptance and Performance Requirements) of the Progressive Design-Build Agreement (Phase 2 Amendment) for Package #3: Influent Pump Station, East Mission Gorge Pump Station, Water Recycling Force Main, and Residuals Bypass System by and between Tenant and AECOM & WML VI, A Joint Venture (“**PDB Package #3 Agreement**”) has occurred, or (d) Exhibit 9D or other exhibit relating to final acceptance of the anticipated Progressive Design-Build Agreement (Phase 2 Amendment) for Package #5: Energy Recovery Project by and between Tenant and a design-builder (“**PDB Package #5 Agreement**”), has occurred.

B. Insurance Requirements Upon Commencement Date Through Final Acceptance of the Improvements.

(1) General. Without limiting Tenant’s indemnification of Landlord, Tenant shall provide insurance meeting the requirements of this Section 8.01.B upon the Commencement Date through Final Acceptance of the Improvements. Such insurance shall be provided by insurer(s) meeting the requirements set forth herein and that are reasonably satisfactory to Landlord and evidence of such programs satisfactory to Landlord shall be delivered to Landlord on or before Commencement Date. Such evidence shall specifically identify this Lease and shall contain express conditions that Landlord is to be given written notice at least 30 days (ten (10) days for non-payment of premium) advance written notice to Landlord of material modification or termination of any program of insurance.

(2) Insurance and Indemnity Requirements. Tenant’s contractor(s) performing work related to the Improvements shall purchase and maintain insurance and include Landlord and Tenant as additional insureds (as specified below) on any liability insurance policies required by Tenant for work related to the Improvements including the insurance requirements set out in Exhibit 17C of the PDB Package #1 Agreement, for the duration of, and until, any such work related to the Improvements is complete. Additionally, Tenant’s Contractor(s) shall include the Landlord as an indemnified party to the same extent as Tenant. Liability insurance coverage required hereunder shall cover the Premises and the Improvements, and shall specifically identify this Lease.

i. Parties to be Listed as Additional Insureds. Padre Dam (Landlord), its directors, officers, employees, agents, or authorized volunteers are included as additional insured as respects: liability arising out of Premises Leased to Tenant or automobiles owned, leased, hired or borrowed by Tenant’s contractor(s). The coverage shall contain no

special limitations on the scope of protection afforded to Padre Dam (Landlord), its directors, officers, employees, agents, contractors, or authorized volunteers.

C. Insurance Requirements Commencing Upon Final Acceptance of the Improvements.

(1) General. Without limiting Tenant's indemnification of Landlord, Tenant shall provide and maintain at its own expense following Final Acceptance of the Improvements and throughout the remainder of the Lease Term the following programs of insurance covering its operations hereunder. Such insurance shall be provided by insurer(s) meeting the requirements set forth herein and that are reasonably satisfactory to Landlord and evidence of such programs satisfactory to Landlord shall be delivered to Landlord on or before Final Acceptance of the Improvements. Such evidence shall specifically identify this Lease and shall contain express conditions that Landlord is to be given written notice at least 30 days (ten (10) days for non-payment of premium) advance written notice to Landlord of material modification or termination of any program of insurance.

(2) Insurance Limits.

Comprehensive General Liability Insurance in the amount of at least \$10,000,000 for any occurrence, \$20,000,000 annual aggregate, including blanket contractual liability and personal and advertising injury. The Comprehensive General Liability policy must include coverage for the following:

- (a) Bodily Injury and Property Damage
- (b) Personal Injury/ Advertising Injury
- (c) Premises/ Operations Liability
- (d) Products/ Completed Operations Liability
- (e) Standard separation of insured (cross-liability exclusions deleted)
- (f) Contractual Liability
- (g) Independent Contractor Coverage

The policy/ies shall not contain any exclusion(s) contrary to the terms or purposes of this Lease.

Comprehensive Auto Liability Insurance endorsed for all owned and non-owned vehicles with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence for bodily injury and property damage covering all owned, non-owned, and hired automobiles.

Workers' Compensation and Employer's Liability Insurance, in the event the Tenant has employees, in an amount and form to meet all applicable requirements of the Labor Code of the State of California and which



specifically covers all persons providing services on behalf of Tenant under this Lease and all risks to such persons and employer's liability insurance with a limit of no less than \$1,000,000 per employee and \$1,000,000 per occurrence.

Pollution Liability Coverage in the amount of at least \$5,000,000 for any occurrence, \$5,000,000 annual aggregate.

Property Insurance in an amount equal the final hard construction costs as established in the Notice of Final Acceptance.

(3) Review. The liability insurance requirements may be reviewed by Landlord and Tenant every five years or upon request by Landlord or Tenant for the purpose of mutually increasing (in consultation with their respective insurance advisors) the minimum limits of such insurance from time to time to limits which shall be reasonable and customary for similar facilities of like size and operation in accordance with generally accepted insurance industry standards. If the Parties are unable to mutually agree upon such new limits within 30 days of a written demand by one Party upon the other, the determination of an independent insurance advisor selected by the Parties' insurance advisors shall be binding upon the Parties.

(4) Proof of Coverage. All policies required hereunder shall be with issued by admitted insurance companies authorized to do business in California and having a Best's A/VIII rating (and if Best's no longer exists, an equivalent rating) or by a public entity risk pool or risk authority. As often as any such policies shall expire or terminate, renewal or additional policies shall be procured and maintained in like manner and to like extent. All insurance policies required by this Section 8.01.C shall contain, or be endorsed to contain the following provisions:

i. Padre Dam (Landlord), its directors, officers, employees, representatives, agents, or authorized volunteers are included as additional insured as respects: liability arising out of Premises Leased to Tenant or automobiles owned, leased, hired or borrowed by Tenant. The coverage shall contain no special limitations on the scope of protection afforded to Padre Dam (Landlord), its directors, officers, employees, representatives, agents, contractors, or authorized volunteers. This subsection (i) shall not apply to Workers' Compensation Insurance.

ii. Contain a provision that Tenant's policies are primary insurance with respect to liabilities of Tenant and that insurance of Landlord or any additional insureds shall not be called upon to contribute to any loss arising from liabilities of Tenant.

iii. For any claims related to this Lease the Tenant's insurance shall be primary insurance to Landlord, its directors, officers, employees, agents, or authorized volunteers. Any insurance, self-insurance or other coverage maintained by Landlord, its directors, officers, employees, agents, or authorized volunteers shall not contribute to it.

iv. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to Landlord, its directors, officers, employees, agents, or authorized volunteers.

v. Insurance shall insure on an occurrence basis, against all liability of Tenant, its directors, officers, employees, agents or authorized volunteers, arising out of or in connection with Tenant's use of the Premises.

D. Nothing in this Article 8 shall prevent Tenant from carrying insurance of the kind required of Tenant under a blanket insurance policy or policies which cover other properties owned or operated by Tenant. Tenant shall provide Landlord with certificates of insurance naming Landlord as an additional insured and setting forth the required coverage.

E. Notwithstanding any other provision of this Lease, Tenant may self-insure for any risk set forth in Section 8.01.C in the manner and to the extent that Tenant self-insures for similar risks with respect to Tenant's operations, equipment, and property. The manner in which such self-insurance is provided and the extent of such self-insurance shall be set forth in a Certificate of Self Insurance, delivered to Landlord and signed by an authorized representative of Tenant, which full describes the self-insurance program and how the program covers the risks set forth in Section 8.01.C. Insurance provided by a joint powers agency insurance pool shall be considered self-insurance for the purposes of this paragraph. If, at any time during the term of this Lease, Tenant elects not to self-insure, Tenant shall comply with all applicable provisions of Section 8.01.C to the extent that Tenant does not so self-insure.

F. Waiver of Subrogation. Notwithstanding the provisions of Section 8.01.C, Tenant hereby waives any right of recovery against the Landlord due to loss of or damage to the property of Tenant when such loss of or damage to property arises out of an act of God or any of the property perils included in the classification of fire, flood or extended perils ("all risk" as such term is used in the insurance industry) whether or not such perils have been insured, self-insured or non-insured.

## 8.02. Indemnity.

### A. General Indemnity.

(1) Tenant's Indemnification of Landlord. Tenant shall, with counsel reasonably acceptable to Tenant, protect, defend, indemnify, and hold Landlord and its officials, officers, employees, agents, and authorized volunteers ("Landlord Parties") harmless from all demands, claims, actions and damages to any person or property (including reasonable attorneys' fees) arising out of or connected with the use or occupancy of the Premises by Tenant other than those directly attributable (and then to the extent attributable) to the negligence, recklessness, or willful misconduct of Landlord Parties.

(2) Landlord's Indemnification of Tenant. Landlord shall, with counsel reasonably acceptable to Tenant, protect, defend, indemnify, and hold Tenant and its officials, officers, employees, agents, and authorized volunteers ("Tenant Parties") harmless from all demands, claims, actions and damages to any person or property (including reasonable attorneys' fees) arising out of or connected with the negligence, recklessness, or willful misconduct of Landlord Parties or any breach or default by Landlord of this Lease other than those directly attributable (and then to the extent attributable) to the negligence, recklessness, or willful misconduct of Tenant Parties.

B. Exemption of Landlord from Liability Arising from Premises. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors, as a result of any condition of the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, or from any other cause in or about the Premises, whether the said damage or injury results from conditions arising in the Premises. Nothing in this section shall be construed to limit or otherwise affect the provisions of Section 5.05.E.

C. Environmental Indemnity.

(1) Tenant agrees, from and after the Commencement Date, to defend, indemnify, protect and hold harmless Landlord and its officers, beneficiaries, public officials, volunteers, employees, agents, attorneys, representatives, legal successors and assigns ("**Landlord Indemnitees**") from, regarding and against any and all liabilities, obligations, orders, decrees, judgments, liens, demands, actions, Environmental Response Actions (as defined herein), claims, losses, damages, fines, penalties, expenses, Environmental Response Costs (as defined herein) or costs of any kind or nature whatsoever, together with fees (including, without limitation, reasonable attorneys' fees and experts' and consultants' fees), resulting from or in connection with the actual or claimed generation, storage, handling, transportation, use, presence, placement, migration and/or release of Hazardous Materials (as defined herein), at, on, in, beneath or from the Premises and/or the Property during the term of the Lease (sometimes herein collectively referred to as "**Tenant Contamination**"), except to the extent caused by the Landlord Contamination (as defined below). Tenant's defense, indemnification, protection and hold harmless obligations herein shall include, without limitation, the duty to respond to any governmental inquiry, investigation, claim or demand regarding the Tenant Contamination, at Tenant's sole cost.

(2) Landlord agrees, from and after the Commencement Date, to defend, indemnify, protect and hold harmless Landlord and its officers, beneficiaries, public officials, volunteers, employees, agents, attorneys, representatives, legal successors and assigns ("**Tenant Indemnitees**") from, regarding and against any and all liabilities, obligations, orders, decrees, judgments, liens, demands, actions, Environmental Response Actions (as defined

herein), claims, losses, damages, fines, penalties, expenses, Environmental Response Costs (as defined herein) or costs of any kind or nature whatsoever, together with fees (including, without limitation, reasonable attorneys' fees and experts' and consultants' fees), resulting from or in connection with the actual or claimed generation, storage, handling, transportation, use, presence, placement, migration and/or release of Hazardous Materials (as defined herein), at, on, in, beneath or from the Premises and/or the Property to the extent caused by the Landlord or its agents, contractors or employees during the Landlord's ownership of the Property prior to the commencement of the Lease or solely caused by the Landlord or its agents, contractors or employees during the term of the Lease (sometimes herein collectively referred to as "**Landlord Contamination**"), except to the extent caused by Tenant Contamination. Landlord's defense, indemnification, protection and hold harmless obligations herein shall include, without limitation, the duty to respond to any governmental inquiry, investigation, claim or demand regarding the Landlord Contamination, at Landlord's sole cost.

B. Definitions.

i. As used in this Lease, the term "**Environmental Response Actions**" means any and all activities, data compilations, preparation of studies or reports, interaction with environmental regulatory agencies, obligations and undertakings associated with environmental investigations, removal activities, remediation activities or responses to inquiries and notice letters, as may be sought, initiated or required in connection with any local, state or federal governmental or private party claims, including any claims by Tenant.

ii. As used in this Lease, the term "**Environmental Response Costs**" means any and all costs associated with Environmental Response Actions including, without limitation, any and all fines, penalties and damages.

iii. As used in this Lease, the term "**Hazardous Material**" includes hazardous substances and hazardous waste and means: (a) any substance, product, waste or other material of any nature whatsoever which is or becomes listed, regulated, or addressed pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Clean Water Act, 33 U.S.C. § 1251 et seq.; the California Hazardous Waste Control Act, Health and Safety Code § 25100 et seq.; the California Hazardous Substance Account Act, Health and Safety Code § 25330 et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code § 25249.5 et seq.; Health and Safety Code § 25280 et seq.; the California Hazardous Waste Management Act, Health and Safety Code § 25170.1 et seq.; Health and Safety Code § 25501 et seq.; or the California Porter-Cologne Water Quality Control Act, Water Code § 13000 et seq., all as amended, or any other federal, state or local statute, law, ordinance, resolution, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect; (b) any substance, product, waste or other material of any nature whatsoever which may give rise to

liability under any of the above statutes or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability or under any reported decisions of a state or federal court; (c) notwithstanding Health and Safety Code § 25317, petroleum or crude oil excluding de minimis amounts and excluding petroleum and petroleum products contained within regularly operated motor vehicles; (d) any asbestos or asbestos-containing materials in structures and or other improvements on or in the Premises (other than mineral asbestos naturally occurring in the ground); and (e) any other substances, product, waste or material defined, or to be treated or handled, as a Hazardous Materials pursuant to provisions of this Lease.

