

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

33129 Cole Grade Road
Pauma Valley, CA 92061
PHONE: (760) 742-1909 | FAX: (760) 742-1588

**REGULAR MEETING
SUPPLEMENTAL MATERIALS PACKET**

DATE: Monday, July 27th, 2026
TIME: 10:00 AM – **Open Session**
VENUE: Board Room, Pauma Valley Community Services District
33129 Cole Grade Road, Pauma Valley, CA 92061

Pauma Valley Community Services District Mission

“The mission of the Pauma Valley Community Services District is to protect the public health and environment of its community by providing effective wastewater management and stormwater drainage control, life safety assistance, security services, and exceptional customer care.”

PAUMA VALLEY COMMUNITY SERVICES DISTRICT
Minutes of a Regular Meeting of the Board of Directors

Held on June 22nd, 2026

Directors Present: Fred Nelson, Richard Collins, Michael Esparza, Lolo Levy, and Zan Villanueva
Directors Absent: None
Staff Present: General Manager Eric Steinlicht, Office Manager Marissa Fehling, and Administrative Assistant Maritza Chaloux
Also Present: Chris Palmer with the California Special Districts Association (CSDA), and resident Ron Krohn

1. Call to Order: The Regular Meeting was called to order at 10:00 a.m. by Director Nelson
2. Pledge of Allegiance: The Pledge of Allegiance was led by Director Lolo Levy.
3. Roll Call: Office Manager Fehling conducted roll call and confirmed that a quorum was present.
4. Approval of the Agenda: The Board reviewed the agenda and approved moving Item No. 12, Special District Leadership Foundation Awards the Pauma Valley Community Services District with the District Transparency Certificate of Excellence, to immediately follow the Public Comment Period.

Motion: Approve the agenda as amended, moving Item No. 12 to immediately follow the Public Comment Period.

Result: Approved (Unanimous)

Moved by: Director Collins

Seconded by: Director Villanueva

5. Public Comment Period:
There were no public comments.

– SERVICE RECOGNITION AND AWARDS –

12. Special District Leadership Foundation Awards the Pauma Valley Community Services District with the District Transparency Certificate of Excellence

The Board of Directors will be presented with the District Transparency Certificate of Excellence awarded by the Special District Leadership Foundation (SDLF). The certificate recognizes the District's commitment to transparency, open government, and public engagement through compliance with SDLF's transparency program requirements. A representative of the California Special Districts Association (CSDA) will present the certificate to the District on behalf of SDLF.

Staff Recommendation:

1. Accept and file the District Transparency Certificate of Excellence.
2. Discuss and take action as appropriate.

Chris Palmer, representing the California Special Districts Association on behalf of the Special District Leadership Foundation, presented the District Transparency Certificate of Excellence to the Board. Mr. Palmer recognized the District's commitment to transparency, open government, and public engagement. The Board accepted and filed the certificate. Office Manager Fehling was recognized for leading the District's transparency application process.

Motion: Accept and file the District Transparency Certificate of Excellence.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Nelson

– CONSENT ITEMS –

Items 6-11 appearing on the Consent Calendar may be voted on by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or public requests removal prior to a vote on a motion to approve the items. Such items removed will be considered separately for action by the Board.

6. Minutes of the Regular Board Meeting on May 26th, 2026
7. Review of Variance Report, Balance Sheet, Revenue and Expense Report
8. Accounts Receivable Report
9. Security Division Report
10. Employee Handbook Policy Revisions
11. Resolution Number One Hundred and Thirty-Nine (139) Authorizing the Fiscal Year 2027 Salary Schedule, Effective January 1, 2026

Motion: Approve and file Consent Calendar Items 6-11

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Collins

– DISCUSSION ITEMS –

13. Pauma Valley Roadway Association Roadwork and Communication Protocols
The Board discussed communication concerns related to recent roadway closures, including advance notice, emergency access, contractor coordination, and resident communications. The Board directed staff to work with legal counsel to explore options for establishing formal coordination procedures and inter-agency communication protocols for future roadway projects.
14. Security Division Ad-Hoc Committee Update
No updates were provided.
15. Rancho Pauma Mutual Water Company Ad-Hoc Committee Update
The Board received an update regarding the proposed lease, shared property use, and utility cost allocation with Rancho Pauma Mutual Water Company. Matters requiring legal review were deferred to Closed Session.
16. Pauma Valley Country Club Equivalent Dwelling Unit (EDU) Assignment
The Board briefly revisited the Country Club's EDU assignment and related concerns. The Board noted the previously reviewed calculation methodology and took no action.
17. Operating Budget, Long Range Financial Plan, and Capital Improvement Plan
Treasurer Levy led a discussion regarding coordination of the District's Operating Budget, Long Range Financial Plan, and Capital Improvement Plan. The Board discussed reserve funding, capital planning priorities, and aligning future infrastructure needs with available financial resources. Staff will continue developing the financial planning framework for future Board review.
18. Emergency Sewer Mainline Repair Update
General Manager Steinlicht reported on the emergency sewer mainline repair beneath a County road. The damaged area required excavation of approximately 14 to 15 feet, and repair evidence and video documentation were preserved. Staff also identified two manholes that had been paved over. The Board supported obtaining a qualified proposal to raise the manholes to grade using appropriate specifications and

directed staff and legal counsel to pursue reimbursement from the County. Staff will also continue outreach regarding improper materials entering the sewer system.

19. Supervisory Control and Data Acquisition (SCADA) and Cybersecurity Grant Update
General Manager Steinlicht reported that the SCADA system is operational and providing improved monitoring, trending, and visibility. The approximately \$122,000 system upgrade was funded through the cybersecurity grant. Additional improvements will be completed in phases within remaining grant funds and in compliance with grant requirements.
20. San Diego Local Agency Formation Commission (LAFCO) Status
The Board received an update on the annexation process. Engineering work will resume after the July budget reset to prepare the required legal description and map for submission to LAFCO. Staff will confirm whether any additional LAFCO fees will apply and continue monitoring project costs.
21. Radio Frequency Identification Device (RFID) Policy Implementation, Communication, and Schedule
The Board discussed implementation of the RFID renewal fee beginning in July, database cleanup, and a standardized renewal schedule. RFIDs issued during 2025 and 2026 will be aligned to a January renewal date, with future renewals generally based on the applicable anniversary date. Staff will communicate the renewal requirements and continue maintaining accurate vehicle records.
22. Ordinance Fifty-Five (55) Review and Discussion
The Board discussed a potential conflict between Ordinance No. 55 and an agreement addressing RFID deactivation for debts owed to third parties. The Board noted that the District's authority may be limited to delinquencies owed directly to the District. General Manager Steinlicht will request legal review and options for clarifying the District's authority, policy boundaries, and any necessary amendments or agreement revisions.
23. Board of Directors Term Details and Upcoming General Election
The Board discussed upcoming Director terms and the general-election candidate filing process. Candidate filing materials and final dates were pending confirmation from the County. Staff will issue neutral informational communications explaining that candidates must be registered voters residing within the District, then provide confirmed dates and filing instructions when received.

– ACTION ITEMS –

24. Lease Execution Between the District and Rancho Pauma Mutual Water Company
The Board of Directors will consider executing a lease with the Rancho Pauma Mutual Water Company for the shared utilization of District-owned real estate.

Staff Recommendation:

Discuss and take action as appropriate.

Prior to consideration of this item, the Board approved reordering the agenda to continue Item No. 24 until immediately following Closed Session.

Motion: Continue Item No. 24 until immediately following Closed Session.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Levy

25. Public Hearing and Authorization to Place Delinquent Accounts onto the County Tax Roll.

The Board of Directors will conduct a Public Hearing prior to approving Resolution Number One Hundred and Forty (140) authorizing the General Manager to place delinquent accounts onto the San Diego County Tax Roll for collections.

Staff Recommendation:

1. Conduct a Public Hearing
2. Approve Resolution number one hundred and forty (140) authorizing the placement of delinquent accounts onto the San Diego County Tax Roll.
3. Discuss and take other action as appropriate

President Nelson opened the public hearing regarding delinquent accounts proposed for placement on the San Diego County Tax Roll. The Board reviewed the delinquent account list, annual collection practices, aging accounts, and questions concerning long-term nonpayment and foreclosure.

Motion: Adopt Resolution Number One Hundred and Forty (140), authorizing the placement of delinquent accounts onto the San Diego County Tax Roll.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Collins

26. Fiscal Year 2027 Budget Approval and Adoption

The Board of Directors will consider the presentation and approval of the Fiscal Year 2027 Operating Budget via Resolution Number One Hundred and Forty-One (141).

Staff Recommendation:

1. Approve Resolution Number One Hundred and Forty-One (141) approving and adopting the Fiscal Year 2027 Operating Budget.
2. Discuss and take other action as appropriate.

The Board reviewed the Fiscal Year 2027 Operating Budget, reserve funding, vehicle procurement assumptions, and narrative explanations. The Board also discussed leasing two vehicles, acquiring a utility vehicle, researching grants and cooperative purchasing opportunities, and evaluating an electrical-panel upgrade to support the District's vehicle chargers.

Motion: Approve and adopt Resolution Number One Hundred and Forty-One (141), approving the Fiscal Year 2027 Operating Budget with the stated narrative corrections and clarifications.

Result: Approved (Unanimous)

Moved by: Director Collins

Seconded by: Director Nelson

27. District Vision, Dental, and Health Reimbursement Account Benefit Allocations

The Board of Directors will consider authorizing options regarding additional coverage for District staff that includes Dental, Vision, and the Health Reimbursement Account, totaling an estimated annual fiscal year impact of nine thousand and four hundred dollars (\$9,400).

Staff Recommendation:

1. Approve option One authorizing the District to contribute eighty percent (80%) towards all eligible employees' vision and dental insurance.
2. Authorize an "Opt-Out" Health Reimbursement Account (HRA) contribution addition.
3. Discuss and take action as appropriate.

The Board considered additional employee benefit coverage and the related annual fiscal impact. The Board approved an 80 percent District contribution toward vision and dental insurance premiums for eligible employees, consistent with the District's health-insurance contribution.

Motion: Approve Option One, authorizing the District to contribute eighty percent (80%) towards all eligible employees' vision and dental insurance premiums, and authorize an "Opt-Out" Health Reimbursement Account (HRA) contribution addition.

Result: Approved

Moved by: Director Esparza

Seconded by: Director Nelson

Nays: Director Collins

28. Regular Board Meeting Schedule for the Calendar Year 2027

The Board of Directors will consider the schedule of Regular Meetings of the Board for the upcoming Calendar Year 2027.

Staff Recommendation:

1. Approve Exhibit A.
2. Discuss and take other action as appropriate

The Board reviewed Exhibit A, which establishes eight Regular Board Meetings during Calendar Year 2027. The Board discussed balancing staff workload with the need to timely conduct public hearings, budget actions, and other regular business.

Motion: Approve Exhibit A, the Calendar Year 2027 Regular Board Meeting Schedule.

Result: Approved

Moved by: Director Collins

Seconded by: Director Nelson

Abstained by: Director Esparza

– INFORMATIONAL ITEMS –

29. General Manager's Report

General Manager Steinlicht provided his report, including operational, grant, infrastructure, and solar-project updates. Staff will evaluate the first post-solar utility bill and develop a supportable method for allocating shared electricity costs. The Board also discussed planning a community safety fair in connection with the November 7 airport open house and beginning outreach to potential participants.

30. Miscellaneous Items

A. Requested Items for future agendas (**Directors and Staff Only**)

- a) Salary and Total Compensation Study (In Progress)
- b) Critical Spare Part Inventory/Replacement Program and Computerized Maintenance Management System (CMMS) (In Progress)
- c) Employee Satisfaction Survey (In Progress)

B. Next Regular Meeting of the Board:

- a) Monday, July 27th, 2026, at 10:00 AM

– CLOSED SESSION –

31. The Board of Directors will meet in a Closed Session to discuss:

A. CONFERENCE WITH LEGAL COUNSEL

Existing Litigation

Pursuant to Government Code Section 54956.9(d)(1)

Rancho Pauma Mutual Water Company vs Pauma Valley Community Services District
(San Diego Superior Court Case No. 37-2023-00038164-CU-BC-NC)

- B. CONFERENCE WITH LEGAL COUNSEL
Potential/Threatened/Anticipated Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)
(Three (3) Matters)

The Board entered closed session at 12:05 p.m.

- 32. Open Session
 - A. Reportable Actions.

The Board reconvened to Open Session at 12:40 p.m. Reportable action taken following Closed Session is documented under Item No. 24.

- 24. Lease Execution Between the District and Rancho Pauma Mutual Water Company
The Board of Directors will consider executing a lease with the Rancho Pauma Mutual Water Company for the shared utilization of District-owned real estate.

Staff Recommendation:

Discuss and take action as appropriate.

Following Closed Session, the Board returned to Item No. 24 for consideration. The Board discussed the proposed lease between the District and Rancho Pauma Mutual Water Company, including the status of execution and any remaining conditions for finalizing the agreement.

Motion: Approve the Lease Execution Between the District and Rancho Pauma Mutual Water Company as written.

Result: Approved (Unanimous)

Moved by: Director Collins

Seconded by: Director Esparza

- 33. Adjournment
With nothing further to discuss, the meeting adjourned at 12:42 p.m.

Marissa Fehling

Marissa Fehling, Recording Secretary

Pauma Valley Community Service District
Balance Sheet (Unaudited)
As of June 30, 2026

ASSETS

	Cash/Investment	
1	Cash	350,400
2	LAIF	698
3	Petty Cash	368
4	LAIF Fair Market Value	1
	Total Cash/Investments	351,467
	Accounts Receivable	
5	Dues Receivable	12,218
6	Accounts Receivable	1,807
	Total Accounts Receivable	14,025
	Other Current Assets	
7	Due from RPMWC	22,298
8	Allowance Account	4,944
9	Prepaid Insurance	12,333
10	Prepaid Solar Rooftop Lease	21,250
	Payroll Asset	-
	Total Other Current Assets	60,009
	Fixed Assets, Net	2,419,588
	Other Assets	
11	Investment in USLRGMA	(2)
12	Deferred Outflows - Contributions	79,996
13	Pension Related	390,954
14	Total Other Assets	470,948
	TOTAL ASSETS	\$ 3,316,037

LIABILITIES

15	Current Liabilities	
16	Accounts Payable	8,508
17	HRA Payable	19,421
18	PERS Vacation Liability	(180)
19	Accrued State Payroll Taxes	24
20	Health Payable	212
21	Principal Payable	(305)
22	AFLAC Payable	470
23	Compensated Absences	54,474
24	LAFCO Annex Fees Pass-Through	11,868
	Total Current Liabilities	94,492
	Long Term Liabilities	
25	Net Pension	235,038
26	Deferred Inflows - Pensions	605,358
	Total Long Term Liabilities	840,396
	TOTAL LIABILITIES	934,888
	Fund Balance	
27	Retained Earnings	2,369,141
28	Net Income	12,007
	Total Fund Balance	2,381,149
	TOTAL LIABILITIES & FUND BALANCE	\$ 3,316,037

Pauma Valley Community Service District
Budget to Actual (Unaudited)
For the Period June 30, 2026