8.03. Materiality. The Parties acknowledge and agree that the defense, indemnification, protection and hold harmless obligations for the benefit of each Party set forth in this Lease are a material element of the consideration for the performance of their obligations under this Lease, and that the Parties would not have entered this Lease unless the Parties' obligations were as provided for herein.

## ARTICLE 9. CONDEMNATION.

### 9.01. Definitions.

A. **"Condemnation"** means (1) the exercise of any governmental power in eminent domain, whether by legal proceedings or otherwise, by a condemnor, and (2) a voluntary sale or transfer to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

B. **"Date of taking"** means the date the condemnor has the right to possession of the property being condemned.

C. **"Award"** means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

D. **"Condemnor"** means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

9.02. Parties' Rights and Obligations to be Governed by Lease; Exception. If during the Lease Term there is any taking of all or any part of the Premises, any Improvements on the Premises or any interest in this Lease by condemnation, the rights and obligations of the Parties shall be determined pursuant to the provisions of this Article 9; provided, however, that the provisions of this Article 9 shall be subject to any Tenant obligations under a loan agreement, financing agreement, grant agreement, or similar mechanism between Tenant and a state or federal agency (or instrumentality thereof) for purposes of financing the Improvements or Tenant's other activities on the Premises.

9.03. Total Taking. If the Premises is totally taken by condemnation, this Lease shall terminate on the date of taking; provided, however, that Landlord and Tenant shall, if requested by Tenant, use good faith efforts to locate suitable land on the Property or other real property owned by Landlord which may be suitable to replace the Improvements and, if mutually agreeable suitable land is identified, negotiate the terms and conditions of a lease therefor.

9.04. Effect of Partial Taking. If any portion of the Premises or the Improvements thereon is taken by condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if the remaining portion of the Premises is rendered unsuitable (as defined herein) for Tenant's continued use. The remaining portion of the Premises may be deemed unsuitable for Tenant's continued use if Tenant determines, in its sole reasonable discretion, that following a reasonable amount of reconstruction, Tenant's Improvements on the Premises could not be operated in a manner that is comparable to the manner of operation prior to the date of the taking. Tenant must exercise its right to terminate by giving Landlord written notice of its election within 90 days after the nature and extent of the taking have been finally determined. Such notice shall also specify the date of termination, which shall not be prior to the date of taking. Failure to properly exercise the election provided for in this paragraph will result in this Lease continuing in full force and effect.

9.05. Restoration of the Premises or Improvements. If, in Tenant's judgment, it is reasonably possible and economically feasible to do so, or if Tenant is required to do so by a loan agreement, financing agreement, grant agreement, or similar mechanism between Tenant and a state or federal agency (or instrumentality thereof) for purposes of financing the improvements or Tenant's other activities on the remaining portion of the Premises, Tenant shall be entitled to use so much of the award as is necessary to restore or to add on to the remaining portion of the Premises or Improvements so that the area and approximate layout of the remaining portion of the Premises and/or function of the Improvements will be substantially the same after the date of taking as they were before the date of taking. If it is not reasonably possible to so restore the area and layout of the remaining portion of the Premises, the remaining provisions of this Article 9 shall govern the rights of the Parties.

9.06. Waiver of Code of Civil Procedure Section 1265.130. Each Party waives the provisions of the Code of Civil Procedure section 1265.130 allowing either Party to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

9.07. Award. Tenant may use so much of the award for any and all purposes required under a loan agreement, financing agreement, grant agreement, or similar mechanism between Tenant and a state or federal agency (or instrumentality thereof) for purposes of financing the improvements or Tenant's other activities on the remaining portion of the Premises, including, but not limited to, restoring the remaining portion of the Premises or Improvements, or depositing the remainder of the award into Tenant's revenue fund or reserve fund. Tenant shall be entitled to the value of its interest in any personal property and fixtures which it has the right to remove and to any portion of the award specified to apply to Tenant's goodwill, and to be compensated for interruption of or damage to Tenant's business, and compensation based upon

the then fair market value of Tenant's interest in this Lease. In the event that there is a remainder after Tenant's full compliance with all legal and contractual obligations applicable to Tenant, the remainder shall belong to Landlord.

9.08. Joinder. If a mortgage exists, the mortgagees, to the extent permitted by law, shall be made a party to any Condemnation proceeding.

#### **ARTICLE 10. TENANT DEFAULTS AND LANDLORD'S REMEDIES.**

10.01. Defaults by Tenant. Any of the following occurrences shall constitute a default under this Lease:

A. Tenant shall at any time be in default in the payment of rent or any other monetary sum called for by this Lease for more than 90 days following written notice from Landlord to Tenant;

B. Tenant shall at any time be in default in the keeping and performing of any of its other material covenants or agreements herein contained, and such other default continues for 30 days after written notice thereof from Landlord to Tenant specifying the particulars of such default, or if such other default is of a nature that curing such default will take more than 30 days and Tenant has failed to commence such cure within such 30 days and to thereafter diligently pursue completion of such cure;

C. Tenant (i) makes a general assignment for the benefit of its creditors or file a petition for bankruptcy or other reorganization, liquidation, dissolution or similar relief; (ii) has a proceeding filed against it seeking any relief mentioned in (i) above which is not discharged within 60 days thereafter; or (iii) has a trustee, receiver or liquidator appointed for Tenant or a substantial part of its property;

D. Vacation or abandonment of the Premises without payment of Rent for more than 90 days following written notice from Landlord to Tenant; or

E. Tenant assigns this Lease (or any rights therein or herein) in violation of Section 4.04.A.

10.02. Landlord's Remedies. In the event of any such default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the option to terminate this Lease and all rights of Tenant hereunder; provided, however, that Landlord shall initiate the dispute resolution procedures under Section 12.18.A and the Parties shall exhaust such procedures prior to any notice of termination for a default under this section. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

A. The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

B. The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

C. The worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Tenant proves could be reasonably avoided; and

D. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform his obligation under this Lease or which in the ordinary course of things would be likely to result therefrom.

As used in subparagraphs 10.02.A and B above, the "worth at the time of award" is computed by allowing interest at 8% per annum. As used in subparagraph C above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

10.03. Continuation. In the event of any such default by Tenant, Landlord shall also have the remedy contained in Civil Code section 1951.4 in which Landlord has the right to continue this Lease in full force and effect, and this Lease shall continue in effect as long as Landlord does not terminate Tenant's right to possession, and collect Rent when due. During the period Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for its own account or for the Tenant's account. Tenant hereby appoints Landlord its special attorney-in-fact for purposes of reletting for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay the Landlord the Rent due under this Lease on the dates the Rent is due, less the Rent Landlord receives from any reletting. No act by Landlord allowed by this Article shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease.

10.04. Entry. In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to reenter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No reentry or taking possession of the Premises by Landlord pursuant to this subsection shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

10.05. Rights Cumulative. All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any rent



or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent or similar acts by Tenant.

10.06. Landlord's Right to Cure Tenant's Default. Landlord, at any time after Tenant commits a default which Tenant has failed to cure within the time established therefor, may cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid more than 30 days of notice to Tenant of the amount due, shall bear interest at the lesser of 8% or the maximum rate permitted by law from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

10.07. Landlord's Role as Administrator/Operator of Tenant. It is acknowledged by Landlord and Tenant, that at the time of execution of this Lease, Landlord serves as the "Administrator" and "Operator" of Tenant pursuant to that certain "East County Advanced Water Purification Administrative and Operating Services Agreement" between Landlord and Tenant dated as of December 17, 2021, as may be amended from time to time ("Administrator/Operator Agreement"). The Parties agree that Tenant shall not be liable to Landlord for any default, failure to cure, or any other violation of this Agreement by Tenant under this Lease to the extent such default, failure to cure, or violation is caused by an act or omission of Landlord or Landlord's officers, employees, agents, contractors, consultants, or volunteers when acting (or failing to act) within the scope of Landlord's duties as Administrator or Operator of Tenant.

## **ARTICLE 11. DEFAULTS BY LANDLORD; REMEDIES**

11.01. Defaults by Landlord; Remedies. If Landlord shall neglect or fail to perform or observe any of the terms, covenants, or conditions contained in this Lease on its part to be performed or observed within 30 days after written notice of default or, when more than 30 days shall be required because of the nature of the default, if Landlord shall fail to proceed diligently to cure such default after written notice thereof ("**Landlord Event of Default**"), then Landlord shall be liable to Tenant for any and all damages sustained by Tenant as a result of Landlord's Event of Default; provided, however, that it is expressly understood and agreed that (a) such Landlord Event of Default shall not constitute consent by Landlord for Tenant to perform or observe such terms, covenants, or conditions at Landlord's expense; and (b) Tenant shall not have the right to terminate this Lease as a result of any Landlord Event of Default.

## **ARTICLE 12. MISCELLANEOUS.**

12.01. Holding Over. If Tenant shall hold over the Premises after the expiration of the term hereof with the consent of Landlord, either express or implied, such holding over shall be construed to be only a tenancy from month to month, subject to all the covenants, conditions

and obligations contained in this Lease. Tenant hereby agrees to pay to Landlord as Rental 110% of the Rent in effect at the expiration of the term, together with any other monetary sums which are Tenant's obligations to pay under this Lease.

12.02. Attorneys' Fees. In the event that any action or arbitration is brought by either Party hereto as against the other Party hereto for the enforcement or declaration of any right or remedies in or under this Lease or for the breach of any covenant or condition of this Lease, then and in that event the prevailing Party shall be entitled to recover, and the other Party agrees to pay, all fees and costs to be fixed by the court or arbitrator therein including, but not limited to, reasonable attorneys' fees.

12.03. Quiet Possession. Landlord agrees that Tenant, so long as Tenant is not in default after notice and time to cure under this Lease and is paying the rent and performing the covenants and conditions of this Lease, shall quietly have, hold and enjoy the Premises throughout the term hereof without interruption or disturbance from Landlord or any other persons claiming by, through or under Landlord; and Landlord warrants to Tenant that as of the Commencement Date of said Lease Term, there were no existing tenancies on the Premises.

12.04. Force Majeure. Except as to the payment of rent, neither of the Parties hereto shall be chargeable with, liable for, or responsible to, the other for anything or in any amount for any delay caused by fire, earthquake, explosion, epidemic, pandemic, flood, hurricane, the elements, acts of God or the public enemy, action, inaction or interference of governmental authorities or agents, including a city referendum or initiative, war, invasion, prolonged unavailability of equipment, materials, or supplies, insurrection, rebellion, riots, strikes or lockouts or any other cause whether similar or dissimilar to the foregoing which is beyond the reasonable control of such Parties and any delay due to said causes or any of them shall not be deemed a breach of or default in the performance of this Lease.

12.05. Notices.

A. "Notice" means any notice, demand, request or other communication or document to be provided under this Lease to a Party to this Lease.

B. The Notice shall be in writing and shall be given to the Party at its address or telecopy number set forth below or such other address as the Party may later specify for that purpose by Notice to the other Party. Each Notice shall, for all purposes, be deemed given and received:

(1) If hand-delivered to a Party against receipted copy, when the copy of Notice is receipted;

(2) If given by a nationally-recognized and reputable overnight delivery service, the day on which the Notice is actually received by the Party; or

(3) If given by certified mail, return receipt requested, postage prepaid, two business days after it is deposited with the United States Postal Service.

**To Landlord:**

Padre Dam Municipal Water District  
P.O. Box 719003  
Santee, CA 92072-9003  
Attention: CEO/ General Manager  
Telephone: 619-448-3111

**To Tenant:**

East County AWP JPA  
P.O. Box 719003  
Santee, CA 92072  
Attention: Board Chair

With copy to:

East County AWP JPA  
P.O. Box 719003  
Santee, CA 92072  
Attention: General Counsel

C. The provisions above governing the date on which a Notice is deemed to have been received by a Party to this Lease shall mean and refer to the date on which a Party to this Lease, and not its counsel or other recipient to which a copy of the Notice may be sent, is deemed to have received the Notice.

D. If Notice is tendered under the provisions of this Lease and is refused by the intended recipient of the Notice, the Notice shall nonetheless be considered to have been given and shall be effective as of the date provided in this Lease. The contrary notwithstanding, any Notice given to either Party in a manner other than that provided in this Lease, that is actually received by the noticed Party, shall be effective with respect to such Party on receipt of the Notice.

Either Party hereto may from time to time by written notice to the other Party designate a different address which shall be substituted for the one above specified. Notices shall be effective when received. Any notice or other document sent by certified mail, as aforesaid, shall be deemed received 72 hours after the mailing thereof, as above provided. Notices or other documents sent by personal delivery shall be deemed received on the date of such delivery.

12.06. Waiver. No waiver of any breach of any of the terms, covenants, agreements, restrictions or conditions of this Lease shall be construed to be a waiver of any succeeding breach of the same or other terms, covenants, agreements, restrictions and conditions hereof.

12.07. Surrender. Subject to the conditions and limitations contained in Section 5.06 of this Lease, upon the expiration or sooner termination of the term of this Lease, Tenant shall surrender the Premises to Landlord, together with the improvements then situated thereon, in good condition and repair, except for reasonable wear and tear.

12.08. Binding. Subject to the restrictions set forth herein regarding assignment of the leasehold estate, each of the terms, covenants and conditions of this Lease shall extend to and be binding on and shall inure to the benefit of not only Landlord and Tenant, but to each of their respective heirs, administrators, executors, successors and assigns. Whenever in this Lease reference is made to either Landlord or Tenant, the reference shall be deemed to include, wherever applicable, the heirs, administrators, executors, successors and assigns of such Parties, the same as if in every case expressed.

12.09. Landlord's Right to Enter the Premises. Landlord and its authorized representatives shall have the right to enter the Premises at all reasonable times, after giving Tenant three business days prior written notice, for any of the following purposes: to determine whether the Premises is in good condition and whether Tenant is complying with its obligations under this Lease; to do any necessary maintenance and to make any restoration to the Premises that Landlord has the right or obligation to perform; to serve, post or keep posted any notices required or allowed under the provisions of this Lease; to post "for rent" or "for lease" signs during the last six months of the Lease term, or during any period while Tenant is in default; to show the Premises to prospective brokers, agents, buyers, tenants or persons interested in an exchange during the last six months of the Lease term; and to do any act or thing necessary for the safety or preservation of the Premises if any excavation or other construction is undertaken or is about to be undertaken on any adjacent property or nearby street. If practical, Landlord shall make reasonable efforts to enter the Premises during times the portion of the Premises being entered is closed for business. Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Landlord's entry on the Premises as provided in this Section other than those caused by Landlord's or its agents or contractors negligence or willful misconduct. Tenant shall not be entitled to an abatement or reduction of rent if Landlord exercises any rights reserved in this Section.

12.10. Disclaimer of Partnership. The relationship of the Parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise.

12.11. Memorandum. A Memorandum of this Lease will be recorded in the Official Records of San Diego County. Any amendment or modification thereof may, at the

request of either Party, also be recorded in the Official Records of San Diego County, California. A form of the Memorandum is attached to this Lease as **Exhibit H**, attached hereto and incorporated herein.

12.12. Quitclaim. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within 30 days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

12.13. Interpretation. The titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

12.14. Covenants and Conditions. Each term and each provision, including, without limitation, the obligation for the payment of rent, to be performed by Tenant or Landlord, as the case may be, shall be construed to be both a covenant and a condition of this Lease.

12.15. Integration. This Lease and the exhibits and documents incorporated by reference, constitutes the entire agreement between the parties and there are no conditions, representations or agreements regarding the matters covered by this Lease which are not expressed herein.

12.16. Estoppel Certificate. Each Party agrees to deliver, within 15 business days after written request therefor by the other Party an estoppel certificate in a form reasonably requested by the requesting Party certifying that this Lease is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the Lease Term, certifying that there has been no assignment or sublease of this Lease and that there are no defenses or offsets hereto (or stating those claimed by the non-requesting Party) and containing such other information as may reasonably be requested by the Party to whom such certificate is addressed. Failure to deliver the estoppel certificate within 15 business days shall be a default of the Lease, and shall be conclusive that this Lease is in full force and effect and that the non-requesting Party has no defenses or offsets against the requestor.

12.17. Tenant's Option to Purchase; Landlord's Right to Sell. Landlord shall have the right to sell its fee estate in the Property and assign its interest in this Lease; provided, however, that any such sale shall be subject to this Lease and Tenant shall first have an option to purchase the Premises prior to any sale of the Property to a third party. Landlord hereby grants to Tenant the option to purchase the Premises ("**Purchase Option**") for fair market value after Landlord provides written notice of its interest in selling the Premises to Tenant. Tenant shall within sixty (60) days notify Landlord in writing of its interest in purchasing the Premises. As soon as practicable after receipt of Tenant's notice, Landlord shall notify Tenant of Landlord's reasonable determination of the amount of the purchase price for the Premises, and include the details and calculations therefor. Upon mutual agreement on a purchase price determined under

this section and payment thereof, Landlord will sell, assign, transfer, convey and deliver to Tenant all of its right, title, and interest in the Premises. Upon any conveyance to a third party in the event Tenant does not exercise the Purchase Option, Landlord shall automatically be relieved of any obligations under this Lease. Landlord shall also have the right to mortgage, hypothecate or otherwise pledge its interest in the Property and this Lease. The Landlord and Tenant agree and acknowledge that nothing in this Section 12.17 modifies Landlord's rights under the Joint Exercise of Powers Agreement effective on November 1, 2019 to purchase the "Project" as that term is defined therein.

12.18. Dispute Resolution. Whenever, under any provision of this Lease or by agreement of the Parties, a dispute arises between the Parties relating to or arising from a Party's obligations under this Lease that cannot be resolved through informal discussions and meetings, the Parties involved in the dispute shall first endeavor to settle the dispute in an amicable manner, using mandatory non-binding mediation under the rules of JAMS, AAA, or any other neutral organization agreed upon by the Parties before having recourse in a court of law as described in this Section 12.18.

A. Mediation.

(1) Notice. Shall be commenced by sending a notice of demand for mediation to the other Party.

(2) Selection of Mediator. A single mediator that is acceptable to the Parties shall be used to mediate the dispute. The mediator will be knowledgeable in the subject matter of this Lease, if possible, and chosen from lists furnished by JAMS, AAA, or any other agreed upon mediator.

(3) Mediation Expenses. The expenses of witnesses for either side shall be paid by the Party producing such witnesses. All mediation costs, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be equally shared by the Parties.

(4) Conduct of Mediation. Mediation will be conducted in an informal manner. Discovery shall not be allowed. The discussions, statements, writings and admissions and any offers to compromise during the proceedings will be confidential to the proceedings (Evidence Code §§ 1115–1128; and 1152) and will not be used for any other purpose unless otherwise agreed by the Parties in writing. The Parties may agree to exchange any information they deem necessary. The Parties shall have representatives attend the mediation who are authorized to settle the dispute, though a recommendation of settlement may be subject to the approval of each agency's boards or legislative bodies. Either Party may have attorneys, witnesses or experts present.

(5) Mediation Results. Any resultant agreements from mediation shall be documented in writing. The results of the mediation shall not be final or binding unless

otherwise agreed to in writing by the Parties. Mediators shall not be subject to any subpoena or liability and their actions shall not be subject to discovery.

(6) Performance Required During Dispute. Nothing in this Section shall relieve the Parties from performing their obligations under this Lease. The Parties shall be required to comply with this Lease, including the performance of all disputed activity and disputed payments, pending the resolution of any dispute under this Lease.

(7) Offers to Compromise. Any offers to compromise before or after mediation proceedings will not be used to prove a Party's liability for loss or damage unless otherwise agreed by the Parties in writing (pursuant to Evidence Code section 1152.)

12.19. Quiet Enjoyment. Landlord covenants and warrants that Tenant, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use, and enjoy, and shall have the full, exclusive, and unrestricted use and enjoyment of, all of the Premises during the Term, subject only to the provisions of this Lease and all applicable laws.

**[SIGNATURES APPEAR ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, we have executed this instrument on this \_ day of \_\_\_\_\_, 2023.

**LANDLORD:  
Padre Dam Municipal Water District**

By: \_\_\_\_\_

Name: Kyle Swanson

Its: CEO/General Manager

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Paula C.P. de Sousa  
General Counsel PDMWD  
Best Best, & Krieger LLP

**TENANT:  
East County Advanced Water Purification Joint  
Powers Authority**

By: \_\_\_\_\_

Name: Steve Goble

Its: Chair, Board of Directors

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Nicholaus Norvell  
General Counsel ECAWP  
Best Best, & Krieger LLP



**EXHIBIT A**

**DEPICTION OF THE PROPERTY**



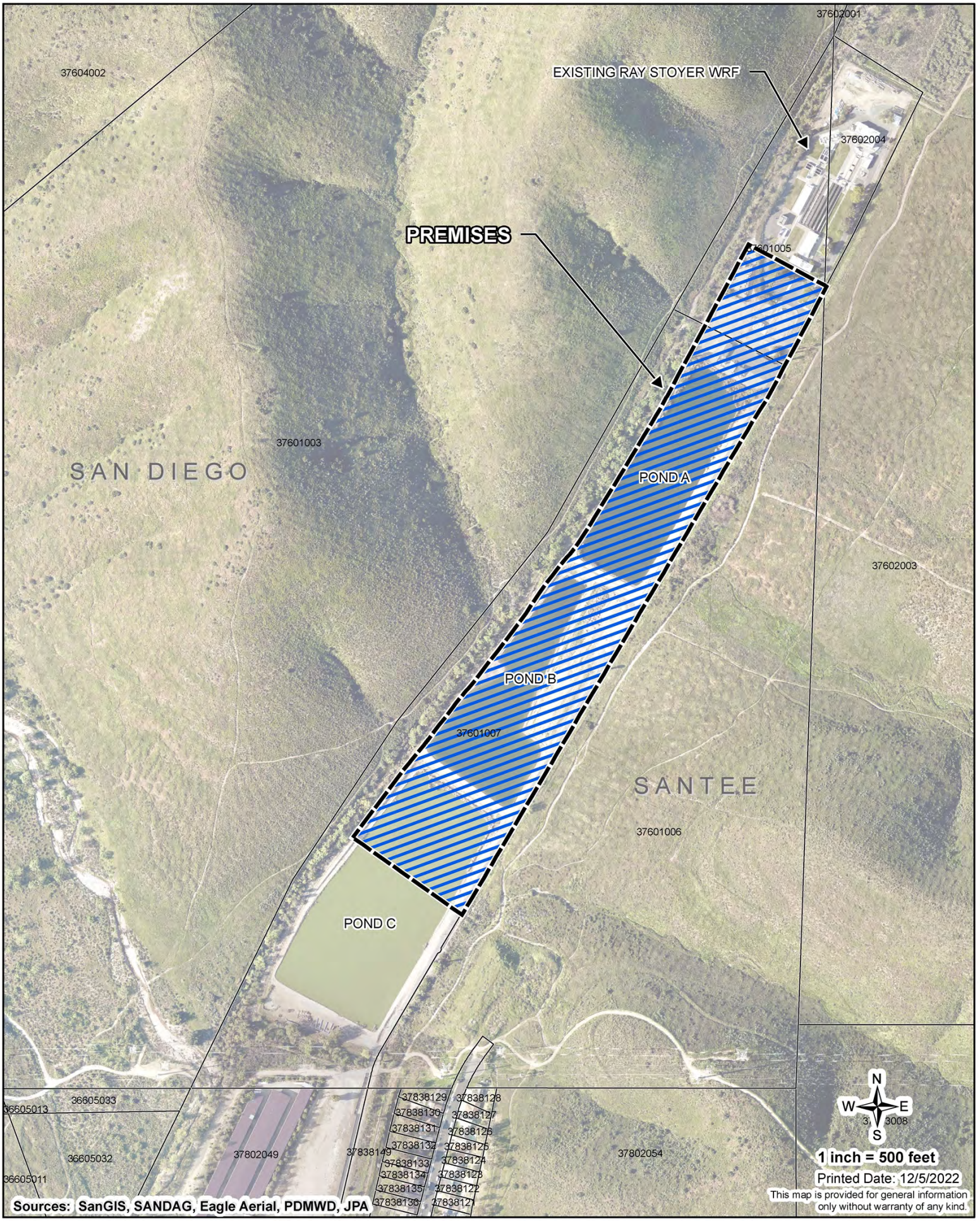
Sources: SanGIS, SANDAG, Eagle Aerial, PDMWD, JPA

This map is provided for general information only without warranty of any kind.

**EXHIBIT B**

**MAP AND LEGAL DESCRIPTION OF THE PREMISES**

*Note: Exhibit B shall be updated as a ministerial action once the legal description and plat are finalized and approved by the CEO/General Manager of Landlord and the Chair of the Board of Directors of Tenant, pursuant to the terms of Lease Section 1.02.*



Sources: SanGIS, SANDAG, Eagle Aerial, PDMWD, JPA

## EXHIBIT B-1

### **MAP AND LEGAL DESCRIPTION OF THE WRF SITE**

*Note: Exhibit B-1 shall be updated as a ministerial action once the legal description and plat are finalized and approved by the CEO/General Manager of Landlord and the Chair of the Board of Directors of Tenant pursuant to the terms of Lease Section 2.03.*



Sources: SanGIS, SANDAG, Eagle Aerial, PDMWD, JPA

This map is provided for general information only without warranty of any kind.

**EXHIBIT C**  
**IMPROVEMENTS**

## EXHIBIT C - IMPROVEMENTS



**Phase Color Key**

- ONGOING WORK FROM PHASE 1
- ONGOING WORK FROM PHASE 2
- ONGOING WORK FROM PHASE 3
- ONGOING WORK FROM PHASE 4

**Legend**  
AWP

1. VISITOR CENTER - COMPLETE INT & EXT FINISHES
2. AWP PROCESS BLDG - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
3. TERTIARY FILTERS - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
4. RBPS & WASTE EQ - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
5. RO FEED & TRANSFER - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
6. LIME & CHEMICAL AREA - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
7. MAIN ELECT BLDG - COMPLETE TERMINATIONS, TEST - READY FOR START-UP
8. PRODUCT WATER PS - COMPLETE INSTALL EQUIP, PIPE, METALS, ELEC
9. POND C AERATION TK - COMPLETE INSTALL EQUIP, ELEC, ANCILLARY FACILITIES - READY FOR START-UP

WRF

10. AERATION BASIN - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
11. SECONDARY CLARIFIERS - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
12. TERT INF PUMP STATION - COMPLETE INSTALL EQUIP, PIPING, ELEC, READY FOR START-UP
13. S. CHEMICAL BLDG - COMPLETE INSTALL EQUIP, ELEC, PIPING - READY FOR START-UP
14. AERATION BLOWER & ELEC BLDG - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
15. RAS PS & ELEC BLDG - COMPLETE INSTALL EQUIP, ELEC, PIPING, HVAC, TEST - READY FOR START-UP
16. EQUALIZATION TKS - COMPLETE INSTALL ELEC - READY FOR START-UP
17. EQUALIZATION PUMP STATION - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
18. PRIMARY CLARIFIERS - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
19. PRIMARY ELEC BLDG - COMPLETE INSTALL EQUIP, HVAC, TEST - READY FOR START-UP

20. WRF MAINT. BLDG - COMPLETE INSTALL INT FINISHES
  21. N. CHEMICAL BLDG - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
  22. HEADWORKS - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
  23. ODOR CONTROL - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
- SHF
24. THICKENING & DEWATER BLDG - COMPLETE INSTALL EQUIP ELEC - READY FOR START-UP
  25. ACID DRAIN PUMP STATION - READY FOR START
  26. CENTRIFUGE PUMP STATION - READY FOR START-UP
  27. DIGESTED SLUDGE STORAGE TKS - READY FOR START-UP
  28. DIGESTER PUMP STATION - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
  29. DIGESTERS - COMPLETE INSTALL EQUIP, ELEC - READY FOR START-UP
  30. DIGESTER ELEC BLDG - COMPLETE INSTALL ELEC, EQUIP, TEST - READY FOR START-UP
  31. TEMPORARY CONSTRUCTION/FACILITY FENCING

MISC.