		June 2026	YTD	Budget	\$ (Over)/Under Budget
	Operating Revenue				
1	Sewer Charges	\$ 61,830	\$ 662,851	\$ 673,490	\$ 10,639
2	Security Patrol Charges	63,970	719,877	719,866	(11)
3	Security Gate Charge	46,661	553,343	553,388	46
4	Property Tax	1,779	146,414	138,600	(7,814)
5	Interest	-	36	-	(36)
6	RPMWC Lease	3,750	45,000	34,544	(10,456)
7	Admin Services	55	1,640	-	(1,640)
8	Grant Revenue	63,874	106,880	-	(106,880)
9	Other Revenue	1,055	32,821	8,520	(24,301)
10					
11	Total Operating Revenue	242,975	2,268,861	2,128,408	(140,453)
	Expense				
	Salaries and Benefits				
12	Salaries	75,981	976,062	956,600	(19,462)
13	Health Insurance	8,805	100,644	108,700	8,056
14	Payroll Taxes	5,615	75,399	81,400	6,001
15	PERS	8,518	102,759	111,000	8,241
16	Uniforms	296	1,555	2,500	945
17	Workers' Comp. Ins	2,078	25,447	25,500	95
	Total Salaries & Benefits	101,294	1,281,866	1,285,700	3,876
	Operations & Administrative Expenses				
18	Dwelling Live	1,516	11,003	10,500	(503)
19	Electricity	12,353	79,210	65,000	(14,210)
20	Liability Insurance	11,073	61,959	64,020	2,061
21	Miscellaneous	1,390	1,948	2,502	554
22	Telephones	1,022	8,286	10,000	1,714
23	Postage	-	4,831	4,900	69
24	Operator Contract Services	8,700	98,400	97,020	(1,380)
25	Oak Tree Repair & Maint.	-	43	5,000	4,957
26	Sewer line maintenance	39,503	88,710	50,000	(38,710)
27	Sludge Removal	-	16,800	15,000	(1,800)
28	SCADA Maintenance	-	137,330	1,000	(136,330)
29	Solar System Maintenance	-	990	-	(990)
30	Plant Repairs & Maintenance - Other	357	36,955	40,000	3,045
31	Building Repairs & Maintenance	1,156	15,413	16,000	588
32	Gate Repairs & Maintenance	9,672	44,670	40,000	(4,670)
33	Repairs & Maintenance - Other	-	-	10,000	10,000
34	Office Supplies	2,692	32,539	30,000	(2,539)
35	Utility Shop Supplies	165	1,759	1,500	(259)
36	Security Supplies	770	4,494	5,000	506
37	Gate Supplies	279	6,538	5,000	(1,538)
38	Vehicles	1,736	22,588	20,000	(2,588)
39	Drainage	-	22,095	30,000	7,905
40	State Maint. Fee	-	32,150	32,150	-
41	Water Tests & Analysis	1,509	7,332	10,000	2,668
42	Fees	202	14,978	16,000	1,022
43	Engineering	-	18,407	15,000	(3,407)
44	Professional Services	9,236	88,604	56,000	(32,604)
45	Pre-employment Gates	-	117	300	183
46	Schools & Meetings	658	9,422	10,000	578
47	Strategic Plan	-	20,000	20,000	-
48	Audit	-	10,970	11,200	230
49	Accounting	3,970	41,052	50,000	8,948
50	9000 - Capital Transfer	-	5,940	-	(5,940)
51	Legal	3,300	29,453	40,000	10,547
	Total Expense	111,257	974,987	783,100	(184,965)
	Net Revenue / (Expense) Before Capital	30,425	12,007	59,608	40,636
	Capital				
52	Total Expense From Capital	-	-	-	-
53	Net Revenue / (Expense)	30,425	12,007	59,608	40,636

PV COMMUNITY SERVICES DISTRICT
Vendor Check Payments Over 5k
June-2026

Type	Date	Name	Memo	Account	Paid Amount
				105-FS Checking	
Check	06/18/2026	Calpers	PERS for 6/5/26 Pay date PEPRA	203.5- Pers Payable	-4,680
			PERS for 6/5/2026 Pay date CLASSIC	203.5- Pers Payable	-825
Check	06/18/2026	Calpers	PERS for 6/19/2026 Pay date PEPRA	203.5- Pers Payable	-5,022 #
			PERS for 6/19/2026 Pay date CLASSIC	203.5- Pers Payable	-825
					0
					-11,351
TOTAL					-11,351
Bill Pmt-Check	06/23/2026	Cor Security		105-FS Checking	
			Quarterly Inspection	954- Gate Repairs & Maintenance	-4,500
			Main Gate	954- Gate Repairs & Maintenance	-350
			Front Gate Barrier Arm	954- Gate Repairs & Maintenance	-350
					-5,200
TOTAL					-5,200
Bill Pmt-Check	6/19/2026	CRWRMA	Liability Ins 4/1/2026-4/1/2027	105-FS Checking	
				717-Plant Liability Ins.	-3801.6
				823-E&O Liability Ins.	-700.3
				911-Security Liability Ins.	-4304.9
				952-Gate Liability Ins.	-1204.2
					-10,011
TOTAL					-10,011
Check	6/29/2026	SDG&E	MAY 21-JUN 22-2026	105-FS Checking	
				714- Electricity	-4786.18
				812.2- Office Electricity	-1366
				125- Due from RPMWC	-910.66
				714-Electricity	-12.02
				956- Gate Electricity	-94.54
				714-Electricity	-563.46
					-7,733
TOTAL					-7,733
Bill Pmt -Check	6/16/2026	Sewer Stormers	Job# 2026102	105-FS Checking	
				712-Plant repairs & Maintenance	-34260
					-34,260
TOTAL					-34,260
Bill Pmt -Check	6/18/2026	Visa Bankcard	June-2026	818 - Schools & Meetings	-444.84
				812 - Office Supplies	-592.58
				812 - Office Supplies	-973.99
				812 - Office Supplies	-112.59
				920 - Security Supplies	-770.23
				917 - Security Vehicles	-89.4
				125 - Due from RPMWC	-97.68
				712.7 - Utility Shop Supplies	-80.88
				959 - Gate Supplies	-278.65

				730 - Water Tests & Analysis	-659.2
				812 - Office Supplies	35.82
				927 - Patrol Miscellaneous	-1000
TOTAL					-5064
					-5064
Check	6/18/2026	Water Quality	June-2026-INV# 11431	105-FS Checking	
				Operator Contract Services	-8700
					-8700
TOTAL					
					-8700

PAUMA VALLEY COMMUNITY SERVICES DISTRICT

Financial Statement Analysis

June 2026 - Unaudited (Fiscal Year End)

This report summarizes material expenditure variances for the fiscal year ended June 30, 2026. It should be read together with the June 2026 Budget-to-Actual Statement.

June produced net income of \$30,425, bringing the District's fiscal-year net income to \$12,007. Operating revenue totaled \$2,268,861, exceeding budget by \$140,453. Although individual salary and operating accounts exceeded budget, total Salaries and Benefits remained within the amended budget due to offsetting savings in benefit-related accounts. The largest unfavorable expenditure variances were concentrated in SCADA modernization, sewer line maintenance, Professional Services, Salaries, and Electricity.

Largest Unfavorable Variances

Line	Account	YTD Actual	Budget	Over Budget
28	SCADA Maintenance	\$137,330	\$1,000	\$136,330
26	Sewer Line Maintenance	\$88,710	\$50,000	\$38,710
44	Professional Services	\$88,604	\$56,000	\$32,604
12	Salaries	\$976,062	\$956,600	\$19,462
19	Electricity	\$79,210	\$65,000	\$14,210

Budget Variance Explanations

Salaries and Benefits

Line 12 - Salaries | YTD \$976,062; Budget \$956,600; Over Budget \$19,462

- Salaries exceeded the line-item budget by approximately 2%. However, total Salaries and Benefits remained approximately \$3,800 under budget because Health Insurance, Payroll Taxes, PERS, Uniforms, and Workers' Compensation finished below their individual budgets.

Operations and Administrative Expenses

Line 18 - Dwelling Live | YTD \$11,003; Budget \$10,500; Over Budget \$503

- The annual gate-access management service cost finished slightly above the amount budgeted.

Line 19 - Electricity | YTD \$79,210; Budget \$65,000; Over Budget \$14,210

- Electricity costs were higher than anticipated, particularly during periods of increased seasonal demand. Staff is working with SDG&E to correct the District's solar billing configuration so applicable solar generation credits from recent months are properly reflected. Resulting credits are expected on future invoices and will allow a more accurate evaluation of post-solar savings.

Line 24 - Operator Contract Services | YTD \$98,400; Budget \$97,020; Over Budget \$1,380

- Twelve months of contracted treatment plant operating services totaled \$98,400, finishing approximately 1% above the amended budget.

Line 26 - Sewer Line Maintenance | YTD \$88,710; Budget \$50,000; Over Budget \$38,710

- June expense of \$39,503 included emergency response to a 6-inch sewer main obstruction, asphalt removal, and line repair. At the broader maintenance-budget level, \$14,957 remaining in Oak Tree Repair & Maintenance and Repairs & Maintenance - Other partially offsets this \$38,710 overage.

Line 27 - Sludge Removal | YTD \$16,800; Budget \$15,000; Over Budget \$1,800

- Three sludge hauls completed in May increased the fiscal-year cost above the annual estimate. No additional sludge-removal expense was recorded in June.

Line 28 - SCADA Maintenance | YTD \$137,330; Budget \$1,000; Over Budget \$136,330

- The variance reflects SCADA modernization and cybersecurity improvements. The District received \$63,874 in SLCGP reimbursement revenue during June, bringing fiscal-year grant revenue to \$106,880. The District was also approved for an additional cybersecurity grant reimbursement of approximately \$44,000, which will further offset eligible project costs when received. Grant revenue is recorded separately from this expenditure account.

Line 29 - Solar System Maintenance | YTD \$990; Budget \$0; Over Budget \$990

- Professional solar-panel cleaning was completed during the fiscal year to support system efficiency. No budget was established for this newly added maintenance account.

Line 32 - Gate Repairs and Maintenance | YTD \$44,670; Budget \$40,000; Over Budget \$4,670

- June expense of \$9,672 included quarterly preventive maintenance and invoices recorded in June for services performed in prior periods. These costs brought the account above its annual budget.

Line 34 - Office Supplies | YTD \$32,539; Budget \$30,000; Over Budget \$2,539

- The account finished modestly over budget due to unplanned monitor and lock replacements, together with normal office supplies, software, and administrative operating costs.

Line 35 - Utility Shop Supplies | YTD \$1,759; Budget \$1,500; Over Budget \$259

- Field documentation materials and other utility-operating supplies caused a minor year-end variance.

Line 37 - Gate Supplies | YTD \$6,538; Budget \$5,000; Over Budget \$1,538

- Unplanned gate signage and restroom-related materials caused the account to exceed budget. Any labor or repair charges included in this account should be reviewed for consistent classification.

Line 38 - Vehicles | YTD \$22,588; Budget \$20,000; Over Budget \$2,588

- Unexpected repairs to District Tesla vehicles, including air-conditioning and headlight work earlier in the fiscal year, together with regular vehicle lease and maintenance costs, caused the annual overage.

Line 39 - Drainage | YTD \$22,095; Budget \$30,000; Under Budget \$7,905

- Drainage finished \$7,905 under budget, partially offsetting other operations and maintenance overages. Expenses included weed abatement, engineering and property-related work, emergency jetting, and CCTV inspection services.

Line 43 - Engineering | YTD \$18,407; Budget \$15,000; Over Budget \$3,407

- Engineering services provided by Carollo Engineers under the Board-approved professional services agreement exceeded the annual allocation. No additional engineering expense was recorded in June.

Line 44 - Professional Services | YTD \$88,604; Budget \$56,000; Over Budget \$32,604

- The unfavorable variance primarily reflects completion of the Cost of Service Analysis and increased IT, cybersecurity, and grant-administration support. Eligible grant-related costs are offset by reimbursement revenue recorded separately under Grant Revenue.

PV COMMUNITY SERVICES DISTRICT

A/R Aging Summary

As of June 30, 2026

	Current	1 - 60	61 - 120	121 - 180	> 180	TOTAL
CSD-001	0.00	-661.74	-661.74	-661.74	-3.12	-1,988.34
CSD-002	0.00	-1,679.21	0.00	0.00	0.00	-1,679.21
CSD-003	0.00	-702.82	-532.46	0.00	0.00	-1,235.28
CSD-004	-431.30	0.00	0.00	-371.00	-321.52	-1,123.82
CSD-005	0.00	-656.06	0.00	0.00	0.00	-656.06
CSD-006	0.00	-607.01	0.00	0.00	0.00	-607.01
CSD-007	0.00	-431.30	-47.85	0.00	0.00	-479.15
CSD-008	0.00	-436.84	0.00	0.00	0.00	-436.84
CSD-009	0.00	-436.84	0.00	0.00	0.00	-436.84
CSD-010	-431.30	0.00	0.00	0.00	0.00	-431.30
CSD-011	-407.61	0.00	0.00	0.00	0.00	-407.61
CSD-012	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-013	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-014	-407.61	0.00	0.00	0.00	0.00	-407.61
CSD-015	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-016	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-017	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-018	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-019	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-020	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-021	0.00	0.00	-407.61	0.00	0.00	-407.61
CSD-022	0.00	0.00	0.00	-407.61	0.00	-407.61
CSD-023	0.00	-407.61	0.00	0.00	0.00	-407.61
CSD-024	0.00	0.00	0.00	0.00	-371.00	-371.00
CSD-025	0.00	-371.00	0.00	0.00	0.00	-371.00
CSD-026	0.00	-351.41	0.00	0.00	0.00	-351.41
CSD-027	0.00	0.00	0.00	0.00	-350.00	-350.00
CSD-028	-330.87	0.00	0.00	0.00	0.00	-330.87
CSD-029	0.00	0.00	-300.00	-13.34	0.00	-313.34
CSD-030	0.00	0.00	0.00	-297.78	0.00	-297.78
CSD-031	0.00	-283.18	0.00	0.00	0.00	-283.18
CSD-032	0.00	-281.12	0.00	0.00	0.00	-281.12
CSD-033	0.00	0.00	-60.00	-55.64	-163.18	-278.82
CSD-034	0.00	0.00	0.00	0.00	-249.50	-249.50
CSD-035	-24.00	-24.00	-72.00	-48.00	-35.34	-203.34
CSD-036	0.00	0.00	-108.42	0.00	0.00	-108.42
CSD-037	0.00	-76.74	0.00	0.00	0.00	-76.74
CSD-038	0.00	-64.00	0.00	0.00	0.00	-64.00
CSD-039	0.00	-45.00	0.00	0.00	0.00	-45.00
CSD-040	0.00	-36.61	0.00	0.00	0.00	-36.61

CSD-041	0.00	0.00	0.00	0.00	-7.18	-7.18
CSD-042	0.00	-4.40	0.00	0.00	0.00	-4.40
CSD-043	0.00	-1.95	0.00	0.00	0.00	-1.95
CSD-044	-1.53	0.00	0.00	0.00	0.00	-1.53
CSD-045	0.00	-1.39	0.00	0.00	0.00	-1.39
CSD-046	0.00	-0.50	0.00	0.00	0.00	-0.50
CSD-047	0.00	-0.08	0.00	0.00	0.00	-0.08
CSD-048	0.00	-0.06	0.00	0.00	0.00	-0.06
CSD-049	-0.06	0.00	0.00	0.00	0.00	-0.06
CSD-050	0.00	-0.06	0.00	0.00	0.00	-0.06
CSD-051	0.00	-0.02	0.00	0.00	0.00	-0.02
CSD-052	0.00	0.00	0.00	0.00	-0.01	-0.01
CSD-053	0.00	0.00	-0.01	0.00	0.00	-0.01
CSD-054	362.61	-362.61	0.00	0.00	0.00	0.00
CSD-055	0.00	0.00	0.00	0.00	0.00	0.00
CSD-056	0.00	0.00	0.00	0.00	0.00	0.00
CSD-057	0.00	0.00	0.00	0.00	0.00	0.00
CSD-058	0.00	0.00	0.00	0.00	0.00	0.00
CSD-059	0.00	0.00	0.00	0.00	0.00	0.00
CSD-060	0.00	0.00	0.00	0.00	0.00	0.00
CSD-061	0.00	0.00	0.00	0.00	0.00	0.00
CSD-062	0.00	0.00	0.00	0.00	0.00	0.00
CSD-063	0.00	0.09	0.00	0.00	0.00	0.09
CSD-064	0.00	0.10	0.00	0.00	0.00	0.10
CSD-065	0.00	0.10	0.00	0.00	0.00	0.10
CSD-066	0.00	0.41	0.00	0.00	0.00	0.41
CSD-067	0.00	0.50	0.00	0.00	0.00	0.50
CSD-068	0.00	6.00	0.00	0.00	0.00	6.00
CSD-069	0.00	24.11	0.00	0.00	0.00	24.11
CSD-070	0.00	25.00	0.00	0.00	0.00	25.00
CSD-071	0.00	34.75	0.00	0.00	0.00	34.75
CSD-072	0.00	35.61	0.00	0.00	0.00	35.61
CSD-073	0.00	36.61	0.00	0.00	0.00	36.61
CSD-074	0.00	0.00	0.00	0.00	38.66	38.66
CSD-075	0.00	39.18	0.00	0.00	0.00	39.18
CSD-076	0.00	39.18	0.00	0.00	0.00	39.18
CSD-077	0.00	46.39	0.00	0.00	0.00	46.39
CSD-078	0.00	52.13	0.00	0.00	0.00	52.13
CSD-079	0.00	108.85	0.00	0.00	0.00	108.85
CSD-080	0.00	129.35	0.00	0.00	0.00	129.35
CSD-081	0.00	136.02	0.00	0.00	0.00	136.02
CSD-082	0.00	189.74	0.00	0.00	0.00	189.74
CSD-083	40.00	40.00	80.00	40.00	0.00	200.00
CSD-084	0.00	202.08	0.00	0.00	0.00	202.08