- YARD PIPING AND ELECTRICAL DUCTBANK INSTALLATION
- PC POND C
- TC APPROXIMATE TOWER CRANE LOCATIONS



## EXHIBIT D

### **SECURITY AND ENVIRONMENTAL REQUIREMENTS**

1. Landlord, as the owner of the Property on which the Premises are located, shall be responsible for maintaining, repairing, or replacing any existing or future improvements, excluding any Improvements on the Premises (which are the responsibility of Tenant), which are reasonably necessary to prevent or mitigate flooding or erosion on the Property.
2. Landlord, as the owner of the Property on which the Premises are located, shall be responsible for maintaining security for the Property. For purposes of this Lease, the Property is a security sensitive facility area, and accordingly, Tenant agrees to maintain a security program for the Premises, which at a minimum, shall include the following requirements:
  - a. Tenant shall provide for the proper supervision of all (as applicable) Tenant employees, contractors, consultants, sub-contractors, maintenance crews or other agents, assigned to enter and do work at the Premises.
  - b. Tenant shall require that Padre Dam (Landlord), its directors, officers, employees, agents, and authorized volunteers are included as additional insureds on any insurance required by Tenant of its employees, contractors, consultants, sub-contractors, maintenance crews or other agents. Any such coverage shall contain no special limitations on the scope of protection afforded to Padre Dam (Landlord), its directors, officers, employees, agents, contractors, or authorized volunteers.
  - c. Tenant shall safely guard all work, materials, equipment, and property from loss, theft, damage, and vandalism. Tenant's duty to safely guard property shall include avoiding injury or loss to the Property or other Landlord property.
3. Tenant shall make good all damage to the Property or other Landlord property to the extent resulting from Tenant's negligent, reckless, or willful failure to provide adequate security as required in this Exhibit D.

**EXHIBIT E**  
**CONSTRUCTION REQUIREMENTS**

1. **Construction.** Tenant shall cause the commencement and completion of construction of the Improvements to occur promptly after the Lease Commencement. The construction of the Improvements shall be conducted in a good and skillful and competent manner, in compliance with all requirements set forth in this Lease, the Progressive Design-Build Agreement for Package 1, originally dated as of October 7, 2020, as amended, all other construction documents, all legal requirements, and all rules and regulations of all applicable governmental authority now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of all governmental approvals required for construction of the Improvements. In designing and constructing the Improvements, Tenant shall comply with accessibility requirements and all legal requirements applicable thereto.
  
2. **Approvals, Permits, Licenses and Easements related to the Improvements**
  - a. The Landlord shall cooperate with Tenant on obtaining any approvals from other governmental entities and public utilities, provided Landlord shall not be obligated to incur any costs associated with obtaining such permits and approvals.
  
  - b. Tenant shall also be responsible for granting or cause to be granted all permits, licenses, easements, and other governmental authorizations that are necessary or helpful for electric, telephone, gas, cable television, water, sewer, drainage, access (including emergency access), and such other public or private utilities, facilities or other rights as may be reasonably necessary or desirable in connection with the construction or operation of the Improvements.
  
  - c. Landlord shall grant to Tenant, in a form mutually satisfactory to the Parties, all temporary construction easements reasonably necessary or incidental to the construction of the Improvements.
  
3. **Tenant Responsibility for All Costs of the Improvements.** Tenant shall be solely responsible for all pre-development costs and expenses and all development costs and expenses related to the development of the Improvements; provided, however, that this section shall not modify or otherwise affect any existing or future separate agreement between or including the Parties and under which Landlord is obligated to pay Tenant, including without limitation the East County Advanced Water Purification Joint Exercise of Powers Agreement dated November 1, 2019, the East County Advanced Water Purification Wastewater Service Agreement dated June 18, 2020, or the East County Advanced Water Purification Product Water and Title 22 Water Purchase Agreement dated June 7, 2020, as each may be amended from time to time.

4. **Compliance with Applicable Law.** Tenant shall cause all work performed in connection with construction of the Improvements to be performed in compliance with all Laws of any and all governmental authorities now having or hereafter acquiring jurisdiction, either by statute, regulation, case law or by agreement between Tenant and any such applicable governmental authority. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental authorities having jurisdiction, and Tenant shall be responsible for the procurement and maintenance thereof, as may be required of Tenant and all entities engaged in work on the Property.
  
5. **No Liens.** Tenant shall not have any right, authority, or power to bind Landlord, Landlord's Estate, or any other interest of Landlord in the Premises, for any claim for labor or material or for any other charge or expense, lien, or security interest incurred in connection with the construction or operation of the Improvements or any change, alteration, or addition thereto. Tenant shall promptly pay and discharge all claims for work or labor done, supplies furnished, or services rendered at the request of Tenant and shall keep the Premises free and clear of all mechanics' and materialmen's liens in connection therewith. If any claim of lien is filed against the Premises or a stop notice is served on Landlord or other third party in connection with the construction or operation of the Improvements or any change, alteration, or addition thereto, then Tenant shall, within 30 days after such filing of service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Landlord a surety bond in sufficient form and amount, or provide Landlord with other assurance reasonably satisfactory to Landlord that the claim of lien or stop notice will be paid or discharged, provided that Landlord provides notice of such claim of lien or stop notice to Tenant promptly upon receipt by Landlord.
  - a. If Tenant fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, Landlord may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Tenant's expense, and Tenant shall pay to Landlord as Additional Rent (as defined in Section 5.3) any such amounts expended by Landlord within 30 days after notice is received from Landlord of the amount expended. Alternatively, Landlord may require Tenant to immediately deposit with Landlord the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. Landlord may use such deposit to satisfy any claim or lien that is adversely determined against Tenant.
  - b. Tenant shall file a valid notice of cessation or notice of completion upon cessation of construction on the Improvements for a continuous period of 30 days or more, except in the event such cessation of construction is caused by adverse weather conditions, and shall take all other reasonable steps to forestall the assertion of claims of lien against the Premises. Landlord shall have the right to post or keep posted on the Premises, or in the immediate vicinity thereof any notices of non-responsibility for any construction, alteration, or repair of the Premises by Tenant. Tenant authorizes, but does not obligate, Landlord to record any notices of completion or cessation of labor, or any other notice that Landlord deems necessary or desirable to protect its interest in the Premises.

**EXHIBIT F**  
**ACCESS EASEMENT**

Recording Requested by and  
Upon Recordation, Please Return to:

PADRE DAM MUNICIPAL WATER DISTRICT  
ATTN: Board Secretary  
Post Office Box 719003  
Santee, California 92072

EXEMPT FROM FILING FEES PURSUANT TO  
GOVERNMENT CODE, SECTION 6103

-- This Space for Recorder's Use Only --

**GRANT OF EASEMENT  
(Exclusive or Non-Exclusive)**

PORTION OF ASSESSOR'S PARCEL NO. **XXX-XXX-XX** EXEMPT FROM DOCUMENTARY TRANSFER TAX:  
\$ 0

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PADRE DAM MUNICIPAL WATER DISTRICT, organized and existing under the Municipal Water District Law of 1911, Water Code section 710000 et seq., ("Grantor") hereby grants to EAST COUNTY ADVANCED WATER PURIFICATION JOINT POWERS AUTHORITY, a California Joint Powers Authority ("Grantee") a non-exclusive surface easement ("Easement") in, upon, over, and across the lands as described in **Exhibit "A"** and shown in **Exhibit B"** attached hereto and incorporated herein.

**A. Purpose.** The Easement is for the Grantee's right of ingress and egress to and along the Easement for access to the property leased to Grantee by Grantor under that certain ground lease agreement dated February \_\_\_\_, 2023, until terminated as specified therein (the "Leased Property"). This Easement provides the Grantee the right to construct facilities for Grantee's ingress and egress to the Leased Property within the Easement area at Grantee's sole cost and expense, and the duty to maintain such facilities for Grantee's ingress and egress at its sole cost and expense.

**B. Future Construction.** Grantee shall keep the Easement area clear from any buildings, structures, fences, explosives, trees, shrubs, and other materials or growth, whether permanent or temporary. Grantor shall not erect, place or construct, nor permit to be erected, placed or constructed, any buildings, structures, fences, explosives, trees or other materials or growths, whether permanent or temporary upon the Easement area. Additionally, Grantor shall not increase or decrease the ground surface elevations within the Easement after installation of any improvements installed by Grantee for Grantee's ingress and egress without prior written consent of Grantee.

**C. Right to Remove.** Grantee shall have the right, but not the duty, to trim or remove trees and brush along or adjacent to the Easement and remove roots from within the Easement whenever Grantee deems it necessary.

**D. Non-exclusive.** Subject to the right of the Grantor to use the Easement from time to time, which is hereby retained by Grantor, the Easement is non-exclusive. Grantee hereby waives any right under Civil Code section 845 to compel Grantor to repair, grade, surface, or otherwise improve or maintain the Easement area as a private right of way or roadway. Grantee may allow, in its sole and absolute discretion, the right to allow others the use of the Easement area for purposes of ingress and egress to the Leased Property.

**GRANTOR**  
**Padre Dam Municipal Water District**

By: \_\_\_\_\_

Dated: \_\_\_\_\_

**GRANTEE**  
**East County Advanced Water Purification Joint Powers Authority**

By: \_\_\_\_\_

Dated: \_\_\_\_\_

*(Notary Acknowledgment Required for Each Signatory)*

*THIS IS TO CERTIFY that the interests in real property conveyed herein to the East County Advanced Water Purification Joint Powers Authority, a California Joint Powers Authority, as Grantee is hereby accepted by order of its Board of Directors, and hereby consents to the recordation thereof by its duly authorized officer.*

East County Advanced Water Purification Joint Powers Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

## ACKNOWLEDGEMENT

**EXHIBIT "A"**

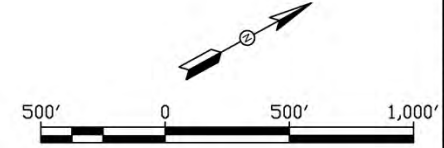
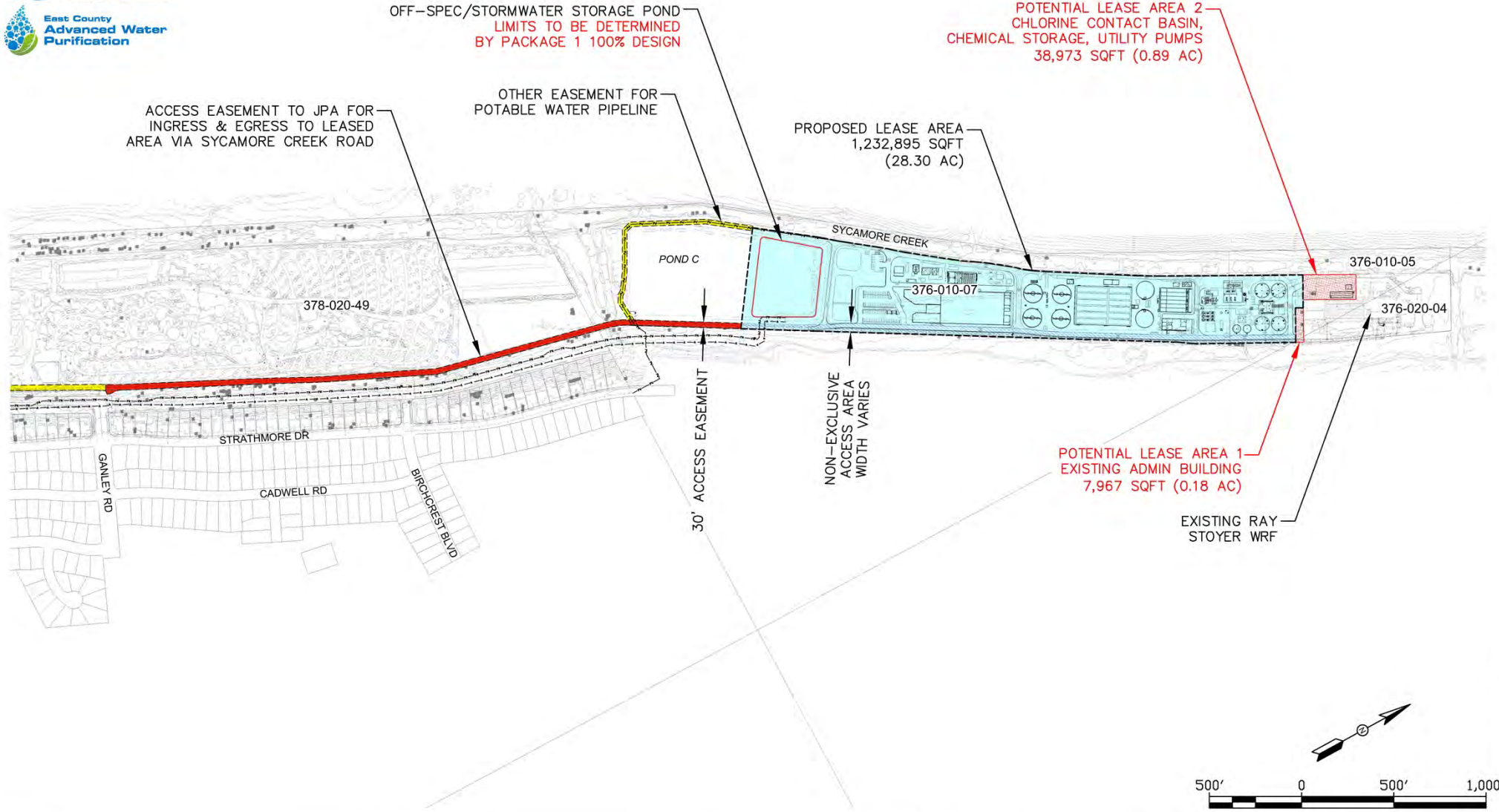


**EXHIBIT "B"**

**EXHIBIT G**

**LEASED AREA**

**[ATTACHED]**



LEGEND		SCALE	
	PROPOSED AWP FACILITY (PACKAGE 1)	HORIZ:	1" = 500'
	PROPOSED WRFM & RBY (PACKAGE 3)	VERT:	N/A
	PROPOSED POTABLE WATER PIPELINE (PACKAGE 1 & 2)		
	PROPOSED AWP PRODUCT WATER PIPELINE (PACKAGE 2)		
	PROPOSED LEASE AREA		
	NON-EXCLUSIVE ACCESS AREA		
	PROPOSED ACCESS EASEMENT AREA		
	OTHER PROPOSED EASEMENTS WITH ASSET TRANSFER AGREEMENT		
	EXISTING PADRE DAM SLUDGE LINE & HIGH LIFT FORCE MAIN		
	PARCEL LINES		

**LEASE AREA EXHIBIT**

RAY STOYER WRF, PONDS, PROPOSED  
AWP FACILITY, EASEMENTS

SHEET 5 OF 5 UPDATED: 01/23/2023

EXHIBIT - NOT FOR CONSTRUCTION

**EXHIBIT H**

**MEMORANDUM OF LEASE**

**[ATTACHED]**

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

East County AWP JPA  
ATTN: Board Secretary  
P.O. Box 719003  
Santee, CA 92072

APNs: \_\_\_\_\_

Space above for Recorder's Use Only  
No recording fees (Gov. Code §§ 6103, 27383)

### MEMORANDUM OF LEASE

This Memorandum of Lease ("**Memorandum of Lease**") is made as of \_\_\_\_\_, 2023 between Padre Dam Municipal Water District, a California municipal water district ("**Landlord**") and the East County Advanced Water Purification Joint Powers Authority, a California joint powers authority, who agree as follows:

1. The Lease. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises (described below) on the terms and conditions of that certain unrecorded Ground Lease ("**Lease**") dated as of \_\_\_\_\_, 2023, between the parties. Unless expressly provided otherwise, all capitalized terms and phrases used in this Memorandum of Lease shall have the same meanings as set forth in the Lease.
2. The Premises. The Premises which are the subject of the Lease are that certain real property situated in the City of Santee, San Diego County, California, commonly known as Assessor Parcel No. [REDACTED] and more particularly described in Exhibit "1" attached hereto and made a part hereof by this reference.
3. Term. The initial term of the Lease shall commence upon [REDACTED] and expire 45 years after Completion of Construction, as defined in the Lease; provided, however, that the Parties agree that they intend the term of the Lease to be extended for a period of years equal to which the useful life of the Improvements (as defined in the Lease) is materially extended by capital improvements, investment, rehabilitation, and/or reconstruction, as further described in the Lease.
5. Tenant's Option to Purchase/Right of First Refusal. Throughout the term of the Lease, Tenant will have an option to purchase the Premises prior to any sale of the Property, upon the terms and conditions as described in the Lease.

6. Purpose of Memorandum. This Memorandum of Lease is prepared for the purpose of notice and recordation. This Memorandum of Lease does not and is not intended to modify the provisions of the Lease.

LANDLORD:  
Padre Dam Municipal Water District

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: CEO/General Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
Paula C.P. de Sousa  
General Counsel PDMWD  
Best Best, & Krieger LLP

TENANT:  
East County Advanced Water Purification  
Joint Powers Authority

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Chair, Board of Directors

APPROVED AS TO FORM:

\_\_\_\_\_  
Nicholaus Norvell  
General Counsel ECAWP  
Best Best, & Krieger LLP

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

On \_\_\_\_\_ before me, (here insert name and title of the officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

On \_\_\_\_\_ before me, (here insert name and title of the officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

EXHIBIT "1" TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION OF PREMISES

That certain real property located in the City of Santee, San Diego County, California, described as follows:

**APN:** \_\_\_\_\_





**BOARD AGENDA REPORT**

**Meeting Date:** 02-15-2023  
**Dept. Head:** Kyle Swanson  
**Submitted by:** Amy Pederson  
**Department:** Administration  
**Approved by:** Kyle Swanson, CEO/GM

**SUBJECT: BROWN ACT AMENDMENTS ENACTED BY ASSEMBLY BILL 2449 (AB 2449) RELATED TO TELECONFERENCE PUBLIC MEETINGS**

**RECOMMENDATION(S):**

1. Hear report on amendments to the Brown Act enacted by AB 2449 that provide additional teleconference options for a minority of the Board to attend public meetings remotely so long as certain conditions are met.
2. Consider the following options: 1) whether to allow Board and Committee meeting to be held using all teleconference options permitted under the Brown Act; or 2) amending the District’s Administration Policy to only allow use of the traditional/pre-pandemic Brown Act provisions.

**ALTERNATIVE(S):**

Table to future meeting.

**ATTACHMENT(S):**

None

**FUNDING:**

Requested amount: n/a  
Budgeted amount:  
Are funds available?  Yes  No  
Project cost to date:

**PRIOR BOARD/COMMITTEE CONSIDERATION:**

**STRATEGIC PLAN IMPLEMENTATION:**

This agenda item is consistent with the District’s Strategic Business Plan and meets one or more of the following Strategic Objections: Customer Experience; Fiscal Stability; Operational Excellence, Sustainability and Resource Management; Talent Management; Technology and Innovation.

<b>Reviewed by:</b>	<b>Action Required:</b>	<b>Policy Updates:</b>	<b>Action Taken:</b>
Dept Head <input checked="" type="checkbox"/>	Motion <input checked="" type="checkbox"/>	Rules & Regulations <input type="checkbox"/>	As Recommended _____
Finance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Standard Practices & Policies <input type="checkbox"/>	Reso/Ord. No. _____
Legal Counsel <input checked="" type="checkbox"/>	Ordinance <input type="checkbox"/>		Other _____
Standard Form <input type="checkbox"/>	None <input type="checkbox"/>		

## **EXECUTIVE SUMMARY:**

Assembly Bill 2449 (AB 2449), effective January 1, 2023, amends the Brown Act authorizing a new avenue for less than a quorum of an agency's legislative body to participate remotely during public meetings, if certain conditions are met.

The traditional/pre-pandemic Brown Act teleconference rules require identifying all teleconference locations on the agenda, copy of agendas posted at all teleconference locations, making each teleconference location accessible to the public, and at least a quorum of the Board participating remotely has to be located in the agency's boundaries.

As a result of issues with these requirements during the COVID-19 pandemic, the Legislature passed AB 361 which allows legislative bodies to conduct their meetings via teleconference without complying with these requirements during a gubernatorial declared state of emergency if certain conditions were met. Padre Dam has been conducting its public meetings in compliance with AB 361 since it was enacted in 2021, offering a hybrid meeting (part in person/part remote) to promote social distancing and protect the health and safety of attendees. Governor Newsom has announced that the COVID-19 State of Emergency will end on February 28, 2023. It is anticipated that the vast majority of public agencies will, if they have not already, return to in-person public meetings and no longer use AB 361 for remote participation by members of legislative bodies. Once teleconferencing under AB 361 ends, members of a legislative body will be required to return to in-person attendance at meetings, unless they participate remotely under the traditional Brown Act teleconferencing rules or the new amendments enacted by AB 2449.

Under AB 2449, one or more Board Members (but less than a quorum) may participate in a limited number of meetings remotely due to an "emergency circumstance" or "just cause" rather than complying with the traditional Brown Act teleconference rules.

- **Just Cause** may be used for 2 meetings in a calendar year, and is limited to the following circumstances:
  1. Childcare or caregiving need for a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires remote participation;
  2. Contagious illness that prevents in-person attendance;
  3. Physical or mental disability need; or
  4. Travel while on official business of the agency or another state or local agency.

A Board Member who needs to attend remotely for Just Cause may do so if the following conditions are met:

1. Notify the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the meeting.
  2. Before any action is taken, the member(s) must disclose whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals; and
  3. The member(s) must participate through both audio and visual technology.
- **Emergency Circumstance**, defined as a physical or family medical emergency that prevents in-person attendance. A Board Member experiencing an emergency circumstance may attend remotely if the following conditions are met:

1. Make request to participate remotely as soon as possible, including a general description of the circumstances relating to their need to appear remotely (not required to disclose a medical diagnosis, disability or other confidential medical information);
  - a. a separate request and description is required for each meeting
2. The Board must then take action on each member's request. If the request does not allow sufficient time to be placed on the posted agenda for the meeting for which the request is made, the Board may take action on it at the beginning of the meeting;
3. Before any action is taken, the member(s) must disclose whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals; and
4. The member(s) must participate through both audio and visual technology.

In addition to the two-meeting limit per year for "just cause" teleconferencing, a Board Member cannot use AB 2449 teleconferencing for more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year (or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year).

For an agency to allow a Board Member to teleconference under the procedures established by AB 2449, a quorum of the Board must participate in-person from a single location within the agency's boundaries (a notable contrast to AB 361 and traditional Brown Act teleconference rules). Additionally, the meeting format and agendas must comply with the following:

- The agency must use either a two-way audio-visual system or a two-way phone service with live webcasting.
- The agenda must identify a call-in or internet-based access option for the public, along with the in-person meeting location.
- If a disruption to the online meeting occurs, the legislative body may take no further action on agenda items until public access is restored.
- The public must be able to provide comments in real-time. Public comments may not be required to be submitted in advance.
- All votes must be taken by roll call.

The District's current meeting format and agenda comply with the above.

AB 2449 will remain in effect until January 1, 2026.

In lieu of AB 2449 teleconferencing, traditional teleconferencing remain an option: teleconference locations identified on the agenda and accessible to the public, copy of agendas posted at all teleconference locations, and at least a quorum of the Board participating remotely has to be located in the agency's boundaries.

Section 14.7.1 of the District's Administration Policy states that all meetings of the Board shall be noticed and conducted in conformance with the provisions of the Brown Act. Staff is seeking input from the Board if there is a desire to allow teleconferencing under AB 2449 and/or the traditional Brown Act teleconferencing rules.

If the Board does desire to allow AB 2449 teleconferencing, staff is also seeking input on whether the Board desires to (a) continue to offer hybrid Board meetings by default (having the Board generally in person but always allowing members of the public to view and participate in meetings remotely or in person) or (b) return to in-person only meetings that were held pre-pandemic (with Board members and members of the public generally in person), and holding hybrid meetings *only* when a Director is anticipated to participate remotely under AB 2449 or traditional teleconference rules.

Below are some considerations/prior actions that support continuing with hybrid Board meetings:

- In April 2022, after receiving a request by the City of Santee for the District to partner with them to provide public meetings and educational District/Santee Lakes videos to air on their new SanteeTV station and anticipation of budgeted improvements to the board room, the prior Board consensus was to continue to offer hybrid meetings for the public to have the option to attend remote or in person (and allowing board members to attend remote, if needed, under AB 361). The Board also authorized staff to provide videos of all board and committee meetings to the City of Santee to air on SanteeTV. Videos of all meetings are aired at certain times on a channel for 30 days, and then are made available for viewing on demand indefinitely.
- The 2023-2027 Strategic Business Plan and Budget includes \$250,000 for improvements to the board room, such as upgrading or replacing the existing audio system and controls, display monitors and potentially adding video capabilities. (Staff will agendize this topic for Board input at a future Finance & Administrative Services Committee meeting.)
- If Board meetings returned to pre-pandemic in-person meetings, utilizing the hybrid option only if a Director needed to attend remotely, the Directors' notices or requests to use AB 2449 would need to be received by the Board Secretary with sufficient time to agendize the meeting as a hybrid meeting and ensure that all AB 2449 requirements can be met for the meeting. In other words, it will be administratively easier to accommodate last-minute AB 2449 teleconferencing if Board meetings are generally held in a hybrid format where the public is able to either participate remotely or in person.

**RECOMMENDATION(S):**

1. Hear report on amendments to the Brown Act enacted by AB 2449 that provide additional teleconference options for a minority of the Board to attend public meetings remotely so long as certain conditions are met.
2. Consider the following options: 1) whether to allow Board and Committee meeting to be held using all teleconference options permitted under the Brown Act; or 2) amending the District's Administration Policy to only allow use of the traditional/pre-pandemic Brown Act provisions that require providing the address of each teleconference location on the agenda and posting the agenda at each publicly accessible teleconference site.