CSD-085	0.00	219.66	0.00	0.00	0.00	219.66
CSD-086	0.00	282.36	0.00	0.00	0.00	282.36
CSD-087	0.00	283.18	0.00	0.00	0.00	283.18
CSD-088	0.00	283.18	0.00	0.00	0.00	283.18
CSD-089	0.00	303.00	0.00	0.00	0.00	303.00
CSD-090	0.00	405.22	0.00	0.00	0.00	405.22
CSD-091	0.00	406.66	0.00	0.00	0.00	406.66
CSD-092	0.00	407.61	0.00	0.00	0.00	407.61
CSD-093	0.00	407.61	0.00	0.00	0.00	407.61
CSD-094	0.00	407.61	0.00	0.00	0.00	407.61
CSD-095	0.00	407.61	0.00	0.00	0.00	407.61
CSD-096	0.00	407.61	0.00	0.00	0.00	407.61
CSD-097	0.00	407.61	0.00	0.00	0.00	407.61
CSD-098	0.00	407.61	0.00	0.00	0.00	407.61
CSD-099	0.00	407.61	0.00	0.00	0.00	407.61
CSD-100	0.00	407.61	0.00	0.00	0.00	407.61
CSD-101	0.00	427.00	0.00	0.00	0.00	427.00
CSD-102	0.00	427.20	0.00	0.00	0.00	427.20
CSD-103	0.00	431.30	0.00	0.00	0.00	431.30
CSD-104	0.00	432.61	0.00	0.00	0.00	432.61
CSD-105	0.00	447.58	0.00	0.00	0.00	447.58
CSD-106	0.00	454.74	0.00	0.00	0.00	454.74
CSD-107	0.00	566.36	0.00	0.00	0.00	566.36
CSD-108	0.00	815.22	0.00	0.00	0.00	815.22
CSD-109	0.00	815.22	0.00	0.00	0.00	815.22
CSD-110	0.00	815.22	0.00	0.00	0.00	815.22
CSD-111	0.00	815.22	0.00	0.00	0.00	815.22
CSD-112	0.00	815.22	0.00	0.00	0.00	815.22
CSD-113	0.00	878.47	0.00	0.00	0.00	878.47
CSD-114	0.00	0.00	0.00	0.00	1,364.32	1,364.32
CSD-115	0.00	336.49	355.66	333.98	642.81	1,668.94
CSD-116	0.00	602.76	641.40	603.43	88.52	1,936.11
CSD-117	0.00	866.77	935.63	815.22	0.00	2,617.62
CSD-118	0.00	608.00	642.73	603.26	1,134.31	2,988.30
CSD-119	0.00	877.17	924.95	866.35	2,038.03	4,706.50
TOTAL	<u>-1,631.67</u>	<u>7,246.06</u>	<u>1,390.28</u>	<u>1,407.13</u>	<u>3,805.80</u>	<u>12,217.60</u>

**PAUMA VALLEY COMMUNITY SERVICES DISTRICT
SECURITY REPORT**

June 11, 2026 – July 10, 2026

Pauma Valley CSD Security Department Personnel		
Name	Call Sign	Billet
Officer Todd Albert	1L1	General Service Supervisor
Officer Dale Easter	1L2	Patrolman / Security Lead
Officer Eduardo Aguilar	1L3	Patrolman
Officer Luis Orozco	1L4	Patrolman
Officer German Colin	1L5	Patrolman
Officer Zachary Meyer	1L7	Patrolman
Gerardo Gonzalez	C1/1L6	Gate Attendant / Patrolman
Matthew Carson	C1	Gate Attendant
Lucas McElvain	C1	Gate Attendant
Chris Nieves	C1	Gate Attendant
Jose Solis	C1	Gate Attendant

Vehicle Maintenance Report

Tesla 01 (130,282)

- Scuffs on the bottom right corner of the front bumper.
- Rear passenger headliner is ripped.
- The wrap has sun damage.
- Driver-side window tint is peeling.
- Driver seat trim is broken. Seat cover is ripped. Steering wheel cover is ripped. Driver seat controls malfunctioning.
- Charging port malfunctions on the unit. Tire pressure monitoring system fault.

Tesla 02 (136,443)

- The Front bumper is broken.
- Driver seat cover is ripped.
- The wrap has sun damage.
- The passenger side skirt is dented.
- The armrest needs a new cover.
- Driver seat controls are malfunctioning.
- Driver seat trim is broken.
- Steering wheel cover is ripped.

Submitted by: German Colin, Vehicle Maintenance Officer

Gate Security Report

- Rear and center gate switch panel remains shorted and requires additional electrical repairs.
- All cameras are operational.
- Front gate intercom "Talk" button is sticking; Cor Security is aware.
- No issues have resulted from the removal of service worker entry restrictions under Ord 55.

Submitted by: Matthew Carson, Gate Supervisor

ACTIVITY LOG

June 11, 2026, at 2045, North Coast Church 11.53: Officer Meyer found the outdoor men’s bathroom and the hallway door in the breezeway unsecured. He cleared and secured the buildings. The alarm was not set. Control 1 to notify contact in the morning.
June 11, 2026, at 2055, Pauma Building 11.53: Officer Meyer found door 100 unsecured. He cleared and secured the building. Control 1 to notify contact in the morning.
June 12, 2026, at 0941, Knight Security: Officer Orozco responded to a residential alarm at a residence. Contact was made with the housekeeper, who advised the alarm was accidentally activated due to an incorrect code entry.
June 12, 2026, at 2240, Pauma School 11.53: Officer Meyer found both bungalow bathrooms unsecured. He cleared both bathrooms but was only able to secure the men’s restroom. He also found the multipurpose room unsecured. He cleared and secured the building. Control 1 to notify contact in the morning.
June 13, 2026, at 1851, Gate Runner: Control 1 observed a dark blue SUV gain entry through the back gate by tailgating another vehicle. Officer Aguilar attempted to identify and locate the vehicle within the community; however, the vehicle was not located after an area search was conducted. The incident was documented, and no further action was taken.
June 14, 2026, at 0055, Pauma School 11.53: Officer Meyer found the women’s bathroom unlocked. He cleared the building but was unable to secure it. Control 1 to notify contact in the morning.
June 14, 2026, at 0150, North Coast Church 11.53: Officer Meyer found the upstairs room unsecured. He cleared and secured the building. Control 1 to notify contact in the morning.
June 14, 2026, at 1225, Medical Call: Officer Orozco responded to a medical call regarding a resident in the community experiencing chest pain. Medical personnel responded and evaluated the subject. The resident was then transported to the hospital due to abnormal heart readings.
June 15, 2026, at 0617, Medical Call: Officer Meyer was dispatched to Pauma Valley Drive for a possible stroke. The officer arrived and told the residents what they would need when the ambulance arrived; ID, allergies, and insurance. Medics arrived and ran tests. The resident was transported to Palomar Hospital for further testing.
June 15, 2026, at 2123, 11.53 Pauma School: Officer Aguilar found the girls bathroom and room 4 doors by the library unlocked. He was able to clear building but unable to secure doors. Control 1 to notify contact.
June 16, 2026, at 2122, 11.53 Pauma School: Officer Aguilar found the girls bathroom and room 4 by the library, the boy’s bathroom by the primary rooms, and the back cafeteria doors were all left unlocked. The officer was able to clear the buildings but unable to secure doors. Control 1 to notify contact.
June 18, 2026, at 0750, Process Server: Officer Colin escorted a process server to a residence on Luiseno Circle Dr.
June 19, 2026, at 0200, North Coast Church 11.53: Officer Meyer found the main double doors to the church unlocked. He cleared the building but was unable to secure it. He also found the storage room under the stairs unlocked. He cleared and secured the building. Control 1 to notify contact in the morning.
June 18, 2026, at 1909, Gunshot Noise: Officer Easter contacted residents regarding reported gunshot noises in the area. One resident stated they believed the noises were gunshots originating from a nearby property. The officer spoke with the homeowner who also heard the noise but believed they were coming from across the highway. The officer conducted a patrol of the highway area and checked nearby locations to locate the source of the noises. Unable to locate or confirm the source.

June 19, 2026, at 1011, Gate Runner: Officer Orozco received a report of a vehicle that entered the community without stopping for proper entry. The vehicle was later observed exiting the community. No further action was taken.
June 19, 2026, at 1905, Medical Call: Officer Orozco responded to a medical call involving a resident experiencing chest pain. The resident was evaluated by medical personnel and transported for further medical treatment.
June 19, 2026, at 2355, North Coast Church 11.53: Officer Meyer found the kitchen door in the breezeway and the storage room under the stairs unsecured. He cleared and secured both doors. The alarm was set off while clearing the church. Control 1 to notify contact in the morning.
June 20, 2026, at 2253, Resident Concern: Officer Meyer dispatched to Tukwut because a resident heard a dog being attacked by a coyote. The officer searched the area with the resident but was unable to find any sign of the dog or coyote.
June 21, 2026, at 1248, Resident Concern: Officer Orozco responded to a report of an unknown individual in the community. Contact was made with the individual, who advised he had been directed to a residence address for a delivery pickup and turned out to be a scam involving the use of a resident's address and name. The individual was escorted out of the community without incident.
June 23, 2026, at 1049, Snake Call: Officer Easter was dispatched to Wiskon Way West for a snake call. The snake was successfully removed from the property.
June 23, 2026, at 1542, Snake Call: Officer Easter was dispatched to the PVCC pool for a snake call. The snake was successfully removed from the property.
June 24, 2026, at 1409, Traffic Collision: While stopped on Highway 76 due to roadwork, Officer Easter observed the vehicle behind him being rear-ended by another vehicle. Following the collision, both vehicles safely pulled over to the side of the road. Officer Easter made contact with both parties and asked if anyone required medical attention. Both drivers declined medical assistance. Officer Easter provided his name and contact number to one of the involved parties before clearing the scene.
June 24, 2026, at 1851, Lift Assist: Officer Aguilar responded to a lift assist for a resident on Luiseno Circle Drive. Her husband had fallen while attempting to stand and use his walker. Upon arrival, contact was made with both residents. The individual was found seated on the floor, alert and conscious, with minor bleeding from open wounds on one arm. The resident stated there was no head strike, back pain, or other injuries, and explained the fall occurred after losing strength while reaching for the walker. The resident was safely lifted from the floor to a chair, and the wounds were cleaned and bandaged. After being assisted, the resident appeared pale and began having trouble breathing. At the spouse's request, emergency medical services were contacted. Cal Fire and Mercy arrived, evaluated the resident, and determined transport to the hospital was necessary.
June 25, 2026, at 2237, Pauma School 11.53: Officers Meyer and Colin found the cafeteria door unlocked. They cleared the building but were unable to secure it. Control 1 notified our contact.
June 26, 2026, at 1200, Public Assist: Officer Orozco responded to a found property incident involving a license plate located on temet dirt road. The item was then returned to the owner.
June 26, 2026, at 1810, Medical Call: Officer Meyer dispatched to Pauma Heights for a medical. The fire department ran tests and transported the resident to Palomar Hospital for further testing.
June 26, 2026, at 2045, North Coast Church 11.53: Officer Meyer found the storage rooms near the front of the building and under the stairs, the kitchen door in the breezeway, and both one-way doors on the back side of the building were all unlocked. Officer Meyer cleared and secured the building. Control 1 to notify contact.
June 26, 2026, at 2315, Pauma School 11.53: Officer Meyer found the cafeteria door unlocked. He cleared the building but was unable to secure the door. Control 1 to notify contact.

June 26, 2026, at 2340, Gate Malfunction: Officer Meyer noticed the gate at Oak Tree stuck open. Upon investigation of the gate, he noticed the sensor had been dislodged from the pillar. He was able to temporarily fix the problem to get the gate shut. Control 1 to notify contact in the morning.
June 27, 2026, at 0239, Resident Concern: Officer Gonzalez dispatched to Luiseno Circle Drive per resident's request as they reported noises outside their home. Upon arrival 1L6 was UTL anything out of the ordinary as he patrolled the residence.
June 27, 2026, at 1839, Process Server: Officer Aguilar responded to the gates to assist a process server to a resident on Wiskon Way East. Upon arrival, contact was made with resident, and the server successfully completed the service.
July 1, 2026, at 1654, Medical: Officer Easter responded to a reported medical aid at the Country Club. The call was not broadcast over the scanner. Upon arrival, Officer Easter observed Cal Fire personnel already on scene treating one individual. The individual was evaluated on scene, and no transport was required.
July 2, 2026, at 0035, Pauma School 11.53: Officer Colin found the men's restroom by classroom 7 locked but not latched, he cleared and secured the room. Control 1 had already notified the contact.
July 2, 2026, at 2005, North Coast Church 11.53: Officer Meyer found multiple windows open and was unable to secure them. Control 1 notified contact.
July 2, 2026, at 2218, Medical Call: Officer Meyer and Colin dispatched to Womsi Road. The resident had fallen an hour prior to the medical call and was in a lot of pain. Cal Fire ran tests and insisted on further tests at the hospital. The resident was transported to Palomar Hospital.
July 3, 2026, at 0034, Alarm: Officers Meyer and Colin dispatched to Saint Francis Church because the North Motion Alarm was set off. They searched the area and found no signs of break-in or suspicious activity. No further action was taken.
July 3, 2026, at 2025, Pauma Building 11.53: Officer Meyer found doors 100, 103, and the residential commercial room unlocked. He cleared and secured all doors. Control 1 to notify contact in the morning.
July 5, 2026, at 0130, Pauma Village 11.53: Officer Meyer found a person sleeping in front of the water dispenser. He was instructed to leave and started walking West toward Hwy 76.
July 6, 2026, at 1840, Welfare Check: Control 1 received a call from a resident's daughter requesting a welfare check on Luiseno Circle Drive. The daughter's mother was not answering the phone and she was concerned. Officer Aguilar responded and attempted to make contact at the residence. The resident did not answer the door or doorbell. The daughter was contacted again and provided permission for patrol to enter the home. Officer Aguilar made entry through the back sliding door and located the resident asleep in her bedroom. The resident woke up when contacted, appeared okay, and was advised that her daughter had been trying to reach her and was worried. The resident stated she would call her daughter and let her know she was fine.
July 6, 2026, at 2235, Gate Runner: Officer Aguilar and Officer Colin responded to a gate runner call, a White Tahoe, who tail gated someone through the center gate. Both patrol officers went inside the community looking for the vehicle but were unable to locate it.
July 7, 2026, at 0503, Resident Concern: Officer Colin was dispatched to Luiseno Circle Drive. The resident heard noises outside her home and wanted patrol to check it out. Officer Colin patrolled the area but did not see anything out of the ordinary.
July 8, 2026, at 0332, Medical Call: Officer Colin was dispatched to Happy Hollow Lane for a medical call. The resident fell, medics took his vitals and advised that he should go to the hospital, but the resident refused.
July 9, 2026, at 0315, Fire Alarm: Officer Colin was dispatched to Pauma Valley Drive for a fire alarm. There was no visible smoke or fire. The fire fighters checked the attics just in case and determined it was a false alarm.

July 9, 2026, at 2239, Pauma School 11.53: Officer Meyer and Colin found room 16 locked but not latched. They cleared and secured the building. Control 1 to notify contact in the morning.

July 10, 2026, at 0817, Medical: Officer Easter was dispatched to Luiseno Circle Drive for a medical. All units arrived on scene. One was transported to Palomar Hospital for further evaluation.

July 10, 2026, at 1333, PVCC Report: Officer Easter made contact with a Greens Maintenance employee regarding recent incidents involving golf cart equipment being taken from their property overnight. Greens Maintenance requested that Security conduct additional patrol inside the maintenance shop throughout the night. They also advised they would begin locking the rear gate and removing the keys from their equipment after each use to help prevent future incidents.

July 10, 2026, at 1444, Water Leak: Officer Easter reported a water leak on Luiseno Circle Drive to RPM.

RFID Entries						
Front Gate			Center Gate		Back Gate	
16,108			2,147		16,509	
Dispatch By Location						
Inside PVCCE	Oak Tree	School	Business Dist.	St. Francis	PVCC	Hwy 76
14	1	10	6	2	2	
Highlights by Shift Periods						
A: 2200-0600			B: 0600-1400		C: 1400-2200	
21			11		19	

PVCSD Patrol – Building Checks				
Location	Unsecured Door	Fire Alarm	Burglary Alarm	Officer Check
			459A	1153
Country Club(CC)				
Greens Maintenance(GM)				
Community Church(CO)	6			45
Gravel Yard(GY)				76
Saint Francis(SF)		1	1	75
Pauma School(PS)	13			39
Pauma Building(PB)	2		1	49
Airport Hangars(AH)				73
Treatment Plant(TP)				59
Pauma Village(PV)				48
Residential Houses/Other	3		1	

Patrol Activity				Gate Activity	
Medicals	9	Resident Concern	8	Activity/Malfunctions	Totals
Welfare Checks	1	Suspicious Activity	1	Unresponsive	0
Lift Assist	1	Noise Complaint		Will Not Close	1
Domestic Dispute		Process Server	2	False Read	0
Traffic Collisions		911 Hang-up Call		Loss of Controls	Continuous
Gate Runner/ Gate Crashers	4	Loose Pets		Video Loss	0
Public Assists		Snake Call	2	Device Entries	53,190
Jump Start		Trespassing		Passes Issued	2,906
Notice of Violation		Other	2	Pass Entries	6,817

Acronym Legend			
Acronym	Definition	Acronym	Description
459	Burglary penal code	AFA	Asian Female Adult
AMA	Against Medical Advise	AMA	Asian Male Adult
BOLO	Be on the Lookout	AFJ	Asian Female Juvenile
CHP	California Highway Patrol	AMJ	Asian Male Juvenile
DOB	Date of Birth	BFA	Black Female Adult
DL	Driver License	BMA	Black Male Adult
DV	Domestic Violence	BFJ	Black Female Juvenile
EB	East Bound	BMJ	Black Male Juvenile
FU	Follow Up	HFA	Hispanic Female Adult
IVO	In Vicinity Of	HMA	Hispanic Male Adult
LP	License Plate	HFJ	Hispanic Female Juvenile
LCD	Luiseno Circle Drive	HMJ	Hispanic Male Juvenile
NB	North Bound	MFA	Mexican Female Adult
NLT	No Later Than	MMA	Mexican Male Adult
PERT	Psychiatric Emergency Response Team	MFJ	Mexican Female Juvenile
PT	Patient	MMJ	Mexican Male Juvenile
PVD	Pauma Valley Drive	NAFA	Native American Female Adult
PVRA	Pauma Valley Roadway Association	NAMA	Native American Male Adult
ROTR	Rules of the Road	NAFJ	Native American Female Juvenile
RP	Reporting Party	NAMJ	Native American Male Juvenile
SB	South Bound	WFA	White Female Adult
S/O	Sheriff's Office	WMA	White Male Adult
SR 76	State Route 76/ Highway 76	WFJ	White Female Juvenile
TC	Traffic Collision	WMJ	White Male Juvenile

UTL	Unable to Locate		
WB	West Bound		
WWE	Wiskon Way East		
WWW	Wiskon Way West		
YOA	Years of Age		
Unresponsive	the gate does not open for an RFID		
Will Not Close	the gate does not close when it is supposed to		
False Signal	the alarm goes off in the Front Gate for no discernable reason		
Loss of Controls	gate attendant cannot open the gates remotely		
Video Loss	occurs when the gate attendant cannot see the feeds from the Center or Back Gates		

RESOLUTION NO. 140

A RESOLUTION OF THE BOARD OF DIRECTORS OF PAUMA VALLEY COMMUNITY SERVICES DISTRICT ADOPTING THE REPORT OF THE ANNUAL DELINQUENT CHARGES AND PENALTIES AND DIRECTING THE GENERAL MANAGER OF THE DISTRICT TO FILE THE REPORT WITH THE SAN DIEGO COUNTY AUDITOR FOR PLACEMENT OF CHARGES AND PENALTIES ON THE TAX ROLL FOR COLLECTION

WHEREAS, the Board of Directors of Pauma Valley Community Services District ("District") has adopted a Resolution as authorized by Government Code section 61115 to provide, by resolution or ordinance, for the collection of delinquent service charges and penalties on the tax roll in the same manner as property taxes; and

WHEREAS, pursuant to Government Code section 61115(b), the General Manager has prepared a written report ("Report"), a copy of which is attached hereto and by this reference incorporated herein, describing each parcel of real property with delinquent and unpaid charges and penalties for District services and facilities for Fiscal Year 2026-2027, and those charges and penalties have been confirmed as correct; and

WHEREAS, the General Manager has caused notice of the filing of the Report to be published and has given notice of the hearing to consider such Report all in accordance with California Government Code section 61115(b); and

WHEREAS, the Board of Directors has heard and considered all objections and protests to the Report.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT, as follows:

- Section 1.

The Board of Directors hereby finds and determines that the Recitals are true and correct and are incorporated herein.
- Section 2.

The Board of Directors of the District hereby adopts the Report and all charges and penalties described therein.
- Section 3.

On or before the 10th day of August 2026, the General Manager is hereby directed to file a copy of the Report with the San Diego County Auditor, together with a statement endorsed thereon over his/her signature that the Report has been adopted by the Board of Directors.
- Section 4.

The Board hereby requests the County Auditor to place the delinquent charges and penalties described in the Report on the Tax Roll for collection in the same manner as ordinary ad valorem property taxes and subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes. The Board authorizes the County Tax Collector to deduct the reasonable administrative costs incurred in collecting the delinquent charges and the special tax, and to pay the remainder to PAUMA VALLEY COMMUNITY SERVICES DISTRICT.
- Section 5.

The Board authorizes and directs the General Manager to perform such additional duties as are required to ensure placement of the delinquent charges and penalties on the Tax Roll on or before August 10, 2026.
- Section 6.

This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED BY the Board of Directors of the Pauma Valley Community Services District, Pauma Valley, California, held on the 22nd day of June 2026, by the following vote:

AYES: Fred Nelson, Richard Collins, Michael Esparza, Lolo Levy, Zan Villanueva

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE



Fred Nelson, President

ATTEST:


Michael Esparza, Secretary

DocuSigned by:

APPROVED AS TO FORM:



Jeff Morris

AA979381059C496...

Jeffrey A. Morris, General Counsel

RESOLUTION NO. 141

A RESOLUTION OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT APPROVING
THE FISCAL YEAR 2026-2027 BUDGET

WHEREAS, the Pauma Valley Community Services District ("District") is a governmental agency duly organized and existing under the laws of the State of California;

WHEREAS, the District is authorized under Government Code §61000 et seq. to adopt an annual budget to ensure the provision of wastewater management, stormwater drainage, security services, and administrative operations;

WHEREAS, the General Manager, in collaboration with the Budget Review Ad-Hoc Committee, has developed a proposed budget for Fiscal Year 2026, which provides for anticipated revenues, operating expenditures, capital improvements, reserves, and other financial obligations of the District;

WHEREAS, the proposed Fiscal Year 2027 Budget has been presented to the Board of Directors in a public meeting on June 22, 2026, and public comment has been solicited consistent with applicable provisions of California law;

WHEREAS, the Board of Directors has reviewed the proposed budget and determined that it meets the financial, operational, and capital needs of the District;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Pauma Valley Community Services District, as follows:

1. The Fiscal Year 2027 Budget, as presented by the General Manager and incorporated herein by reference, is hereby approved and adopted.
2. The General Manager is authorized and directed to implement the Fiscal Year 2027 Budget as adopted and to take all necessary actions to carry out the expenditures and financial planning therein.
3. This resolution shall take effect immediately upon its adoption.

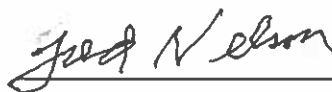
ADOPTED AND APPROVED this 22nd day of June 2026, by the Board of Directors of Pauma Valley Community Services District, Pauma Valley, California, by the following vote:

AYES: Fred Nelson, Richard Collins, Michael Esparza, Lolo Levy, Zan Villanueva

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE



Fred Nelson, President

ATTEST:



Michael Esparza, Secretary

ADDENDUM #1

TO STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE—NET

2026 Lease

This ADDENDUM #1 TO STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE-- NET *2026 Lease* (“**Addendum**”) is attached to and made a part of that certain STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE-- NET dated for purposes of reference only March 15, 2026 (“**Main Lease Body**”), by and between CSD and Rancho Pauma with respect to certain real property located at and commonly known as 33129 Cole Grade Road, Pauma Valley, California.

51. References to the “**Lease**” in the Main Lease Body, this Addendum, and all other materials attached to or otherwise incorporated by reference into the Main Lease Body, shall mean and refer to all of the foregoing, collectively. Capitalized terms used but not otherwise defined in this Addendum will have the same meanings as given to them in the rest of the Lease. The Lease may also be referred to in this Addendum as the “**2026 Lease**.”

52. Recitals: The Parties hereby represent and warrant to each other the following:

a. As of the date set forth in paragraph 1.1 of the Main Lease Body, Rancho Pauma and CSD are parties to that certain STANDARD INDUSTRIAL/ COMMERCIAL MULTI-TENANT LEASE-- NET dated for purposes of reference only March 29, 2024, as amended by that certain First Amendment to Lease dated September 23, 2024 (collectively, the “**Prior Lease**”), and Rancho Pauma occupies the Premises pursuant to the Prior Lease.

b. CSD holds title to certain real property in the unincorporated area of Pauma Valley, in the County of San Diego, California which includes a building that is currently being used for office uses by the CSD and the Rancho Pauma (which may be referred to herein as the “**Company**”). On September 1, 2023, Rancho Pauma filed suit in the Superior Court for San Diego County, Case No. 37-2023-00038164CU-BC-NC (the “**Action**”) seeking adjudication of various issues (the “**Disputed Issues**”). The CSD denies the allegations in the lawsuit.

c. On or about March 20, 2024, the Parties entered into a Memorandum of Understanding (the “**MOU**”) which, among other things, called for (i) the Parties to enter into a tolling agreement regarding the Disputed Issues, (ii) the Parties to enter into a lease to coordinate the Parties’ occupancy and use of a portion of the Project in the interim, and (iii) for Company to dismiss the Action without prejudice within thirty (30) days of execution of said lease. The Prior Lease is the interim lease referred to in the foregoing clause (ii).

d. Simultaneously with executing this 2026 Lease, the Parties intend to execute a settlement agreement resolving the Action by which, among other things, Rancho Pauma will release its claims of ownership of the Project.

e. Immediately upon this 2026 Lease becoming effective this 2026 Lease shall replace and supersede the Prior Lease; and the Prior Lease shall automatically be deemed terminated and of no further force or effect.

53. Preservation of Rights. Notwithstanding anything to the contrary set forth in this Lease, including but not limited to the convention of referring to CSD as “Lessor” and Company as “Lessee”, except as otherwise expressly waived, relinquished, or impaired in the MOU and/or the above-referenced settlement agreement, the Parties’ each respectively reserve all of their pre-MOU claims, defenses, rights, or interests; and the Parties’ respective negotiation, execution, and performance of this Lease shall not constitute or effect, or be deemed to constitute or effect, a full or partial waiver, relinquishment, or impairment of either Party’s pre-MOU claims, defenses, rights, or interests.

54. Conflicting Provisions. In the event of any conflict between the terms of this Addendum and those of the Main Lease Body or other addenda thereto, the terms and conditions of this Addendum shall control.

55. Premises; Common Area.

- a. Administrative Building; Utilities. Except as otherwise set forth herein, CSD shall have exclusive use, possession, and control of the remainder of the Administration Building other than those parts of the Administration Building identified herein as part of the Common Area (“**CSD Exclusive Premises**”), and accordingly said CSD Exclusive Premises shall not be deemed part of the leased Premises and not part of the Common Area. Notwithstanding the foregoing, the CHP Building and the portions of the Administration Building which comprise CSD Exclusive Premises versus its Common Areas are not separately metered for utilities; accordingly, the Parties hereby agree to split the service use costs of utilities serving any part of the Administration Building and/or the CHP Building as a Common Area Operating Expense under paragraph 4.2(a)(ii). The CSD has a solar project that was paid for and administered by the CSD. Company acknowledges that it will not receive any benefit or credit from the CSD’s solar project that impacts the CSD’s month¶ SDG&E billing. Any monthly charge for the electrical metering for the Company’s share of electricity will not be offset by any savings from the CSD’s solar project. By way of example, say the gross invoice for electrical utilities for the building is \$1,000. Company’s share would be 40% or \$400. Assume the net metering credit for the solar project is \$200. Company would still owe \$400 for that month for their share of electrical credits.

The CSD will provide the complete billing statement from SDG&E for each month to review. The CSD agrees to meet in good faith after six months of this lease to discuss the monthly utility charges and the invoicing.

- b. Cinder block shop building; Metal storage building; 40-foot storage container; Chlorine storage building. The cinder block shop building, the metal storage building, 40-foot storage container, and the chlorine storage building, are part of this lease; and, other than the chlorine storage building, all of the foregoing are

subject to reasonable joint use by the CSD. The parties hereby affirm and agree that the use of the chlorine storage building facility is subject to the rules of Company's current risk management plan ("**RMP**") which provides that only operators trained on the RMP are authorized to enter that facility. The Parties acknowledge that the chlorine storage building is presently a regulated CalARP Program Level 2 facility operated exclusively by Company and subject to Company's RMP and all applicable laws and regulatory requirements. Operational control of the chlorine storage facility shall remain solely with Company. The Company shall remove all chlorine storage from this building by December 31, 2026, and thereafter this location and the leased premises will not be a storage facility for chlorine for the remainder of this Lease. Any updates to the RMP required solely and directly as a result of modifications to chlorine storage at the Premises contemplated by this provision shall be completed by Company. CSD shall reimburse Company only for the reasonable, third-party consulting fees actually incurred for the limited purpose of analyzing, documenting, and incorporating such chlorine storage modifications into the existing RMP, in an amount not to exceed \$2,000.00. Company shall retain sole authority over the final scope of the work as necessary to ensure compliance with applicable laws and requirements. For the avoidance of doubt, reimbursable costs shall exclude, and CSD shall have no obligation to pay for, any costs associated with (i) a facility-wide or comprehensive update of the RMP, (ii) correction of pre-existing deficiencies, (iii) updates unrelated to chlorine storage, or (iv) routine, periodic, or regulatory updates not directly and exclusively attributable to the chlorine storage modifications described herein. If a regulatory agency having jurisdiction, other than the CSD, issues a notice of violation, order, citation, or similar enforcement action based upon the continued presence or storage of chlorine at the facility, Company shall pay rent to CSD at a monthly amount equal to the holdover rent otherwise payable under this Lease. Further, failure to remove the chlorine storage from the leased premises as agreed to in section 55(b) shall also result in the payment of holdover rent until the chlorine stored on the premises is removed. Such additional rent shall accrue only from the date of issuance of the notice, order, citation, similar enforcement action, or the presence of chlorine storage after December 31, 2026, and shall cease upon the complete removal of all chlorine from the chlorine storage building.

56. Personal Property; Tenant Improvements.

a. Furnishings; Office equipment. Except as otherwise set forth herein or provided for in the MOU or another separate writing signed by the Parties, during the Term of the Lease, Company shall furnish the leased Premises with their own furniture, fixtures, and equipment. For avoidance of doubt, during the Term of the Lease, Company shall not have access to or use of CSD's office equipment located within the CSD Exclusive Premises.

b. Generator. CSD and Company hereby affirm and agree that (i) the generator located behind the Administrative Building is a personal property asset jointly owned 50/50 by CSD and Company; (ii) the APCD permit for the generator is presently held in Company's name. The permit will be amended for the generator to be in the CSD's name during

the Term of the Lease and any extension thereof. Any updates to the RMP required as a result of this provision shall be completed by the Company, and shall be expensed to the CSD, which shall reimburse Company for this expense, and such approval shall not be unreasonably withheld, conditioned, or delayed. Should the generator need to be replaced during the Term of the Lease and any extension thereof, the CSD will pay for and own the new generator.

c. SCADA. CSD and Company hereby affirm and agree that (i) the Supervisory Control and Data Acquisition (SCADA) system is a personal property asset solely owned by Company; (ii) during the Term of the Lease and any extensions thereof, CSD shall promptly undertake all necessary steps to develop and implement its own independent SCADA system and diligently pursue those steps to completion; and (iii) Company shall not arbitrarily interrupt CSD's access to the existing SCADA system until the earlier of (A) CSD's independent SCADA system becoming operational, or (B) the end of the Lease Term including any extension thereof.

d. Tenant Improvements. During the Lease Term, Company shall bear the sole expense of any tenant improvements which Company may wish to make within the former CHP office space, including but not limited to restructuring or reconfiguring the interior spaces of same, painting, wallpapering, adding or changing locks, placing signs, displays or exhibits, and/or using screws, fastening devices, large nails or adhesive materials; all of which Company may undertake. Company shall obtain prior written consent from CSD for all tenant improvements by submitting plans, and designs to the CSD for approval. Company agrees to obtain all permits necessary for tenant improvements from the County or other agencies necessary for approval. Company may make non-structural, cosmetic improvements, including painting and similar minor work, without notice to or approval by CSD. All other tenant improvements shall require submission of plans to CSD for approval, which approval shall not be unreasonably withheld, conditioned, or delayed

e. Repairs. Notwithstanding anything to the contrary set forth in this 2026 Lease, and for avoidance of doubt, Company shall not be responsible for the cost of repairs or replacement of any structural components or building systems of the Project or Premises, including without limitation the roof, foundation, structural elements, and HVAC and other building systems, where such repairs or replacement are required due to ordinary wear and tear or the expiration of the useful life of such components or systems, provided that Company has complied with its maintenance obligations under this Lease. The Company is responsible for maintaining or replacing all tenant improvements installed. The Company is responsible for maintaining or replacing all tenant improvements installed.