**Regular Meeting of the  
Metro Wastewater JPA/Metro Commission**

**AGENDA**

**Thursday, February 2, 2023 - 12:00 p.m.**

*“The Metro JPA’s mission is to create an equitable partnership with the San Diego City Council and Mayor on regional wastewater issues. Through stakeholder collaboration, open dialogue, and data analysis, the partnership seeks to ensure fair rates for participating agencies, concern for the environment, and regionally balanced decisions.”*

IN LIGHT OF THE PROCLAIMED STATE OF EMERGENCY RELATED TO THE COVID-19 PANDEMIC, AND PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1), THIS METRO WASTEWATER JPA/METRO COMMISSION MEETING WILL BE CONDUCTED REMOTELY AND THERE WILL BE NO PHYSICAL LOCATION FOR IN-PERSON ATTENDANCE. THIS MEETING SHALL ONLY BE ACCESSIBLE TO MEMBERS OF THE PUBLIC TELEPHONICALLY OR VIA ZOOM. ALL MEMBERS OF THE PUBLIC WISHING TO OBSERVE THIS PUBLIC MEETING MUST DIAL IN TO THE TELEPHONE NUMBER INDICATED BELOW OR JOIN THE MEETING BY COMPUTER USING THE LINK BELOW, AND WHEN PROMPTED, USE THE MEETING ID IDENTIFIED BELOW. FURTHER DETAILS ARE BELOW.

**Note:** Any member of the public may provide comments to the Metro Wastewater JPA/Metro Commission on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Board. Public comments must be submitted in either of the following manners:

1. **Providing Oral Comments During Meeting.** To provide comments in real time during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the “Raise Hand” feature. This will notify the Secretary that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing \*9. Comments will be limited to three (3) minutes
2. **Written Comments.** In order to provide written public comments, your comments must be submitted prior to the start of the meeting to [lpeoples@chulavistaca.gov](mailto:lpeoples@chulavistaca.gov). Please indicate whether your comment is on a specific agenda item or a non-agenda item. Comments are limited to four hundred (400) words. Please submit written comments at least two (2) hours before the start of the meeting. All comments received by such time will be provided to the Board members in writing. At the discretion of the Chair, the first five (5) comments received on each agenda item, or on non-agenda matters, may be read into the record at the meeting. Comments received less than two (2) hours prior to the start of the meeting will be collected, sent to the Metro Wastewater JPA/Metro Commission Board members in writing, and made part of the public record.

When providing comments to the Metro Wastewater JPA/Metro Commission please provide your name and city of residence for the record. If you have a written record that you wish to distribute to the JPA/Commission, please provide it to the Secretary via [lpeoples@chulavistaca.gov](mailto:lpeoples@chulavistaca.gov), who will distribute the record to the members. With limited exceptions, all records distributed to the JPA/Commission Board or any Committee of the Board becomes public records upon distribution.

The public may participate using the following remote options

Join Zoom Meeting

<https://us02web.zoom.us/j/84970111178>

Meeting ID: 849 7011 1178

One tap mobile

+16694449171,,84970111178# US

Dial by your location

+1 669 444 9171 US

Documentation

Included

1. **ROLL CALL**
2. **PLEDGE OF ALLEGIANCE TO THE FLAG**
3. **PUBLIC COMMENT**  
*Persons speaking during Public Comment may address the Metro Wastewater JPA/Metro Commission on any subject matter within the jurisdiction of the Metro Wastewater JPA/Metro Commission that is not listed as an agenda item. Comments are limited to three (3) minutes.*
4. **ACTION: APPROVAL OF AGENDA** (Chair Jones)
- X 5. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO MAKE FINDINGS TO CONTINUE HOLDING REMOTE/TELECONFERENCE MEETINGS PURSUANT TO ASSEMBLY BILL 361** (Adriana Ochoa – General Counsel) (**Attachments**)
- X 6. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF [December 1, 2022](#)** (**Attachment**)
7. **PRESENTATION: WELCOME TO JPA REPRESENTATIVES AND INTRODUCTION OF METRO JPA/METRO COMMISSION SUPPORT STAFF** (Chair Jones/TAC Chair Gentry)
8. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPROVE ELECTION OF OFFICER (VICE-CHAIR)** (Adriana Ochoa – General Counsel)
  - A. **Pursuant to Article III of the Joint Powers Agreement, the Board must elect a Vice Chair from among the Board Directors**
  - B. **Board Directors may nominate and vote on a Vice Chair**
- X 9. **PRESENTATION: METRO BACKGROUND** (Karyn Keze) (**Attachment**)
10. **ACTION: CONSIDERATION AND POSSIBLE ACTION TO APPOINT METRO JPA FINANCE COMMITTEE MEMBERS** (Chair Jones)
  - A. **Review of JPA Finance Committee Membership (5 Members plus Alternate)**
  - B. **Appointment by Chair of 2 Members and an Alternate for consideration and approval by Board**

11. **ACTION:** CONSIDERATION AND POSSIBLE ACTION TO APPOINT “METRO JPA PURE WATER AD HOC COMMITTEE” MEMBERS (Chair Jones)
  - A. **Recommendation by JPA Chair of 3 Members for consideration and approval by Board of Appointment of 3 Ad Hoc Members**
12. **ACTION:** CONSIDERATION AND POSSIBLE APPROVAL OF APPOINTMENT OF IROC MEMBER (Chair Jones)
- X 13. **UPDATE:** METRO TAC UPDATE/REPORT (Standing Item) (Beth Gentry) (**Attachment**)
14. **REPORT:** GENERAL COUNSEL (Standing Item) (Adriana Ochoa)
15. PROPOSED AGENDA ITEMS FOR THE NEXT METRO JPA/METRO COMMISSION MEETING  
March 2, 2023
16. METRO DIRECTORS AND COMMISSIONERS’ COMMENTS
17. **CLOSED SESSION:**  
CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION  
Government Code 54956.9(d) (2)  
One (1) potential case.
18. **CLOSED SESSION:**  
CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION  
Consideration regarding initiation of litigation pursuant to Government Code 54959.9(d) (4)  
One (1) potential case
19. **ADJOURNMENT** OF THE METRO WASTEWATER JPA/METRO COMMISSION

The Metro Wastewater JPA and/or Metro Commission may take action on any item listed in this Agenda whether or not it is listed “For Action.” *Materials provided to the Metro Wastewater JPA/Metro Commission related to any open-session item on this agenda are available for public review at our website: <https://www.metrojpa.org>*

***In compliance with the AMERICANS WITH DISABILITIES ACT***

Persons with disabilities that require modifications or accommodations, please *contact General Counsel Adriana Ochoa at [adriana.ochoa@procopio.com](mailto:adriana.ochoa@procopio.com)* by no later than two hours prior to the meeting to request reasonable modifications or accommodations consistent with the Americans with Disabilities Act and Metro Wastewater JPA/Metro Commission shall promptly work with you to resolve the matter in favor of accessibility.

**Metro JPA 2023 Meeting Schedule**

January 5, 2023	February 2, 2023	March 2, 2023
April 6, 2023	May 4, 2023	June 1, 2023
July 6, 2023	August 3, 2023	September 7, 2023
October 5, 2023	November 2, 2023	December 7, 2023



## DIRECTOR'S REPORT OF CONFERENCE/MEETING ATTENDANCE

<b>Submitted by:</b>	Bill Pommering
<b>Conference/Meeting:</b>	San Diego East County Chamber of Commerce Government Affairs and Infrastructure and Land Use Committee
<b>Attendance Date(s):</b>	02/07/2023

### SUMMARY OF CONFERENCE OR MEETING

Meeting was called to order at 7:37 AM. This was a hybrid meeting. The agenda was approved and the minutes from the January 03, 2022, meeting were also approved.

#### CHAIR REPORTS/OTHER UPDATES —

##### A. REPORTS / OTHER UPDATES

- a. List of voting members has been reviewed and updated.

##### B. OLD BUSINESS — None

*The following reports are not listed in the order they were presented!*

#### LEGISLATIVE AND COMMUNITY REPORTS —

**CITY OF EL CAJON** — 911 Triage Program went into effect on January 31, 2023. Using nurses to evaluate and route incoming calls where applicable. Program is designed to reduce need to have full responses to all calls. MTS has seen a major reduction in fares. Only 7% of riders are checked for fare payment. Cannot find drivers for MTS vehicles. Raised starting wage to \$22/hour. MTS lot in El Cajon will be turned into housing (both market and low income).

**CITY OF SANTEE** — Projects in development: Santee is being called the fast-food capitol of US. Popeyes; new gas stations with fast food; Chuck E Cheese, etc. Wood Springs Suites will break ground soon. Major pharmaceutical project is in progress. Fido Fest is coming on February 25<sup>th</sup>. Council and Staff had a retreat last week and will come to Council for approval in March. This will lead to budgeting for the next two years as well as addressing homelessness.

**CITY OF LEMON GROVE** — No Report Given.

**CITY OF LA MESA** — MTS Trolley service has become a homeless transportation system. Trolleys and buses are running empty. Broke ground on an affordable apartment building in downtown area. Second building is also being developed.

**OTAY WATER DISTRICT** — No Report Given.

**COUNTY WATER AUTHORITY** — No Report Given.

**HELIX WATER DISTRICT** — Going forward with hearings on rates going forward. Prop 218 Hearing will be held next Wednesday.

**GROSSMONT/CUYAMACA COLLEGE DISTRICT** — Turnover in Board of Trustees. Spring semester began last week. Enrollments continues to increase. Ribbon cutting for new building on Cuyamaca campus: student services building that has been “in the works” for over a decade. Will serve as a welcome center;



this Thursday at 10:00 AM. Met with state legislators for the first time since COVID. Cuyamaca is asking for approval of a water technologies bachelor's program.

**GROSSMONT HEALTHCARE DISTRICT** — District is looking for applicants for scholarship program offerings that the District is offering.

**GROSSMONT HOSPITAL** — Parking structure is being opened next week. It is a four-story structure for employees. Neurological center construction will begin shortly thereafter. Master plan will take a decade to complete. Required earthquake retrofit is also under way.

**EAST COUNTY SCHOOLS CREDIT UNION** — No Report Given.

**SUPERVISOR ANDERSON'S OFFICE** — No Report Given.

**SUPERVISOR FLETCHER'S OFFICE** — No Report Given.

**SENATOR JONES' OFFICE** — Senate Republican Caucus asked Public Utilities Commission for relief on high natural gas rates. California pandemic state of emergency ends on February 28, 2023. Senator has introduced a bill to help with homeless encampments within nearby schools.

**ASSEMBLYMEMBER WALDRON'S OFFICE** —

**COUNTY CLERK, ASSESSOR'S OFFICE** —

**REPRESENTATIVE ISSA'S OFFICE** — No Report Given.

**US CHAMBER OF COMMERCE** — No Report Given.

**CALCHAMBER** — No Report Given.

**EAST COUNTY HOMELESS TASK FORCE** — No Report Given.

**WASTE MANAGEMENT** — No Report given.

**LAKESIDE SCHOOL DISTRICT** — No Report Given.

**NEW BUSINESS** — None.

Meeting was adjourned at 8:44 AM.

Next meeting is scheduled for March 07, 2023.



## DIRECTOR'S REPORT OF CONFERENCE/MEETING ATTENDANCE

<b>Submitted by:</b>	Bill Pommering
<b>Conference/Meeting:</b>	San Diego East County Economic Development Council Board Meeting
<b>Attendance Date(s):</b>	02/15/2023

### SUMMARY OF CONFERENCE OR MEETING

The meeting was called to order at 7:31 AM. This was a Zoom-only meeting. The minutes from January 18, 2023, meeting were approved.

**RESOLUTION — County of San Diego, Community Enhancement Grant 2023-2024:** Annual submission to County. The board approved the submission of the application.

**NOMINATING COMMITTEE —** The committee is called to meet before the end of March 2023. Motion approved by the Board.

**PRESIDENT'S REPORT —** La Mesa training program (LEAF) has been completed with all participants completing the program. To date, this has been a 100% success. \$500K grant applied for an EPA grant. Should hear on status by early August. Continuing work with Grossmont Health Care District on managing employment staffing issues.

### COMMITTEE UPDATES —

**SKILLED WORKFORCE:** Aviation, Healthcare, Cybersecurity (IT), and Manufacturing will be the focus for the committee for the coming year.

**GILLESPIE FIELD:** There has been no meeting since the last Board Meeting. Still awaiting a 2023 late-spring groundbreaking on the Bradley / 67 interchange.

### LEGISLATIVE/MEMBER UPDATES —

**CITY OF LEMON GROVE —** Nothing much since the January report. New produce truck serving the city.

**CITY OF LA MESA —** No report.

**CITY OF EL CAJON —** Yearly planning/goal-setting session was held. The city has no redevelopment funds and will create a pool of money to serve the purpose. Hoping to further expand the city center.

**CITY OF SANTEE —** Strong economic outlook going into 2023. New business openings are coming throughout the year.

**SUPERVISOR ANDERSON'S OFFICE —** Awaiting official numbers on homelessness. Looking likes numbers may drop from prior counts. Concerns over Title 42 issues. Issued a listing of accomplishments over the past two years.

**GROSSMONT CUYAMACA COMMUNITY COLLEGE DISTRICT —** This is Career Technical Education Month. Enrollment continues to recover from recent pandemic levels. Continues to see the impact of covid issues on students. Fall registration has been moved up to May.

**HELIX WATER DISTRICT —** Budget is being updated and new rates are being planned. Rate hearings are being planned. Potentially up to 4% in a rate increase. Looking at a \$15M investment in the Lake Jennings Campground.

**SAN DIEGO COUNTY WATER AUTHORITY** – Expecting a reduction in water supplies for the summer.

**SANDAG** – New election for Board leadership every two years. New leaders were elected for the next two-year period this year. Working on a third border entry port: East Otay. Will alleviate supply chain issues. Working on relocating the Del Mar train tracks away from the bluff area. Projections show that the population is set to peak in 2040 and then begin to decrease. The population is aging, leading to an increase in medical services and a reduction in overall spending.

**LAKESIDE CHAMBER OF COMMERCE** – Touch A Truck event is coming up in the next few weeks. The end of April is the Western Days event in Lakeside.

**SDG&E** – Credits on electric and gas bills are coming in February and March.

The meeting was adjourned at 8:37 AM.

The next meeting is scheduled for March 15, 2023. It is scheduled to be an in-person meeting.



## DIRECTOR'S REPORT OF CONFERENCE/MEETING ATTENDANCE

<b>Submitted by:</b>	Bill Pommering
<b>Conference/Meeting:</b>	Santee Chamber of Commerce Government Affairs Committee
<b>Attendance Date(s):</b>	02-13-23

### SUMMARY OF CONFERENCE OR MEETING

*Meetings such as this, not only supply critical information to PDMWD from various community electeds and other organizations; they also allow **PDMWD** to get its own information out into the community at large. It fosters cooperation and allows for a community consensus to be achieved. It strengthens a solid working relationship within various levels of government.*

Meeting was called to order at 8:37 AM. Quorum present.

**STATE SENATOR BRIAN JONES' OFFICE:** Senator was elected to chair the minority caucus. Friday will be the last day for introducing proposed legislation for this session. The pandemic emergency ends this month. Planning property tax seminar with Jordan Marks, County Assessor, and Clerk.

**STATE ASSEMBLYPERSON MARIE WALDRON'S OFFICE:** No report given.

**SUPERVISOR JOEL ANDERSON'S OFFICE:** No report given.

**CITY OF SANTEE:** No report given.

**SANTEE SCHOOL BOARD:** Addressing issues that have come up through the public concerning private remarks of teachers overheard by students.

**WASTE MANAGEMENT:** Still focusing on organic disposal. Santee recycling event is being held in Santee in March. It is for Santee residents only.

**COX COMMUNICATIONS:** No Report Given.

**SHARP GROSSMONT HOSPITAL:** Nurses and others have voted to unionize. Process began in 2018. Union will be representing a wide variety of job functions beyond just nurses. They will have little in common with each other. They will represent 101 distinct job classifications. The next year and a half will be spent on getting the union up and running. Until then, things will remain status quo.

**Grossmont Healthcare District:** This governmental agency owns Grossmont Hospital. Sharp healthcare operates the hospital under contract with the Healthcare District. Current lease goes through 2051. District cares for 550K citizens. District is offering several scholarships each year. They are offered at \$10K each. Looking for students to apply.

Meeting was adjourned at 9:25 AM.

Next Meeting is scheduled for March 20, 2023, at 8:30 AM. Location, Santee City Hall Complex, Building 8A.



**GENERAL MANAGER'S REPORT**  
**February 15, 2023**

Information:

1. News Article: "Why Southern California Water Restrictions Remain Despite So Much Rain"
2. News Article: "Deadline for Colorado River Water Cuts Passes With No Agreement"
3. News Article: "Colorado River Crisis Is So Bad, Lakes Mead and Powell Are Unlikely To Refill In Our Lifetimes"
4. News Article: "San Diego Secures \$3 Million To Help Low-Income Families Install Efficient Toilets, Irrigation"

# Why Southern California water restrictions remain despite so much rain

(Robert Gauthier / Los Angeles Times)

BY [HAYLEY SMITH](#) STAFF WRITER

FEB. 6, 2023 **UPDATED** 7:21 AM PT

Call it water whiplash: As California recovers from one of its wettest months in recent history, the Colorado River is still dwindling toward dangerous lows.

As a result, Southern Californians aren't sure whether to expect shortage or surplus in the year ahead. Though the state is snow-capped and soggy from a series of atmospheric river storms, the region remains under a [drought emergency declaration](#) from the Metropolitan Water District of Southern California. That includes mandatory water restrictions for about 6 million people in and around Los Angeles.

The early-season storms provided some drought relief, but most officials say it would be premature to loosen water restrictions. In fact, the severity of the crisis on the Colorado — and the federal mandate that California and six other states [significantly reduce their use of water from that river](#) — means more calls for conservation are likely in the months ahead, according to MWD General Manager Adel Hagekhalil.

The wet start to the year “shouldn't take the momentum away from us continuing to work on building resiliency, recycling water and storing water when we have it,” Hagekhalil said. “We should conserve as much as we can so we can save water to have it available when we need it.”

Hagekhalil said [January's burst of moisture](#) was characteristic of climate change, which is driving huge swings between bouts of extreme wetness and extreme dryness. In 2022, a similarly strong start to the wet season ended with the driest January, February and March on record — meaning there's no guarantee that the state will still be wet come spring.

“I don't want to deal with the water supply in Southern California on a month-to-month, day-to-day basis,” he said. “I want to look at the long term, at how we can create a resilient water future for everyone, with no one left behind.”

The storms did provide enough of a boost for the Department of Water Resources to tentatively increase this year's State Water Project allocation [from 5% to 30%](#) for its 29 agencies, including the MWD. The State Water Project is a system of reservoirs, canals and dams that is a major component of California's water system.

## ***For the record:***

**9:40 a.m. Feb. 6, 2023** *An earlier version of this article said incorrectly that Southern California gets about half its water from the Colorado River. Southern California gets about one-quarter of its water from the Colorado River.*

But Southern California still gets about one-quarter of its water from the Colorado River, which didn't really benefit from the storms and remains remarkably strained, Hagekhalil said.

He said MWD's board will be evaluating the water supply between now and June to determine whether to upgrade Colorado River-dependent areas from their current voluntary 20% reduction to a mandated allocation — a move the agency made last year [for State Water Project-dependent areas](#). Though plans may change, MWD will likely aim for “uniformity across the whole region to ensure that we are all continuing to save, especially with what we're seeing on the Colorado River,” Hagekhalil said.

Some decisions also fall to individual agencies, which are often reliant on local conditions when it comes to their supplies. The Los Angeles Department of Water and Power serves about 4 million people and receives some of its water from the MWD. Officials there never distinguished between Colorado River and State Water Project-dependent customers and instead last June placed their entire service area under [two-day-a-week watering restrictions](#). DWP spokeswoman Ellen Cheng said Friday that while the recent storms were welcome, “the region's water challenges are not over.”

“Reservoirs and storage within the state are still recovering, and impacts of Colorado River use reductions have yet to be resolved,” she said. “For now, L.A. is maintaining course with the current outdoor irrigation restrictions, and we are closely monitoring supply conditions as they continue to develop over the next couple of months.”

She added that DWP encourages customers to “keep their foot on the pedal” and continue to use water efficiently, including [taking advantage of turf replacement programs](#) to reduce water use.

Other areas plan to relax restrictions, however. The Las Virgenes Municipal Water District, which serves about 75,000 residents in Agoura Hills, Calabasas, Hidden Hills and Westlake, plans in the coming week to recommend to its board of directors a scaling back from Stage 3 of its water-shortage contingency plan to the less-restrictive Stage 2, spokesman Mike McNutt said.

Las Virgenes receives almost all of its supplies from the State Water Project and was among the areas hit hardest by reduced allocations last year.

If the move is approved, Stage 2 would loosen mandatory water restrictions and create a new districtwide target for a voluntary 20% reduction in water use, McNutt said. The district would also increase water budgets to what they were prior to the drought emergency and cease [installing flow-restriction devices](#), save for potential cases of excessive and repeated overuse.

“In the past six months, our customers have averaged a 40% reduction in water usage compared to 2020 figures, which is remarkable,” McNutt said.

The agency is also moving forward with [plans to construct a wastewater purification facility](#) to reduce its dependence on imported supplies.

At the Inland Empire Utilities Agency in San Bernardino, officials are more cautious about the months ahead. The wholesaler, which serves about 935,000 people, has since December been in Level 6 of its water-shortage contingency plan — the most severe level, reflecting a shortage of 50% or more.

“While the winter storms have provided us with some much-needed relief, our state is still facing considerable water supply challenges in the future,” General Manager Shivaji Deshmukh said in a statement Friday.

Deshmukh said the IEUA is working closely with the MWD to assess how the recent changes in imported supplies will affect the region.

“Although long-term impacts are still unknown, we believe that the increase in the State Water Project allocation will provide our customer agencies with supplies to better meet regional consumptive demands for the first six months of 2023,” he said. “Nevertheless, it is critical that we continue to work with and support our customer agencies on the implementation of their water use efficiency programs and assist in educating the community on the importance of conservation and the use of precious local supplies.”

Such uncertainty is not unique to Southern California. Residents in all of the state’s 58 counties remain under [Gov. Gavin Newsom’s drought emergency declaration](#), and state officials said it’s too early in the wet season to even consider lifting that order.

“We have a 30% State Water Project allocation, the Los Angeles Aqueduct system has great snowpack right now ... and then we have the Colorado River system, which is a question mark at this point,” Jeanine Jones, DWR’s drought manager, said during a news briefing this week.

Newsom first placed Sonoma and Mendocino counties under a drought emergency in April 2021, then added more counties in May and July before [expanding the order to the entire state in October](#). Jones said that if and when the time comes, California will probably exit the drought emergency the way it came in — county by county, or region by region.

“We can talk about things like statewide snowpack, statewide runoff, statewide precipitation, but water supply is a local function, and it really comes down to what are the circumstances affecting a particular community or area,” Jones said. “Some areas will likely come out of drought conditions because of the very wet conditions that we’ve had, but it really depends on the circumstances of a water supplier’s individual sources of supply.”

Jones said groundwater, the state’s system of aquifers, [remains severely depleted](#) and could take years to recharge. Lake Mead and Lake Powell will similarly need more than one wet season to refill, she said, noting that the drought in the Colorado River basin began in 2000.

MWD’s Hagekhalil said the fragility of the system means that every drop is valuable, and the likelihood of an eventual return to dryness in California is all the more reason to conserve while water and snow are here.

“We cannot be just adapting to the rain and waiting for the rain,” he said. “This is bigger than all of us. The climate has changed, and we need to change.”



# Deadline for Colorado River water cuts passes with no agreement

The river basin supplies water to seven states - six of them agreed on a plan before the Jan. 31 deadline. But California rejected that plan and submitted its own.



Author: Alex Kleinman

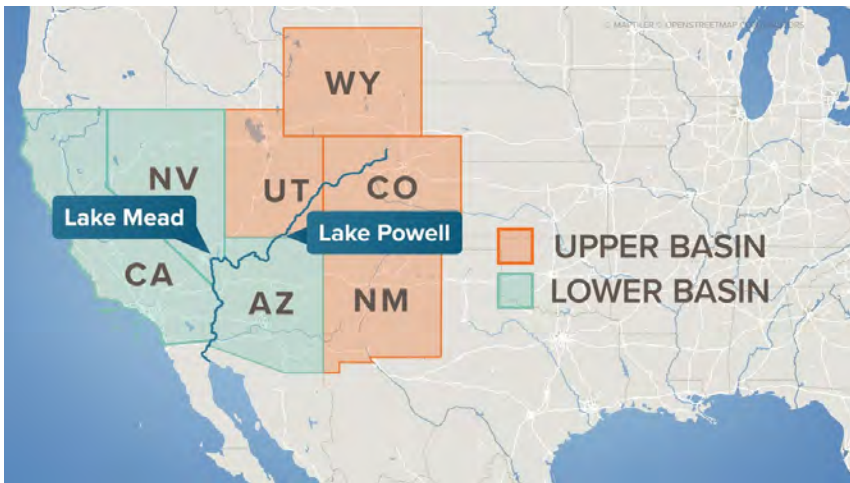
Published: 6:13 PM PST February 3, 2023

Updated: 6:13 PM PST February 3, 2023

**SAN DIEGO** — The decades-old agreements that outline water rights to the Colorado River basin are leading to an impasse on an issue affecting millions of people in the American Southwest.

On Jan. 31, the seven states that draw water from the basin had to come up with a plan to voluntarily cut back on using water from the basin. Six states — Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming — agreed on [one proposal](#). But California, which is the state the uses the most water, rejected that plan and submitted its own.

"I think that the proposals of the six states and the proposals of California are nothing more than preliminary posture," said Craig Kessler, Chair of the Coachella Valley Water District Golf and Water Task Force. "They're positioning themselves for a what's going to be a serious negotiation in the immediate future."



Credit: Colorado River Basin Map

The January deadline had been set by the federal government because of the severe drought affecting the Colorado River Basin and both Lake Mead and Lake Powell — the two largest reservoirs in the country. The goal is for states to figure out a way to use between 15% and 30% less water.

## History

Back in 1922, the [Colorado River Compact](#) agreement divvied up water rights to the river basin among seven states. Water from the basin has served as a crucial lifeline to these states.

But no state has benefitted as much from this resource as California.

In fact, Kessler says the Colorado River helped support California's transformation into the socioeconomic powerhouse that it is today. California is the most populous and [biggest agriculture-producing state](#) in the country. That is a key reason why California rejected the other states' plan.

"The other six states are going for an equitable distribution," Kessler said. "If you look at the populations of Nevada and California to suggest they should be equitable... obviously 40 million persons have more water needs and the largest agricultural state in the union has more water needs than Nevada."

The way in which California uses this water has evolved over time.

According to Dan Denham, deputy general manager of San Diego County Water Authority, California was overusing its allotment to water from the Colorado River in the 1990s.

"California had to go on a water diet," Denham said. "It was a tough thing to do politically and financially and environmentally."

This led to the [Quantification Settlement Agreement](#) in 2003, which involved San Diego County Water Authority and other local, state and federal agencies. The [Water Authority](#) says this agreement helped reduce California's reliance on the river "through voluntary agriculture-to-urban water transfers and other water supply programs." The

agreement also holds the parties involved to uphold standards that promote public and environmental health.

"California voluntarily stepped forward when it didn't have to," Kessler said. "The Quantification Settlement Agreement of 2003 permanently ceded quite a bit of the capacity and [California] has since ramped up even more infrastructure projects to accommodate that."

## California's plan

Now the Colorado River Board of California, which represents the state in negotiations, is suggesting a [new plan](#).