57. Notice. Until notice of updated address is given in accordance with this Lease, the addresses for notice to the respective Parties shall be as follows:

To Rancho Pauma:	Rancho Pauma Mutual Water Company Attn: Administrative Manager 33129 Cole Grade Road Pauma Valley, CA 92061
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	With simultaneous copy to: Procopio Cory Hargreaves & Savitch LLP Attn: J. Nelson (C/M 133032-01) 525 B Street, Suite 2200 San Diego, CA 92101
To CSD:	Pauma Valley Community Service District 33129 Cole Grade Road Pauma Valley, CA 92061 Attn: General Manager

58. **Base Rents.** Base Rents payable during the first ten years (120 months) of the Term shall be as set forth in the schedule immediately below: *(schedule begins on the following page)*

Month of the Initial Term:	Monthly Base Rent Amount:
Months 1-12	\$1,500.00
Months 13-24	\$1,500.00
Months 25-36	\$1,500.00
Months 37-48	\$1,545.00
Months 49-60	\$1,591.35
Months 61-72	\$1,639.09
Months 73-84	\$1,688.26
Months 85-96	\$1,738.91
Months 97-108	\$1,791.08
Months 109-120	\$1,844.81

59. **Early Termination.** Notwithstanding anything to the contrary set forth in this Lease, either Lessor or Lessee may elect to terminate this Lease early for any reason or no reason, provided that such elective early termination shall only be effective if it satisfies all of the following preconditions:

- a. The party electing to terminate early must deliver notice of such early termination (an **"Early Termination Notice"**) to the other party no less than twelve (12) months in advance of the intended termination date, which intended termination date must be stated in the Early Termination Notice; and
- b. The earliest date on which an Early Termination Notice may be delivered is the last calendar day of the thirty sixth (36th) month of the Lease Term, and any attempted delivery of early termination notice prior to that date shall be ineffective. Accordingly, for avoidance of doubt, the parties hereby affirm that the earliest intended termination date on which this Lease may be electively terminated

pursuant to this paragraph 59 is the first calendar day of the forty-eighth (48th) month of the Term of the Lease.

60. Miscellaneous. This Addendum and Lease shall be binding on and shall inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns. This Addendum and Lease contains the entire Addendum and Lease between the Parties relating to the subject of this Addendum and Lease. Except as otherwise expressly provided for herein, this Addendum and Lease may be canceled, changed, modified or amended, in full or in part, only by a written agreement signed by both Parties or their respective successors or assigns. For all purposes, this Addendum and Lease shall be deemed to have been drafted jointly by each of the Parties. This Addendum and Lease is executed and delivered in the State of California, County of San Diego, and shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

a. Further Assurances. Each Party agrees to do and perform all such further acts and things and shall execute and deliver such other certificates, instruments and documents necessary to carry out the intent and accomplish the purposes of this Addendum and Lease and to evidence, perfect or otherwise confirm its rights hereunder.

b. Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

c. Counterparts. This Addendum and Lease may be executed in multiple counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same agreement. Executed counterparts of this Addendum and Lease may be executed using DocuSign and may be transmitted by email or fax and any such executed counterparts shall have the same force and effect as an originally executed counterpart.

d. Authority of Signors. Any person executing this Addendum and/or Lease on behalf of a corporation, partnership or other entity warrants that he or she has been duly authorized by such entity to execute same on its behalf pursuant to duly adopted resolutions or some other document or agreement empowering him or her to do so.

[SIGNATURE PAGE(S) FOLLOW(S)]

IN WITNESS WHEREOF, the Parties have executed this ADDENDUM #1 TO STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE—NET *2026 Lease* as of the date(s) set forth below:

LESSOR:

PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency

By: Fred Nelson

Name: Fred Nelson

Title: President

Dated: 6-22-26

LESSEE:

RANCHO PAUMA MUTUAL WATER RANCHO PAUMA, a California mutual benefit corporation

By: [Signature]

Name: CHARLES BRADY

Title: President

Dated: 6-23-26

As Approved to Form:

DocuSigned by:
[Signature]
AA979381059C496...

Jeffery A. Morris, Partner
Devaney Pate Morris & Cameron

PVCSD General Counsel

**L. John
Nelson IV**

Digitally signed by L. John
Nelson IV
Date: 2026.06.24 15:07:17
-07'00'

John Nelson, Partner
Procopio

Counsel for RPMWC



STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - NET

1. Basic Provisions ("Basic Provisions").

1.1 Parties. This Lease ("Lease"), dated for reference purposes only March 15, 2026, is made by and between PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency ("CSD") (as more particularly defined in Addendum #1, "Lessor") and RANCHO PAUMA MUTUAL WATER COMPANY, a California mutual benefit corporation ("Rancho Pauma") (as more particularly defined in Addendum #1 "Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known as (street address, unit/suite, city, state, zip): the former California Highway Patrol office space, cinder block shop building, metal storage building, 40-foot storage container, and the building known by the Parties as the chlorine storage building, located at 33129 Cole Grade Road, Pauma Valley, CA 92061 (as more particularly defined in Addendum #1 "Premises"). The Premises are located in the County of San Diego, and are generally described as (describe briefly the nature of the Premises and the "Project"): The cinder block shop building, metal storage building, and 40-foot storage container shall be jointly used with the CSD. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to any utility raceways of the building containing the Premises ("Building") and to the Common Areas (as defined in Paragraph 2.7 below), but shall not have any rights to the roof, or exterior walls of the Building or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." (See also Paragraph 2)

1.2(b) Parking: All unreserved vehicle parking spaces, on a first-come, first served basis shared with Lessor. (See also Paragraph 2.6)

1.3 Term: Ten (10) years and zero (0) months ("Original Term") commencing April 1, 2026 ("Commencement Date") and ending on March 31, 2036 ("Expiration Date") unless earlier terminated in accordance with this Lease. (See also Paragraph 3)

1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing immediately ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$1,500.00 per month ("Base Rent"), payable on the 1st day of each month commencing on the Commencement Date. (See also Paragraph 4)

☐ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 51 (Addendum).

1.6 Lessee's Share of Common Area Operating Expenses: Forty percent (40%) ("Lessee's Share"). In the event that the size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution:

(a) Base Rent: \$1,500.00 for the period comprising the first full calendar month following the Commencement Date.

(b) ~~Common Area Operating Expenses: The current estimate for the period~~ is

(c) Security Deposit: \$0.00 ("Security Deposit"). (See also Paragraph 5)

(d) Other: \$0.00

(e) Total Due Upon Execution of this Lease: \$1,500.00

1.8 Agreed Use: Operate and administer a community water distribution center. (See also Paragraph 6)

1.9 Insuring Party. Lessor is the "Insuring Party". (See also Paragraph 8)

1.10 Real Estate Brokers. (See also Paragraphs 15 and 25)

(a) Representation: Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this Lease with the following real estate brokers ("Broker(s)") and/or their agents ("Agent(s)");

Lessor's Brokerage Firm NONE License No. _____ Is the broker of (check one): ☐ the Lessor; or ☒ both the Lessee and Lessor (dual agent).

Lessor's Agent NONE License No. _____ is (check one): ☐ the Lessor's Agent (salesperson or broker associate); or ☒ both the Lessee's Agent and the Lessor's Agent (dual agent).

Lessee's Brokerage Firm NONE License No. _____ Is the broker of (check one): ☐ the Lessee; or ☒ both the Lessee and Lessor (dual agent).

Lessee's Agent NONE License No. _____ is (check one): ☐ the Lessee's Agent (salesperson or broker associate); or ☒ both the Lessee's Agent and the Lessor's Agent (dual agent).

(b) Payment to Brokers. ~~Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of _____ or _____ % of the total Base Rent) for the brokerage services rendered by the Brokers.~~

1.11 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by NONE ("Guarantor"). (See also Paragraph 37)

1.12 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:

☒ an Addendum #1 consisting of Paragraphs 51 through 60;

☒ a site plan depicting the Premises;

☒ a site plan depicting the Project;

☐ a current set of the Rules and Regulations for the Project;

☐ a current set of the Rules and Regulations adopted by the owners' association;

☐ a Work Letter;

☒ other (specify): "OPTION(S) TO EXTEND TERM" Addendum (Paragraph 50)

JA

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MTN-26.30, Revised 10-22-2020

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2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver that portion of the Premises contained within the Building ("Unit") to Lessee in its as-is, where is condition ~~broom clean and free of debris~~ on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, sump pumps, if any, and all other such elements in the Unit, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) ~~90~~ days as to the remaining systems and other elements of the Unit. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls - see Paragraph 7). Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Unit, Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof. ~~provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent.~~ Any Capital Expenditures for the benefit of Lessee shall be approved by Lessor in advance. Lessor shall provide plans, design for approval by Lessor. Notwithstanding the foregoing, Company may make non-structural, cosmetic improvements, including painting and similar minor work, without notice to or approval by CSD. All other tenant improvements shall require submission of plans to CSD for approval, which approval shall not be unreasonably withheld, conditioned, or delayed. If Lessee elects termination, Lessee shall ~~immediately cease the use of the Premises which requires such Capital Expenditure and~~ deliver to Lessor written notice specifying a termination date at least 90 days thereafter ~~or, if earlier, the last day of the then-applicable Term.~~ Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. ~~if, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid.~~ If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises; (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use; (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises; (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor; (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein; and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessor



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~~was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.~~

2.6 Vehicle Parking. Lessee shall be entitled to use the number of Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, ~~or other work trucks and vehicles as are reasonably necessary or convenient to Lessee's business, herein called "Permitted Size Vehicles."~~ ~~Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9.~~ No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated ~~on-site prior to the Term, or by Lessor during the Term~~ for such activities.

(b) Lessee shall not service or store any vehicles in the Common Areas ~~unless such use or custom began prior to the Term.~~

(c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.7 Common Areas - Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Unit that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roofs, roadways, walkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make ~~non-material~~ changes to the Common Areas, ~~including, without limitation, except not~~ changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) ~~To designate other land outside the boundaries of the Project to be a part of the Common Areas;~~
- (d) ~~To add additional buildings and improvements to the Common Areas;~~
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. ~~Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be stated for the period of such Early Possession EXCEPT AS OTHERWISE AGREED BY THE PARTIES IN A SEPARATE SIGNED WRITING. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.~~

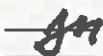
3.3 Delay in Possession. ~~Lessor agrees to use commercially reasonable efforts to deliver exclusive possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.~~

3.4 Lessee Compliance. ~~Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.~~

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

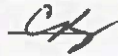
4.2 Common Area Operating Expenses. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following



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provisions:

(a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs relating to the ownership and operation of the Project, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, and if necessary the replacement, of the following:
(aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, exterior walls of the buildings, building systems and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(dd) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) The cost of trash disposal, pest control services, property management, security services, owners' association dues and fees, the cost to repaint the exterior of any structures and the cost of any environmental inspections.

(iv) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(v) Real Property Taxes (as defined in Paragraph 10).

(vi) The cost of the premiums for the insurance maintained by Lessor pursuant to Paragraph 8.

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation, maintenance, repair and replacement of the Project.

(ix) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital improvement in any given month. Lessee shall pay Interest on the unamortized balance but may prepay its obligation at any time.

(x) The cost of any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Unit, Building, or other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

(e) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. ~~All monetary amounts shall be rounded to the nearest whole dollar.~~ In the event that any statement or invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge to compensate Lessor for additional time and expenses incurred in handling the dishonored payment and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and ~~attorney's fees~~ second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor under this Lease, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason of such Lease Default thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor in the manner permitted by this Paragraph 5. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall bear interest or be considered prepayment for any monies to be paid by Lessee under this Lease. ~~THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.~~



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6. Use.

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the Building or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Project. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank; (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority; and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which are suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Lessee taking possession, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(a)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 5.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

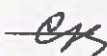
6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits



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and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time in the case of an emergency, and otherwise at reasonable times ~~no more frequently than once each calendar quarter, and~~ after reasonable notice of no fewer than 3 Business Days in advance, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1(e)) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the ~~reasonable out of pocket~~ cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor. ~~Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.~~

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), during the Term, Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (to the extent intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, ~~the elements or the age~~ of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair ~~but non-Alteration replacements shall be the co-obligation of Lessor per Paragraph 7.1(d).~~

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, and (iii) clarifiers. However, Lessor reserves the right, upon 30 days advance notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the ~~reasonable out of pocket~~ cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (i.e. 1/144th of the cost per month). Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

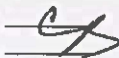
7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts of the Common Area which are not otherwise the express obligation of Lessee as set forth herein ~~thereof~~, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent ~~which shall not be unreasonably withheld, conditioned, or delayed.~~ Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and


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specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of ~~\$15,000.00~~ ~~one month's Base Rent~~, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time ~~up to and including the 30th day prior to the end of the Term~~, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof ~~or in a separate writing signed by the Parties~~, all Lessee Owned Alterations and Utility Installations ~~constructed or installed during the Term~~ shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises. ~~See also, Addendum #1.~~

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. ~~Notwithstanding the foregoing and the provisions of Paragraph 7.1(a), if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Project) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any later earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as provided for by applicable law. Lessor may, desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.~~

8. Insurance; Indemnity.

8.1 **Payment of Premiums.** The cost of the premiums for the insurance policies required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), shall be a Common Area Operating Expense. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

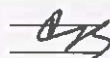
(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed ~~\$10,000~~ ~~\$5,000~~ per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations


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unless the item in question has become the property of Lessor under the terms of this Lease, or is otherwise co-owned by Lessor and Lessee.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed ~~\$10,000~~ **\$4,000** per occurrence. The proceeds from any such insurance shall be used by Lessee **at Lessee's election**, for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Business Interruption.** ~~Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.~~

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee **and Lessor** shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, ~~prior to~~ **within ten (10) Business Days** of the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising **during the Term of the Lease** out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors or invitees. If any action or proceeding is brought against Lessor by **a third party** by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. ~~Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractor, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places; (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project; or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.~~

8.9 Failure to Provide Insurance. ~~Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.~~

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to **\$100,000 6-month's Base Rent**. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to **\$100,000 6-month's Base Rent**. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.



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(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect. ~~provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose.~~ Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. ~~In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction.~~ Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may ~~either:~~ (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, ~~or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repair as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.~~

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following Lessor's notice to Lessee of such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds \$100,000 ~~one month's Base Rent~~, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 30 ~~30~~ days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

~~10.1 **Definition.** As used herein, the term "Real Property Taxes" shall include any form of assessment, real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes), improvement bond, and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.~~


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~~10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.~~

~~10.3 Additional Improvements. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessee or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.~~

~~10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.~~

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied **solely** to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs. There shall be no abatement of Rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

11.2 Within fifteen days of Lessor's written request, Lessee agrees to deliver to Lessor such information, documents and/or authorization as Lessor needs in order for Lessor to comply with new or existing Applicable Requirements relating to commercial building energy usage, ratings, and/or the reporting thereof.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

~~(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.~~

~~(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.~~

~~(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a non-curable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a non-curable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.~~

~~(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.~~

~~(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.~~

~~(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.~~

12.2 Terms and Conditions Applicable to Assignment and Subletting.

~~(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.~~

~~(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.~~

~~(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.~~

~~(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.~~

~~(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 26)~~

~~(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with~~

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~~provisions of an assignment or sublease to which Lessor has specifically consented to in writing.~~

~~(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease, unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 3.2.)~~

~~13.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all sublease or under this Lease whether or not expressly incorporated therein:~~

~~(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.~~

~~(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.~~

~~(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.~~

~~(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.~~

~~(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.~~

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) **Except pursuant to order of a government body (including, but not limited to court order):** The abandonment of the Premises; the vacating of the Premises prior to the expiration or termination of this Lease without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism; or failure to deliver to Lessor exclusive possession of the entire Premises in accordance herewith prior to the expiration or termination of this Lease.

(b) The failure of Lessee to (i) make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, (ii) to provide reasonable evidence of insurance or surety bond, or (iii) to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of ~~5~~³⁰ business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises **as required under this Lease** or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of ~~5~~³⁰ business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor **as a precondition of Lease execution** was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the **reasonable, out of pocket** costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

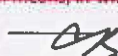
~~(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately~~



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surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) 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 the Lessee proves could have been reasonably avoided; (iii) 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 Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. Lessor and Lessee agree that the damages to be incurred by the Lessor in the event of Lessee's default of the Lease would be difficult or impossible to calculate and the parties therefore intend to provide by the foregoing for liquidated damages and not a penalty and agree that the sum provided is a reasonable pre-estimate of the probable loss. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, ~~in which event Lessee may sublet or assign, subject only to reasonable limitations.~~ Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof, ~~or by reason of Lessee's occupancy of the Premises.~~

~~13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease, and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.~~

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than ~~1530~~ days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than ~~1530~~ days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such ~~1530~~ day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within ~~1530~~ days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

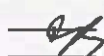
14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit, or more than 25% of the parking spaces is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. ~~Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph.~~ All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is



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payable therefor. ~~In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.~~

15. Brokerage Fees.

~~15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Broker a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed. The provisions of this paragraph are intended to supersede the provisions of any earlier agreement to the contrary.~~

~~15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Broker any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.~~

~~15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker, agent or finder (other than the Brokers and Agents, if any) in connection with this Lease, and that no one other than said named Brokers and Agents is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.~~

16. Estoppel Certificates.

(a) Each Party (as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured Lease defaults in the Requesting Party's performance, and (iii) ~~if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.~~

(c) ~~if Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.~~

17. Definition of Lessor. The term "Lessor" as used herein shall ~~have the meaning give in Addendum # 1. mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease pertaining to said Security Deposit thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.~~

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers, or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such



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party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23.3 Options. Notwithstanding the foregoing, in order to exercise any Options (see paragraph 39), the Notice must be sent by Certified Mail (return receipt requested), Express Mail (signature required), courier (signature required) or some other methodology that provides a receipt establishing the date the notice was received by the Lessor.

24. Waivers.

(a) No waiver by Lessor or Lessee of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee or Lessor of the same or of any other term, covenant or condition hereof. Lessor's or Lessee's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's or Lessee's consent to, or approval of, any subsequent or similar act by Lessee or Lessor, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding the Nature of a Real Estate Agency Relationship.

~~(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:~~

~~(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In those situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations: To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not, without the express permission of the respective Party, disclose to the other Party confidential information, including, but not limited to, facts relating to either Lessee's or Lessor's financial position, motivations, bargaining position, or other personal information that may impact rent, including Lessor's willingness to accept a rent less than the listing rent or Lessee's willingness to pay rent greater than the rent offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. Both Lessor and Lessee should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.~~

~~(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees) of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.~~

~~(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.~~

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. Except as otherwise set forth in a writing signed by the Parties, at or prior to the expiration or termination of this Lease Lessee shall deliver exclusive possession of the Premises to Lessor but such delivery shall not constitute a waiver of the rights of Lessee asserted in the Action or any subsequent suit, and such delivery shall be deemed to constitute an ouster. For purposes of this provision and Paragraph 13.1(a), exclusive possession shall mean that Lessee shall have vacated the Premises, removed all of its personal property therefrom and that the Premises have been returned in the condition specified in this Lease. In the event that Lessee does not deliver exclusive possession to Lessor as specified above, then Lessor's damages during any holdover period shall be computed at the amount of the Rent (as defined in Paragraph 4.1) due during the last full month before the expiration or termination of this Lease (disregarding any temporary abatement of Rent that may have been in effect), but with Base Rent being 150% of the Base Rent payable during such last full month. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.



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27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions; Construction of Agreement. ~~All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions.~~ In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. **Unless otherwise agreed to by the Parties in a separate signed writing, any** ~~Any~~ litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located. Signatures to this Lease accomplished by means of electronic signature or similar technology shall be legal and binding.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, for the remainder of the term hereof and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding **to enforce this Lease** ~~involving the Premises whether founded in tort, contract or equity,~~ or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. ~~In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).~~

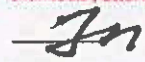
32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice **of no fewer than 3 Business Days** ~~for the purpose of showing the same to prospective purchasers, lenders, or tenants, and~~ making such alterations, repairs, improvements or additions to the Premises ~~as Lessor may deem necessary or desirable are required or allowed by this Lease~~ and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. ~~Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any signs upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.~~

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. ~~Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including~~



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but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 Execution. The Guarantor, if any, shall each execute a guaranty in the form most recently published by AIR CRE.

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 Definition. "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor, (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

41. Reservations. Lessor shall not have the right to do any of the following without Lessee's prior written consent reserves the right:

(i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary; (ii) to cause the recordation of parcel maps and restrictions; and (iii) to create and/or install new utility raceways, even if so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 5 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.



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46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. ~~As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.~~

47. ~~Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.~~

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act.**

(a) The Premises:

☒ have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: 6/23/2026

On: _____

By LESSOR:

PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a
California public agency ("CSD")

By: Jeff Nelson

Name Printed: Jeff Nelson

Title: Attorney

Phone: 408 743 707-1700

Fax: _____

Email: _____

DocuSigned by:

By: Jeff Morris

Name Printed: Jeff Morris

Title: _____

Phone: _____ Partner jmorris@dpmclaw.com

Fax: _____

Email: _____

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Executed at: _____

On: _____

By LESSEE:

RANCHO PAUMA MUTUAL WATER COMPANY, a California
mutual benefit corporation ("Rancho Pauma")

By: Charles Barkley

Name Printed: Charles Barkley

Title: President

Phone: 951-318-2728

Fax: _____

Email: _____

L. John Nelson IV

Digitally signed by L. John Nelson IV
Date: 2026.06.24 15:21:21 -0700

By: John Nelson

Name Printed: John Nelson

Title: _____ Partner john.nelson@procopio.com

Phone: _____

Fax: _____

Email: _____

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Address: _____
Federal ID No.: _____

BROKER

NONE

Attn: NONE
Title: _____

Address: _____
Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker DRE License #: _____
Agent DRE License #: _____

Address: _____
Federal ID No.: _____

BROKER

NONE

Attn: NONE
Title: _____

Address: _____
Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker DRE License #: _____
Agent DRE License #: _____

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OPTION(S) TO EXTEND TERM STANDARD LEASE ADDENDUM

Dated: March 15, 2026

By and Between

Lessor: PAUMA VALLEY COMMUNITY SERVICES DISTRICT, a California public agency ("CSD")

Lessee: RANCHO PAUMA MUTUAL WATER COMPANY, a California mutual benefit corporation ("Rancho Pauma")

Property Address: the former California Highway Patrol office space, cinder block shop building, metal storage building, 40-foot storage container, and the building known by the Parties as the chlorine storage building, located at 33129 Cole Grade Road, Pauma Valley, CA 92061
(street address, city, state, zip)

Paragraph: 50 **OPTION(S) TO EXTEND TERM.** Subject to the terms, conditions and provisions of Paragraph 39, Lessor grants Lessee one (1) option(s) to extend the term of the Lease ("Extension Option(s)"), with each Extension Option being for a term of sixty (60) months, commencing when the prior term expires ("Option Term(s)"). In order to exercise an Extension Option, Lessee must give written notice of such election to Lessor and Lessor must receive such notice at least one (1) but not more than twelve (12) months prior to the date that the applicable Option Term would commence, time being of the essence. If timely and proper notification of the exercise of an Extension Option is not given by Lessee and/or received by Lessor, such Extension Option shall automatically expire. Except as specifically modified, the terms, conditions and provisions of the Lease shall apply during Option Terms but the amount of Rent during Option Terms shall be established by using the method(s) selected below (check method(s) to be used and fill in appropriately):

☐ I. **Consumer Price Index.**

(a) During the Option Term(s) which start(s) on _____, the monthly Base Rent shall be increased on _____ and every _____ months thereafter during such Option Term(s) ("Option Term CPI Increase Date(s)") commensurate with the increase in the Option Term CPI (as herein defined) determined as follows: the monthly Base Rent scheduled for the month immediately preceding the first occurring Option Term CPI Increase Date shall be multiplied by a fraction the denominator of which is the Option Term Base CPI (as herein defined), and the numerator of which is the Option Term Comparison CPI (as herein defined). The amount so calculated shall constitute the new Base Rent until the next Option Term CPI Increase Date during the applicable Option Term, but in no event shall any such new Base Rent be less than the Base Rent for the month immediately preceding the applicable Option Term CPI Increase Date.

(b) The term "Option Term CPI" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI-W (Urban Wage Earners and Clerical Workers) or ☐ CPI-U (All Urban Consumers), for (fill in Urban Area): _____ or ☐ the area in which the Premises is located, All Items (1982-1984 = 100). The term "Option Term Comparison CPI" shall mean the CPI of the calendar month which is 3 full months prior to the applicable Option Term CPI Increase Date. The term "Option Term Base CPI" shall mean the CPI of the calendar month which is 3 full months prior to (select one): ☐ Commencement Date of the Original Term, ☐ start of the applicable Option Term, or ☐ (fill in month) _____.

(c) If compilation and/or publication of the CPI is transferred to another governmental department, bureau or agency or is discontinued, then instead the index most nearly the same as the CPI shall be used to calculate the Base Rent increases hereunder. If the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrator shall be binding upon the parties, with the cost of such arbitration being paid equally by the Parties.

☐ II. **Fixed Percentage.** During the Option Term(s) which start(s) on _____, the monthly Base Rent shall be increased on _____ and every _____ months thereafter during such Option Term(s) ("Option Term Percentage Increase Date(s)") by _____ percent (_____%) of the monthly Base Rent scheduled to be paid for the month immediately preceding the applicable Option Term Percentage Increase Date.

☒ III. **Fair Market Value.**

(a) During the Option Term(s) which start(s) on immediately upon the expiration of the prior Term, the amount of Rent shall be the amount forecasted to be the fair market rental value of the Premises during such Option Term established pursuant to the procedures, terms, assumptions and conditions set forth herein ("Fair Market Value"); provided, however, regardless of such Fair Market Value, Base Rent during an Option Term shall not be less than the Base Rent scheduled as of when the prior term expires. Starting as of Lessee's exercise of the applicable Extension Option (but not earlier than six (6) months before start of the applicable Option Term), the Parties shall for thirty (30) days ("Negotiation Period") attempt to agree upon the Fair Market Value. If during the Negotiation Period the Parties do not agree on the Fair Market Value, then the Fair Market Value shall be established pursuant to the procedures set forth herein, which shall be binding.

(b) Each Party shall, within fifteen (15) days after the end of the Negotiation Period, in writing submit to the other Party such Party's determination of the Fair Market Value ("Submitted Value(s)"). If a Party fails to timely provide a Submitted Value, then the other Party's Submitted Value shall be the Fair Market Value. If both Parties timely provide Submitted Values, then each Party shall, within fifteen (15) days after both Parties have exchanged Submitted Values, in writing notify the other Party of such Party's selected valuator who shall meet the qualifications set forth herein ("Advocate Valuator(s)"). Lessor and Lessee may select an Advocate Valuator who is favorable to such Party's position and may, prior to or after appointment of an Advocate Valuator, consult with such Party's Advocate Valuator. If a Party fails to timely and properly provide notice of such Party's chosen Advocate Valuator, then the other Party's Submitted Value shall be the Fair Market Value.

(c) If both Parties timely and properly designate Advocate Valuers, then such Advocate Valuers shall, within fifteen (15) days after their selection, choose a third (3rd) neutral valuator who shall meet the qualifications set forth herein ("Neutral Valuator"). The Neutral Valuator shall be engaged jointly by Lessor and Lessee.

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If Advocate Valuers fail to agree upon and timely appoint a Neutral Valuator, then the President of AIR CRE shall appoint such Neutral Valuator within fifteen (15) days after request by either Party. If the President of AIR CRE does not timely appoint the Neutral Valuator, then either Party may file an appropriate legal action for a judge with competent jurisdiction over the Parties to appoint the Neutral Valuator.

(d) The Advocate Valuers and the Neutral Valuator ("Valuator(s)") shall be duly licensed real estate brokers or salespersons in good standing in the state in which the Premises is located, shall have been active over the five (5) year period before their appointment in the leasing of properties similar to the Premises within the general real estate market of the Premises. The Neutral Valuator shall additionally not be related to or affiliated with either Party or Advocate Valuator, and shall not have previously represented in a real estate transaction a Party or anyone related to or affiliated with a Party. All matters to be determined by the Valuers shall be decided by a majority vote of the Valuers, with each Valuator having one (1) vote. The Valuers may, as the Valuers determine, hold hearings and require briefs, including market data and additional information.

(e) Within thirty (30) days after selection of the Neutral Valuator, the Valuers shall first determine the Fair Market Value established by taking into account the terms, assumptions and conditions set forth herein ("Valuers' Market Value"), then decide which Party's Submitted Value is closer in monetary amount to the Valuers' Market Value ("Selected Market Value"), then provide the Parties a copy of the Valuers' Market Value and finally notify the Parties of the Selected Market Value. The Selected Market Value shall be the Fair Market Value. The Valuers shall have no right to decide a Selected Market Value which is a compromise to (or modification of) the Submitted Values. The decision of the Valuers shall be binding upon the Parties. The Party whose Submitted Value is not the Selected Market Value shall, within ten (10) days after the Valuers decide the Selected Market Value, pay the fees and costs of all three (3) Valuers.

(f) If the Fair Market Value has not been established before the start of the applicable Option Term, then Lessee shall continue to pay to Lessor rent in the amount payable for the month immediately preceding the start of such Option Term and Lessor's acceptance of such rent shall not waive, adversely affect or prejudice the Parties' right to complete establishment of the Fair Market Value or Lessor's right to collect the full amount of the Fair Market Value once the Fair Market Value is established. Lessee shall, within ten (10) days after establishment of the Fair Market Value, pay to Lessor any deficiency in rent then due for the Option Term. Following establishment of Fair Market Value, the Parties shall, within ten (10) days after request by either Party, sign an amendment to this Lease to confirm the Fair Market Value and the expiration date of this Lease, but the Parties' failure to request or to sign such an amendment shall not affect establishment of the Fair Market Value or extension of the Lease term.

(g) The Valuers, in deciding the Valuers' Market Value, shall take into account rent rates, rent abatements, periodic rent increases, real property taxes, insurance premiums and other operating expenses, tenant improvement and other applicable allowances, building services, length of lease term and other factors professional real estate brokers and/or appraisers customarily consider in determining fair market rent of property in an arm's length transaction by ready, willing and able parties for space of comparable location, size, age, condition, quality, parking, visibility, view, signage and accessibility if the Premises were marketed in a normal and customary manner for a reasonable length of time on the open market to be leased to a tenant with financial strength and credit worthiness comparable to Lessee and guarantors (if any) of this Lease (as of Lessee's exercise of the Extension Option) for a term comparable to the length of the applicable Option Term and used for the Agreed Use (or other reasonably comparable uses). The Valuers, in deciding the Valuers' Market Value, shall not consider as a comparable transaction any of the following: a sublease, lease assignment, lease renewal or extension; lease with a tenant that has equity, is related to or affiliated with the landlord; or a lease of space that was subject to a right of first refusal, right of first offer, expansion option or other encumbrances. The Valuers, in deciding the Valuers' Market Value, shall reduce the Fair Market Value on account of Alterations and improvements made by Lessee to the extent the cost thereof was paid solely by Lessee (in excess of any applicable improvement allowance, abated rent in lieu of improvement allowance or other consideration provided by Lessor for Lessee's improvement of the Premises), shall not reduce the Fair Market Value on account of any real estate brokerage commission savings by Lessor, and shall not reduce the Fair Market Value on account of deferred maintenance or repair of the Premises for which Lessee was responsible under the Lease but did not perform.

☐ IV. Fixed Rental Adjustment(s) ("FRA").