Instead of adjusting for water lost due to evaporation and transportation, a proposal from the other states that would seriously impact California, the board's plan suggests reducing the amount of water taken out of Lake Mead. It is located on the Arizona-Nevada border and those two states would suffer the biggest reductions.

"In the letter there's a reference to perhaps Arizona doing a quantification settlement of its own," Denham said.

Arizona is one of the states that had previously ceded some water rights in the 1960s to build the [Central Arizona Project](#), a canal that supplies water to more than 80% of the state's population.

One argument representing a core part of this debate is focused on the "[Law of the River](#)." That refers to a series of agreements and court rulings that have created the current water rights structure that strongly favors California.

"The federal government, which brought this together and has some say in this, has to figure out a way to bring those states together to do it," Kessler said. "Because the reality is that the federal government can't override the Law of the River."

The federal government doesn't have to step in just yet. Negotiations are still ongoing, and the states involved will continue meeting to try and come to a common ground on what voluntary reductions they can make.

As these states continue to grow larger and more developed, they will also develop a greater need for water. Each state is trying to set themselves up in the best possible position to lay claim to these water rights. But litigation would be a last resort.

"I think it's in nobody's interest to end up in litigation. It's not in the interest of the states, it's certainly not in the interest of the federal government and it's not in the interest of the 40 million persons who depend upon the Colorado River," Kessler said. "They will come to an agreement because they have to."

# What's next?

Denham says although more than half of the water used in San Diego County comes from the Colorado River, there is no immediate threat.

"Right now, there would be no impact to the residents of San Diego County," Denham said.

Since California has some of the strongest legal claims to water rights from the Colorado River, cuts would first impact other states, like Arizona and Nevada. However, if more serious cuts are mandated by the Secretary of the Interior, this could impact the Metropolitan Water District, which serves Southern California and parts of Los Angeles and San Diego. If those cuts were to follow the "Law of the River," they would first hit urban areas rather than agricultural developments.

"Of the 4.4 million acre-feet that we have as a state from the Colorado River, the vast majority of that — more than 3.5 million acre-feet is for farming. 550,000 acre-feet of that water is reserved for metropolitan — that's urban use," Denham said. "And that's the portion of water that is of the lowest priority on the system."

But Denham says San Diego's connection to the Colorado River water is tied to longstanding senior water rights with the Imperial Valley. Thus, cuts would first hit the Metropolitan Water District rather than the Water Authority.

In the meantime, San Diego County is pursuing numerous infrastructure projects to reduce the threat of a water crisis. That includes the [Carlsbad Desalination Plant](#), which opened in 2015 and provides 56,000 acre-feet of water that is drought proof. Developing more recycled water programs will also play a key role in providing long-term stability for the region.

"Long-term planning is desperately needed to be injected into the conversation rather than just simply short-term fixes," Denham said. "We need to start thinking about how to plan for those projects to be online when the next drought hits — if we're able to get passed this one."

Source: <https://www.cbs8.com/article/tech/science/environment/the-deadline-for-colorado-river-water-cuts-passes-with-no-agreement/509-37bf8cb8-f7a6-4c7f-a8ae-40475e0cd25f>

# Colorado River crisis is so bad, lakes Mead and Powell are unlikely to refill in our lifetimes

BY [RONG-GONG LIN II](#),  
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The snowpack in the Sierra Nevada is the [deepest it's been in decades](#), but those storms that were a boon for Northern California won't make much of a dent in the long-term [water shortage](#) for the Colorado River Basin — an essential source of supplies for Southern California.

In fact, the recent storms haven't changed a view shared by many Southern California water managers: Don't [expect](#) lakes Mead and Powell, the nation's largest reservoirs, to fill up again anytime soon.

“To think that these things would ever refill requires some kind of leap of faith that I, for one, don't have,” said Brad Udall, a water and climate scientist at Colorado State University.

Lake Mead, located on the Arizona-Nevada border and held back by Hoover Dam, filled in the 1980s and 1990s. In 2000, it was nearly full and [lapping at the spillway gates](#). But the [megadrought](#) over the last 23 years — the most severe in centuries — has worsened the water deficit and left Lake Mead about 70% empty.

Upstream, Lake Powell has [declined to just 23% of full capacity](#) and is approaching a point where Glen Canyon Dam would no longer generate power.

Even with this winter's above-average snowpack in the Rocky Mountains, water officials and scientists say everyone in the Colorado River Basin will need to plan for low reservoir levels for years to come. And some say they think the river's major reservoirs [probably won't refill in our lifetimes](#).

“They're not going to refill. The only reason they filled the first time is because there wasn't demand for the water. In the 1950s, '60s, '70s and '80s, there was no Central Arizona Project, there was no Southern Nevada Water Authority, there was not nearly as much use in the Upper [Colorado River] Basin,” said Bill Hasencamp, manager of Colorado River resources for the Metropolitan Water District of Southern California. “So the water use was low. So that filled up storage.”

Demand for Colorado River water picked up in the late 1990s and early 2000s. The Central Arizona Project, a 336-mile-long water delivery system, brings water from the Colorado River to Arizona's most populous counties and wasn't completed until the 1990s. The Southern Nevada Water Authority was created in 1991.

Arizona began starting to take its full apportionment of river water in the late 1990s, and Nevada in the early 2000s. California continues using the single largest share of the river.

“Now the water use is maxed out. Every state is taking too much, and we have to cut back. And so there's just not enough. You would need wet year after wet year, after wet year after wet year, after

wet year. Even then, because the demand is so high, it still wouldn't fill," Hasencamp said in an interview.

Climate change has dramatically altered the river. In the last 23 years, as rising temperatures have intensified the drought, the river's flow has declined about 20%.

Scientists have found that roughly half the decline in the river's flow has been [caused by higher temperatures](#), and that climate change is driving the [aridification](#) of the Southwest. With global warming, average temperatures across the upper watershed — where most of the river's flow originates — have risen about 3 degrees since 1970.

Research has shown that for each additional 1 degree Celsius (1.8 degrees Fahrenheit), the river's average flow is likely to [decrease about 9%](#).

In multiple studies, scientists have estimated that by the middle of this century, the average flow of the river could [decline by 30%](#) or 40% below the average during the past century.

"The last 23 years are the best lessons we have right now, and they should scare the pants off of people," said Udall, who has been a co-author of [research](#) showing how warming is sapping the river's flows.

Based on the low levels of Lake Mead and Lake Powell, Udall said, he would estimate that refilling the reservoirs would take roughly six consecutive extremely wet years, with water flows similar to those in 2011.

"We'd need six years like that to refill this system, in a row, based on current operating rules," Udall said. "And I just don't see that even being remotely possible."

The Colorado River Basin very well could get a few wet years, he said.

"We might even get a wet decade. But, boy, the long-term warming and drying trend seems super clear to me," Udall said. "And a bet on anything other than that seems like water management malpractice, that we have got to plan for something that looks like a worst-case future."

The Colorado River supplies water to seven states, tribal nations and Mexico. The states are under pressure from the federal government to agree on cuts to prevent reservoirs from dropping to dangerously low levels.

California and the six other states are [at odds over how to make the cuts](#), and have submitted separate proposals to the federal government, with some disagreements centering on the [legal system](#) that governs how the river is managed.

Scientists have [warned of a coming crisis for many years](#).

In a 2008 [study](#), scientists Tim Barnett and David Pierce examined the likely flow declines with climate change and estimated there was a 50% chance the usable water supply in Lake Mead and Lake Powell would be gone by 2021. They titled their study "When Will Lake Mead Go Dry?" In [research](#) published in 2009, they wrote that based on projections with climate change or even the

long-term average flows, “currently scheduled future water deliveries from the Colorado River are not sustainable.”

“Climate change is reducing the flow into the Colorado River system, so the agreements are divvying up more water than exists,” said Pierce, a climate scientist at Scripps Institution of Oceanography. “This drop in reservoir levels is happening because we are abiding by agreements that do not account for changes in water inflow into the system due to climate change.”

There is always the chance of a few extremely wet years with the potential to refill reservoirs, Pierce said.

“It’s just that in the coming decades that likelihood decreases. Our work has estimated that the chance of the reservoirs refilling decreases from about 75% today to about 10% by 2060 if no changes in [water] delivery schedules are made,” Pierce said. “We should be planning for the situation where the hotter temperatures decrease the river flow in the future.”

The capacity of lakes Mead and Powell is gargantuan compared with the capacity of California’s two largest reservoirs, Shasta Lake and Lake Oroville. Lake Mead can store more than 27 million acre-feet of water, and Lake Powell 25 million acre-feet. By contrast, Shasta Lake can hold about 4.6 million acre-feet, and Lake Oroville 3.5 million acre-feet.

The Colorado River supplies, on average, about 25% of the water supplies in coastal Southern California, while the region also gets water from Northern California [through the State Water Project](#), and other sources.

California’s Sierra Nevada [snowpack](#) is now about 200% of average at this point in the season, while the snowpack in the Upper Colorado River Basin so far stands at about 140% of the median over the last 30 years.

The bigger snowpack could help the Colorado’s reservoir levels this year somewhat. How much won’t be clear for a few months.

“Absolutely this snow is welcomed. The cold weather is welcome. The real question will be in the spring,” Hasencamp said.

In recent years, hot, dry conditions have led to reduced flows in the river. “That’s what’s been the killer the last few years, is a hot dry spring has taken the snow that’s been there, and it doesn’t make it to the reservoirs,” Hasencamp said.

Daniel Swain, a UCLA climate scientist, said an exceptionally wet decade might someday change things.

“But the problem is, it doesn’t just have to be wetter than average, it would have to be dramatically wetter than the long-term average,” Swain said. And for many years.

Scientists say higher temperatures effectively make the atmosphere “thirstier,” causing more moisture to evaporate off the landscape. Vegetation also takes up more water as temperatures rise, leaving less runoff flowing in streams.

“There is no question that there will be an ongoing downward trend in inflows, but extreme high events are also more likely to occur in the context of climate change, according to the [U.S. National Climate Assessment](#),” said Kathy Jacobs, director of the University of Arizona’s Center for Climate Adaptation Science and Solutions.

Jacobs noted that researchers project atmospheric rivers will [become more intense](#) with rising temperatures, and scientists expect more intense extreme storms and periodic flooding.

“I strongly suspect that the dams on the Colorado will be needed for flood control in the future as well as for water supply,” Jacobs said.

As for the future, Jacobs said a great deal depends on whether greenhouse gas emissions are reduced “to net zero in the near term.”

There are workable ways of managing reduced water supplies from the river, she said. “The longer we wait to build more flexible future management schemes, the harder it will be.”

Source: <https://www.latimes.com/california/story/2023-02-05/colorado-river-reservoirs-unlikely-to-refill-experts-say>



# San Diego secures \$3 million to help low-income families install efficient toilets, irrigation



Water-efficient toilets are professionally installed in the homes of qualified low-income residents in March 2022 as part of a program spearheaded by the San Diego County Water Authority.

(courtesy San Diego County Water Authority)

## Funding comes as part of a \$46-million push to improve water reliability across California in the face of drought and flooding

BY [JOSHUA EMERSON SMITH](#)

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California has awarded the wholesaler San Diego County Water Authority \$3 million to help financially strapped households install high-efficiency toilets and upgrade irrigation systems, state officials announced last week.

The money comes from the Department of Water Resources as part of [\\$46 million](#) in grants doled out across six counties in the state. Projects include recycling efforts, flood risk and groundwater management, pipeline construction and turf rebates.

The program in San Diego is expected to install about 7,000 new toilets, as well as roughly 4,000 irrigation devices that regulate flow according to weather conditions, officials said. The money is expected to last at least through 2025.

Residents can apply through San Diego Gas & Electric's [Energy Savings Assistance Program](#). For example, a family of four making \$69,375 or less will qualify for the free upgrades.

“This will really help low-income, vulnerable communities not only take advantage of having a new toilet or (irrigation) controller but help offset the cost of water,” said Elizabeth Lovsted, water resources manager at the San Diego County Water Authority. “It really goes with our long-term goals of not only conserving water but helping those that need assistance.”

The new devices are projected to save about 1,300 acre-feet of water per year and turn more than 333,000 acres into water-efficient landscapes. (An acre foot is enough water to cover an acre a foot deep, or 325,851 gallons.)

Sacramento officials remained stern despite recent massive storms. The statewide snowpack was more than 200 percent of normal for this time of year on Friday, according to [data](#) kept by the Department of Water Resources.

“California is facing the real-time impacts of a changing climate, as evidenced by our state’s historic drought and recent flood emergency,” Director Karla Nemeth said in a statement. “Preparing for a future impacted by climate change not only means supporting new water supply efforts, but also strategies that capture excess flows during extreme wet events.”

While San Diego recently experienced its [wettest January](#) in nearly two decades, officials said that [won’t solve](#) any drought woes for a region heavily dependent on the ailing Colorado River.

Southern California is now in a [face-off](#) against the six other basin states over how to make unprecedented cuts on the river. Water officials in Los Angeles and agricultural areas such as the Imperial Valley appear to be doubling down on a century of water law.

San Diego imports nearly 60 percent of its water from the massive river fed by the Rocky Mountains. Only about 24 percent of supplies come from local sources, such as surface flows, groundwater, desalination and recycling.

They rest comes from the Los Angeles-based Metropolitan Water District of Southern California, which is largely impacted by the Sierra Nevada snowpack.

Last month, the Department of Water Resources announced that due to recent storms the State Water Project will meet [30 percent](#) of requested supplies this year. The 705-mile delivery system servicing about 27 million residents only met about 5 percent of orders, plus “unmet human health and safety needs,” in 2022.

Source: <https://www.sandiegouniontribune.com/news/environment/story/2023-02-05/san-diego-secures-3-million-for-drought-relief-programs>