The monthly Base Rent shall be increased to the following amounts on the dates set forth below:

On (fill in FRA Adjustment Date(s))

The new Base Rent shall be:

☐ V. Continuation of Original Term Adjustments

The monthly Base Rent during the Option Term(s) which start(s) on _____ shall be increased in accordance with the same formula provided in the Lease to be used to calculate increases in the Base Rent during the Original Term of the Lease.

BROKER'S FEE: For each adjustment in Base Rent specified above, the Brokers shall be paid a Brokerage Fee in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

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Sewer System Management Plan (SSMP) 2026 Update

Sanitary Sewer Collection System

Waste Discharge ID (WDID): #9SSO10681



PAUMA VALLEY
COMMUNITY SERVICES DISTRICT

REVIEWED AND APPROVED BY:

Eric Steinlicht

Legally Responsible Official

Pauma Valley Community Services District

Sanitary Sewer System Waste Discharge ID #9SSO10681

PREPARED BY:



Date Signed

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FINAL DRAFT FOR BOARD CONSIDERATION

SSMP Action Items Checklist (Implementation Plans and Schedules)

The purpose of this table is to track and document the SSMP Implementation Plans and Schedules for each Element. Additional details are found in the discussions within each section of the SSMP. Abbreviations and acronyms are found on page [vi](#).

PLAN	SCHEDULE	RESPONSIBLE STAFF
1.2 SSMP Update Schedule		
Prepare for next SSMP Audit	Begin 5/2/2027	LRO
Complete and upload the SSMP audit.	By 11/2/2027	LRO
Incorporate Audit Findings, update Change Log, and update SSMP	5/2/2026	LRO
Board Approval and LRO Certification of SSMP Updates	First update (by 8/2/2026) and next update (by 8/2/2032)	LRO
1.3 Sewer System Asset Overview		
Review District-owned asset statistics and element description; update as necessary	At the beginning of the audit cycle, and when significant changes have been made.	LRO
2. Organization		
Review names, contact information, and position responsibilities; update as necessary.	Semi-As needed	LRO
Review Chain of Communication outcomes for all spill responses	Each Spill Event	LRO
Review the Organizational Chart for any changes; update as necessary.	Semi-As needed	LRO
3. Legal Authority		
Review Ordinance(s) to confirm that all documents provide the necessary required legal authority.	Once per 6-year SSMP Update Cycle	LRO
Confer with storm drain owners to ensure current practices and contact information are up to date.	As needed	LRO
Monitor and document occasions when Ordinance(s) failed to address issues as intended.	Continuously	LRO
4.1 Updated Map of Sewer System		
Review map update procedures with all affected staff.	As needed	LRO
Review/ensure all newly installed facilities have been updated and included in the system maps	As needed	LRO

SSMP ACTION ITEMS CHECKLIST (IMPLEMENTATION PLANS AND SCHEDULES)

PLAN	SCHEDULE	RESPONSIBLE STAFF
4.2 Preventive Operation and Maintenance Activities		
Monitor “Past Due” work orders to ensure critical work is being completed	As needed	LRO
Review scheduled PMs to ensure the prescribed schedule remains appropriate.	As needed	LRO
4.3 Training		
Review training documentation to ensure all staff have received the required training	As needed	LRO
Review agreements with contractors and/or pre-job meeting minutes to ensure contract personnel have received instruction for responding to sewage spills	Each Contract	LRO
4.4 Equipment Inventory		
Audit inventory lists to ensure stock is adequate	As needed	LRO
Check with vendors to ensure lead times for critical parts are as expected.	As needed	LRO
Ensure contracts with emergency support services are current	As needed	LRO
5.1 Updated Design Criteria/Construction Standards/Specifications		
Ensure all project plans are approved in accordance with the District’s Standard Specifications and Details.	Each Project	LRO
Verify design standards and hydraulic model previously completed are adequate and consistent with current standards of practice.	2025	LRO
5.2 Procedures and Standards		
Verify inspection procedures are adequate and consistent with current standards of practice	2017 (10-year cycle)	LRO
Verify design standards and hydraulic model previously completed are adequate and consistent with current standards of practice.	2017 (10-year cycle)	LRO
6. Spill Emergency Response Plan		
Perform SERP training, including practice drills.	As needed	LRO
Review Post Spill Assessments to ensure adherence with the SERP and to identify any trends that should be addressed.	As needed	LRO

SSMP ACTION ITEMS CHECKLIST (IMPLEMENTATION PLANS AND SCHEDULES)

PLAN	SCHEDULE	RESPONSIBLE STAFF
7. Sewer Pipe Blockage Program		
Review/evaluate enforcement and inspection findings and implement changes as necessary.	As needed	LRO
Review spill rates and causes and make changes to maintenance programs, as necessary.	As needed	LRO
8.1 System Evaluation and Condition Assessment		
Review/evaluate enforcement and inspection findings and implement changes as necessary.	As needed	LRO
Review spill rates and causes and make changes to maintenance programs, as necessary.	As needed	LRO
Hold meetings to discuss any issues that may result from climate change.	As needed	LRO
8.2 Capacity Assessment and Design Criteria		
Monitor/evaluate significant rain events to see if they exceed the design storm in the hydraulic model.	Each significant rain event	LRO
Identify and monitor flood-prone areas susceptible to erosion from rain events	After each significant rain event	LRO
Monitor flows in each basin and update the hydraulic model	Per the LRO's schedule	LRO
8.3 Prioritization of Corrective Action		
Utilize all available data for prioritizing corrective actions, considering the severity and consequences of potential spills.	Each CIP Update	LRO
Maintain documents and recordkeeping of system evaluation and condition assessment inspections and activities.	Continuously	LRO
8.4 Capital Improvement Plan		
Hold regular coordination meetings with all parties to help keep the projects on track and resolve issues that may arise in a timely manner.	As needed	LRO
For schedules that are not followed, justify and document the reason.	Each Delayed Project	LRO
9. Monitoring, Measurement, and Program Modifications		
Assess work programs to ensure outcomes are as intended.	As needed	LRO
Prepare updates to work programs and the SSMP based on assessments.	As Needed	LRO
Monitor and evaluate spill trends. Document efforts.	As needed	LRO

SSMP ACTION ITEMS CHECKLIST (IMPLEMENTATION PLANS AND SCHEDULES)

PLAN	SCHEDULE	RESPONSIBLE STAFF
10. Internal Audits		
Schedule audits in advance of due dates to ensure adequate time to complete. The District has 6 months to complete the audit from the end of the audit period.	Beginning at the end of the audit period	LRO
Ensure a plan and schedule are developed to address deficiencies.	Once the Audit is completed	LRO
11. Communication Program		
Ensure the Board of Directors approves the SSMP per schedule.	Every 6 years	LRO
Ensure the SSMP is posted on the District website and the link functions properly.	As needed	LRO
Ensure Sewage Spill Warning signs are readily available to communicate with the public when necessary	As needed	LRO

SSMP Change Log of Revisions and Completed Action Items¹

Revision Date	SSMP Section	Approval Date	Description of Change/Revision/Activity	Initials

Table 1 – SSMP Change Log of Revisions and Completed Action Items

¹ Use this Change Log to document any edits/changes or action items as they are identified and document when they are completed. To add additional table rows, insert your cursor into the bottom right cell of the table and hit the tab button. The table will continue on the next page.

Abbreviations and Acronyms²

Abbreviation/Acronym	Complete Description
DARWA	District Area Regional Wastewater Agency
BMP	Best Management Practices
CCTV	Closed Circuit Television
CIP	Capital Improvement Program
CIPP	Cured-in-Place Pipe
CIWQS	California Integrated Water Quality System (State Water Board Online Spill Database)
CMMS	Computerized Maintenance Management System
LRO	District Chief Plant Operator
CSD	Community Services District
EPA	US Environmental Protection Agency
FOG	Fats, Oils, and Grease
FSE	Food Service Establishment
GIS	Geographic Information System
I & I	Inflow and Infiltration
KPI	Key Performance Indicator
LRO	Legally Responsible Official
MRP	Monitoring and Reporting Program
NPDES	National Pollutant Discharge Elimination System
O&M	Operations and Maintenance
RWQCB	Regional Water Quality Control Board
SCADA	Supervisory Control and Data Acquisition
SERP	Spill Emergency Response Plan
SOP	Standard Operating Procedure
SSMP	Sewer System Management Plan
Spill	Sanitary Sewer Spill
SWRCB	State Water Resources Control Board
WDID	Waste Discharge ID Number (CIWQS)
WDR	Sanitary Sewer Systems General Wastewater Discharge Requirements Order issued by the State Water Board (Order No. 2022-0103-DWQ)

Table 2 – Abbreviations and Acronyms

² For a full list of related WDR terms, see the [WDR, Attachment A \(page 32\)](#)



Pauma Valley Community Services District
Attn: Eric Steinlicht, General Manager
Legally Responsible Official (LRO)

Dear Eric,

We are pleased to present the new 2026 Sewer System Management Plan (SSMP) Update developed in partnership with the Pauma Valley Community Services District management. The 2026 Update meets and exceeds compliance with the Reissued WDR (State Water Board, Water Quality Order No. 2022-0103-DWQ, Attachment D-10 and Specifications 5.4). The 2026 SSMP has been completely revised to harmonize with industry standard guidelines and incorporates the latest SSMP Audit findings.

The 2026 SSMP is a declaration of what the District is doing to demonstrate full compliance with the Reissued WDR. Attachment A of the Reissued WDR (page A-4) states, "A sewer system management plan is a living document an Enrollee develops and implements to effectively manage its sanitary sewer system(s) in accordance with this General Order". This requires the District to periodically review and update the SSMP as necessary until its next required 6-year SSMP Update is completed.

To support these ongoing review and update requirements, this document includes a sample change log that may be used as a reference if a system is not already in place. We anticipate the District utilizing this SSMP, incorporating management of its additional sewer system.

We look forward to assisting the District wherever necessary to fully implement the new 2026 SSMP Update.

Sincerely,

A handwritten signature in cursive script that reads 'Jim Fischer'.

James Fischer, P.E.
Principal, Fischer Compliance LLC
Credentialed U.S. EPA NPDES Compliance Inspector

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Introduction

This Sewer System Management Plan (SSMP) or “Plan” has been prepared for the Pauma Valley Community Services District (District) with technical assistance from Fischer Compliance, LLC, for meeting and exceeding compliance with the State Water Resources Control Board’s 2022 General Waste Discharge Requirements, Order WQ 2022-0103-DWQ for Sanitary Sewer Systems (Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ (Attachment D, 2022) (referred to throughout this document as the WDR). The District provided all details, information, and institutional insights for the preparation of the SSMP.

The document has been developed to meet the size, scale, and complexity, serving as a “living document” for managing and operating the District's sanitary sewer collection system. Additionally, the latest 2024 Sewer System Management Plan Guidance Manual (Bay Area Clean Water Agency (BACWA), 2024) published by the Bay Area Clean Water District (BACWA) was used as a model for developing the document to harmonize formatting/content and incorporate recommended guidance wherever possible.

The District’s commitment to meeting or exceeding regulatory requirements, along with its proactive approach to operating and managing the collection system, has served it well, as evidenced by system performance relative to other agencies in the region and the state.

This SSMP reflects the ongoing day-to-day activities of the District for the management, operation, maintenance, and funding of the District’s sanitary collection system. As such, this SSMP is a living document subject to constant review and revision as conditions and needs of the collection system change. This SSMP relies on numerous supporting documents, which are also subject to change, and which form the basis for how the District performs operation and maintenance of the collection system. The most current version of the SSMP, which may be updated at any time, will be posted on the District’s website.

Before finalizing this SSMP, the District will incorporate additional information and details into the document and obtain approval from the District Board of Directors before uploading this publication to CIWQS.

Figure 1 – Collection System Operational Report – SWRCB CIWQS (below) provides key District spill metrics, including data comparing the District’s spill record with state and regional system data from 2010 to 2026. The District consistently performs better than the statewide and regional spill rate indices and net spill volumes for all categories of spills from its sanitary sewer collection system.

SEARCH CRITERIA: [\[REFINE SEARCH\]](#) [\[NEW SEARCH\]](#) [\[GLOSSARY\]](#)
 Date Range: Start_Date (01/01/2010) End_Date (07/20/2026)

DRILLDOWN HISTORY: [\[GO BACK TO LISTING OF COLLECTION SYSTEMS\]](#)
 Pauma Valley Treatment Plant CS
Agency: Pauma Valley Community Services District

General Information
[-] [+]

Region	Place ID	Place Name	CS Category	Place Address	Place County
9	631579	Pauma Valley Treatment Plant CS	Other	33129 Cole Grade Road Pauma Valley CA 92061	San Diego

Collection System Spill Summary
[-]

Operational Indices: Pauma Valley Treatment Plant CS

Spill Rate Index (spills/100mi/yr)							
	Category 1			Category 2		Category 3	
	Main System	Laterals	Other	Main System	Other	Main System	Other
Pauma Valley Treatment Plant CS	0.0	0.0	0.0	0.75	0.0	0.75	0.0
State Other Average	1.5	2.85	0.78	2.04	1.56	5.89	1.47
Region (N/A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Net Volume Spills Index (gallons/1000 Capita/yr)							
	Category 1			Category 2		Category 3	
	Main System	Laterals	Other	Main System	Other	Main System	Other
Pauma Valley Treatment Plant CS	0.0	0.0	0.0	109.54	0.0	0.0	0.0
State Other Average	517.86	0.2	343.0	519.86	1208.48	11.34	52.33
Region (N/A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Figure 1 – Collection System Operational Report – [SWRCB CIWQS](#)

SSMP Organization

This SSMP is organized into 11 core elements following Attachment D of the WDR, with inclusion of applicable Specifications requirements.

Each element in the SSMP includes the following technical contents.

1. Requirements – Provides the actual description of applicable requirements in the WDR.
2. Compliance – Describes the District's approach to complying with the WDR requirements.
3. Effectiveness – As measured by Key Performance Indicators (KPIs)
4. Implementation – Demonstrates how the District will ensure the SSMP will be carried out as described.
5. Resilience – Demonstrates the resilience that is addressed in the SSMP and built into the District's collection system and procedures.
6. Appendix Inclusions – List the items included in the Appendix for each SSMP Element, if any.

1. Goal and Introduction

WDR REQUIREMENTS

[\(Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D, 2022, pp. Attachment D-1 \(pg. D-2\)\)](#)

“The goal of the Sewer System Management Plan (Plan) is to provide a plan and schedule to: (1) properly manage, operate, and maintain all parts of the Enrollee’s sanitary sewer system(s), (2) reduce and prevent spills, and (3) contain and mitigate spills that do occur.

The Plan must include a narrative Introduction section that discusses the following items:”

1.1. Regulatory Context

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-1.1; pg. D-2\)](#)

“The Plan Introduction section must provide a general description of the local sewer system management program and discuss Plan implementation and updates”.

COMPLIANCE

The District maintains the local sanitary sewer system and is committed to protecting the public’s health and the environment. Federal and State Water Quality regulations require agencies to maintain a comprehensive Sewer System Management Plan (SSMP) to prevent sewage spills.

The District is committed to fully implementing the [2022 WDR](#), including addressing all requirements by integrating a wide range of programs designed to ensure the integrity and efficiency of the District’s sanitary sewer collection system. Moreover, the District is dedicated to maintaining its collection system systematically by implementing various work programs that focus on critical areas to prevent spills and enable a comprehensive approach to maintenance. Work programs include CCTV inspections, pipe cleaning, manhole inspections, lift station maintenance, source control, 24/7 roving security patrol services, and pipe repair, to name a few. Work programs are described in more detail in Section 4. “Operation and Maintenance Program” of this SSMP.

By prioritizing proactive measures and taking a comprehensive approach, the District is well-equipped and has a proven track record of effectively operating its sanitary sewer collection system at the highest levels of service, complying with the WDR, and reducing/eliminating sewage spills.

EFFECTIVENESS

N/A

IMPLEMENTATION PLAN/SCHEDULE

N/A

1.2. SSMP Update Schedule

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-1.2; pg. D-2\)](#)

“The Plan Introduction section must include a schedule for the Enrollee to update the Plan, including the schedule for conducting internal audits. The schedule must include milestones for incorporation of activities addressing prevention of sewer spills.”

COMPLIANCE

The District utilizes the [State Water Resources Control Board Lookup Tool](#)³ to ensure compliance with all required due dates for updating its SSMP and completing its required SSMP Audits (see Figure 2 – District Sewer System Management Plan, Subsequent Updates and Audit Due Dates., below).

The District’s most recent SSMP audit was completed for the period from May 2022 through May 2025 (see Appendix 10.1).

Sewer System Management Plan & Audit Required Due Dates

Transition from General Order 2006-0003-DWQ to Reissued General Order

Search by Waste Discharge Identification (WDID) Number

Enter your Waste Discharge Identification (WDID) number in the search field to retrieve the required Sewer System Management Plan (SSMP) Update and Audit due dates for your system.

Show Update/Audit Dates

Sewer System Management Plan & Subsequent Update Due Dates					
System Name	WDID Number	Original Plan Required Due Date	Required Plan Update Due Date	Required Plan Update Due Date	Required Plan Update Due Date*
Pauma Valley Treatment Plant CS	9SSO10681	8/2/2010	8/2/2015	8/2/2020	8/2/2026

Audit Due Dates								
System Name	WDID Number	Original Required Plan Audit Due Date	Required Plan Audit Due Date	Required Plan Audit Due Date	Required Plan Audit Due Date	Required Plan Audit Due Date	Required Plan Audit Due Date	End of Required 3-Year Audit Period**
Pauma Valley Treatment Plant CS	9SSO10681	8/2/2012	8/2/2014	8/2/2016	8/2/2018	8/2/2020	8/2/2022	8/2/2025

* Per Section 5.5 and Attachment E1, Section 3.11 of the General Order, Plan updates are due within six years after the required due date of the Enrollee's last Plan Update.

** Per Section 5.4 and Attachment E1, Section 3.10 of the General Order, the Audit Report is due within six months after the end of the required 3-year audit period.

Figure 2 – District Sewer System Management Plan, Subsequent Updates and Audit Due Dates.

³ State Water Resources Control Board Lookup Tool: https://www.waterboards.ca.gov/water_issues/programs/sso/lookup/

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Are SSMP Audits and SSMP Updates being performed as scheduled?
- Has the SSMP been approved by the governing board on the required schedule (i.e., every six years)?
- Are specific internally established sewer program milestones being monitored?

IMPLEMENTATION PLAN/SCHEDULE

See "1.2 SSMP Update Schedule" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

FINAL DRAFT FOR BOARD CONSIDERATION

1.3. Sewer System Asset Overview

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-1.3 \(pg. D-3\)\)](#)

“The Plan Introduction section must provide a description of the Enrollee-owned assets and service area, including but not limited to:

- *Location, including county(ies);*
- *Service area boundary;*
- *Population and community served;*
- *System size, including total information in miles, information of gravity mainlines, information of pressurized (force) mains, and number of pump stations and siphons;*
- *Structures diverting stormwater to the sewer system;*
- *Data management systems;*
- *Sewer system ownership and operation responsibilities between Enrollee and private entities for upper and lower sewer laterals;*
- *Estimated number or percentage of residential, commercial, and industrial service connections; and*
- *Unique service boundary conditions and challenge(s).*

Additionally, the Plan Introduction section must provide reference to the Enrollee’s up-to-date map of its sanitary sewer system, as required in section 4.1 (Updated Map of Sanitary Sewer System) of this Attachment”.

COMPLIANCE

The District is located in San Diego County.

The District is located in an unincorporated area and originally developed in the 1960s with approximately 60 percent of the existing sanitary sewer system installed between the 1960s and 1980s. The District provides wastewater collection, treatment and disposal services to approximately 408 residential properties, as well as a country club, school, and a small number of agricultural users within its 1,445 acres, as shown in Figure ES-1. Sewage is conveyed to the District’s wastewater treatment plant, located southeast of the corner of Spring Valley Road and Cole Grade Road.

The District’s wastewater collection system includes approximately 8.2 miles of pipeline, 7.85 miles of gravity sewer and 0.35 miles of force main pipeline, as well as three lift stations. In 2020, the District’s system conveys approximately 45,000 gallons per day of average dry weather flow to the District’s wastewater treatment plant. The sewer collection system has no stormwater diversion structures.

The District has an updated sewer maps in GIS (see Figure 3 below).

The District does not own or maintain sewer service laterals or have any unique challenges for operating the collection system.

Estimated customer connection flow classifications and connection data are presented in Table 3, below, for residential, commercial, industrial, and institutional data.

Use Type	Number or % of Connections
Residential	< 95%
Commercial	~ 5%
Industrial/Institutional	None

Table 3 – District Sewer Connection Flow Classifications and Connections Data

The District's service area (satellite photo/map) is shown in Figure 3 below.

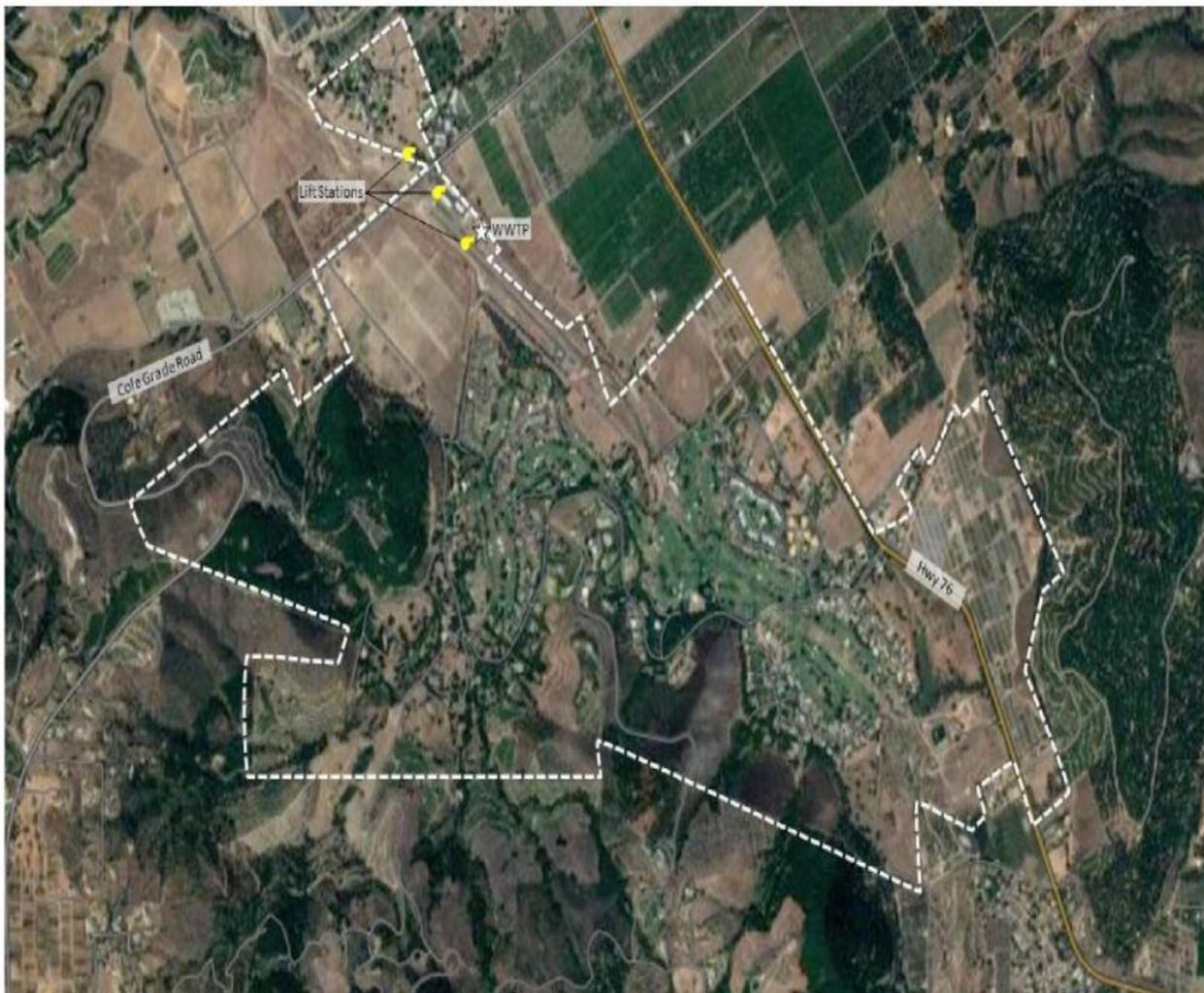


Figure 3 – District Sewer Map

Overall, the District is in a good position to maintain its collection system and has no operational or maintenance issues within its service area. The District maintains up-to-date system maps. The District does not own or maintain sewer service laterals as of 05/27/2025 via District Ordinance Number Fifty-Four (54).

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Are asset statistics periodically reviewed and updated as necessary?
- Are omissions or errors addressed promptly?
- Are system maps up to date?

IMPLEMENTATION PLAN/SCHEDULE

See "1.3 Sewer System Asset Overview" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 1 by:

- Adhering to an SOP for collecting and managing asset data.
- Redundancy: More than one member of staff is trained and able to retrieve and manage the data.
- Implementing a QA/QC process to help ensure information is accurate.
- Using Calendar Reminders to ensure compliance deadlines are met.

APPENDIX 1 INCLUSIONS

- None

Specifications 5.2 – SSMP Development and Implementation

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Specification 5.2; pg. 18\)](#)

“To facilitate adequate local funding and management of its sanitary sewer system(s), the Enrollee shall develop and implement an updated Sewer System Management Plan. The scale and complexity of the Sewer System Management Plan, and specific elements of the Plan, must match the size, scale, and complexity of the Enrollee’s sanitary sewer system(s). The Sewer System Management Plan must address, at minimum, the required Plan elements in Attachment D (Sewer System Management Plan – Required Elements) of this General Order. To be effective, the Sewer System Management Plan must include procedures for the management, operation, and maintenance of the sanitary sewer system(s). The procedures must: (1) incorporate the prioritization of system repairs and maintenance to proactively prevent spills, and (2) address the implementation of current standard industry practices through available equipment, technologies, and strategies.”

COMPLIANCE

This SSMP has been completely updated to meet the requirements of Order WQ 2022-0103-DWQ and address all required Elements and Specifications required by the Order. The SSMP addresses management, operations, and maintenance procedures specific to the District’s collection system. The District maintains a proactive O&M program to operate its system and identify defects, which are then prioritized for repair, replacement, rehabilitation, or placed on modified maintenance schedules. (See Elements 4 and 8 and Specifications 5.19 of this SSMP for more details).

The District keeps up with current industry standards, technology, and best practices by reviewing industry periodicals, networking, and attending industry conferences and workshops. The District also continuously evaluates emerging practices, equipment, and technologies for possible implementation to enhance operations.

Specifications 5.7 – Allocation of Resources

WDR REQUIREMENTS

Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ (Specification 5.7; pg. 22)

“The Enrollee shall comply with the following requirements:

- *Establish and maintain a means to manage all necessary revenues and expenditures related to the sanitary sewer system; and*
- *Allocate the necessary resources to its sewer system management program for:*
 - *Compliance with this General Order,*
 - *Full implementation of its updated Sewer System Management Plan,*
 - *System operation, maintenance, and repair, and*
 - *Spill responses.”*

COMPLIANCE

The District maintains various revenue sources to ensure financial stability, meet its operational needs, and manage all necessary expenditures for operating its sewer system. The District equipment inventory and staffing levels are adequate to effectively implement this SSMP, properly manage the collection system, and respond to emergencies.

Provisions 6.1 – Enforcement Provisions

WDR REQUIREMENTS

Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ (Provision 6.1; pg. 27)

“The following enforcement provisions are based on existing federal and state regulations, laws and policies, including the federal Clean Water Act, the state Water Code and the State Water Board Enforcement Policy.”

COMPLIANCE

The District is aware of the consequences for non-compliance, including associated penalties for violations. The District maintains a proactive stance by fully implementing its SSMP.

Non-compliance with the requirements of this General Order, or discharging sewage without enrolling in this General Order, constitutes a violation of the Water Code and a potential violation of the Clean Water Act, and is grounds for an enforcement action by the State Water Board or the applicable Regional Water Board. Failure to comply with the notification, monitoring, inspection, entry, reporting, and recordkeeping requirements may subject the District to administrative civil liabilities of up to \$10,000 a day per violation pursuant to Water Code section 13385; up to \$1,000 a day per violation pursuant to Water Code section 13268; or referral to the Attorney General for judicial civil enforcement. Discharging waste not in compliance with the requirements of this General Order or the Clean Water Act may subject the District to administrative civil liabilities up to \$10,000 a day per violation and additional liability up to \$10 per gallon of discharge not cleaned up after the first 1,000 gallons of discharge; up to \$5,000 a day per violation pursuant to Water Code section 13350 or up to \$20 per gallon of waste discharged; or referral to the Attorney General for judicial civil enforcement.

Provisions 6.3 – Sewer System Management Plan Availability

WDR REQUIREMENTS

Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ (Provision 6.3; pg. 31)

“The Enrollee’s updated Sewer System Management Plan must be maintained for public inspection at the Enrollee’s offices and facilities and must be available to the public through CIWQS and/or on the Enrollee’s website, in accordance with section 3.8 (Sewer System Management Plan Reporting Requirements) of Attachment E1 (Notification, Monitoring, Reporting and Recordkeeping Requirements) of this General Order.”

COMPLIANCE

After finalizing this SSMP, the District anticipates uploading the final document to the CIWQS database and publishing it on the District website. In addition, the SSMP is available for public review at District offices, by appointment, during regular business hours.

2. Organization

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-2; pg. D-3\)](#)

“The Plan must identify organizational staffing responsible and integral for implementing the local Sewer System Management Plan through an organization chart or similar narrative documentation that includes:

- *The name of the Legally Responsible Official as required in section 5.1 (Designation of a Legally Responsible Official) of this General Order;*
- *The position titles, telephone numbers, and email addresses for management, administrative, and maintenance positions responsible for implementing specific Sewer System Management Plan Element;*
- *Organizational lines of authority; and*
- *Chain of communication for reporting spills from receipt of complaint or other information, including the person responsible for reporting spills to the State and Regional Water Boards and other agencies, as applicable. (For example, county health officer, county environmental health District, and State Office of emergency Services.)*

COMPLIANCE

The above items are addressed below:

District Legally Responsible Official (LRO) is listed below:

- Eric Steinlicht (District General Manager)
- Todd Albert (General Services Supervisor)
- Office Manager

The District’s LRO meets the requirements outlined in Specifications 5.1 of the WDR and is authorized to submit verbal, electronic, and written spill reports to the RWQCB, SWRCB, Tuolumne County Health Department, and County and State OES. The LRO, as the District’s designated LRO, is authorized to certify electronic spill reports submitted to the State Water Board.

Specific SSMP responsibilities for the core WDR requirements are presented in Table 4 – District Implementation Responsibilities (below), followed by Table 5 – District SSMP Responsible Position Contact Information. Figure 4 – District Organizational Chart (below) summarizes appropriate SSMP organizational staffing responsibilities for the District. And finally, Figure 5 – Chain of Communication for Reporting Spills (below) presents the overarching chain of communication for reporting sewage spills.

IMPLEMENTATION RESPONSIBILITIES

Sewer System Management Plan Elements	Responsible Position
1. SSMP Plan, Goal, and Introduction	District LRO
1.1. Regulatory Context	District LRO
1.2. SSMP Update Schedule	District LRO
1.3. Sewer System Asset Overview	District LRO
2. Organization	District LRO
3. Legal Authority	District LRO
4. Operations and Maintenance Program	District LRO
4.1. Updated maps of the Sanitary Sewer System	District LRO
4.2. Preventive Operation & Maintenance	District LRO
4.3. Training	District LRO
4.4. Equipment Inventory	District LRO
5. Design/Performance	District LRO
5.1. Updated Design Criteria & Construction Standards	District LRO
5.2. Procedures and Standards	District LRO
6. Spill Emergency Response Plan	District LRO
7. Sewer Pipe Blockage Program	District LRO
8. System Eval, Capacity Assurance, Capital Imp.	District LRO
8.1. System Evaluation and Condition Assessment	District LRO
8.2. Capacity Assessment and Design Criteria	District LRO
8.3. Prioritization of Corrective Action	District LRO
8.4. Capital Improvement Plan	District LRO
9. Monitoring, Measurement & Program Modifications	District LRO
10. Internal Audits	District LRO
11. Communication Program	District LRO

Table 4 – District Implementation Responsibilities

RESPONSIBLE POSITION CONTACT INFORMATION

Name	Title	Phone	Email
Eric Steinlicht	General Manager/LRO	(760) 742-1909	eric.steinlicht@paumavalleycsd.ca.gov

Table 5 – District SSMP Responsible Position Contact Information

FINAL DRAFT FOR BOARD CONSIDERATION

2.1. Organizational Chart

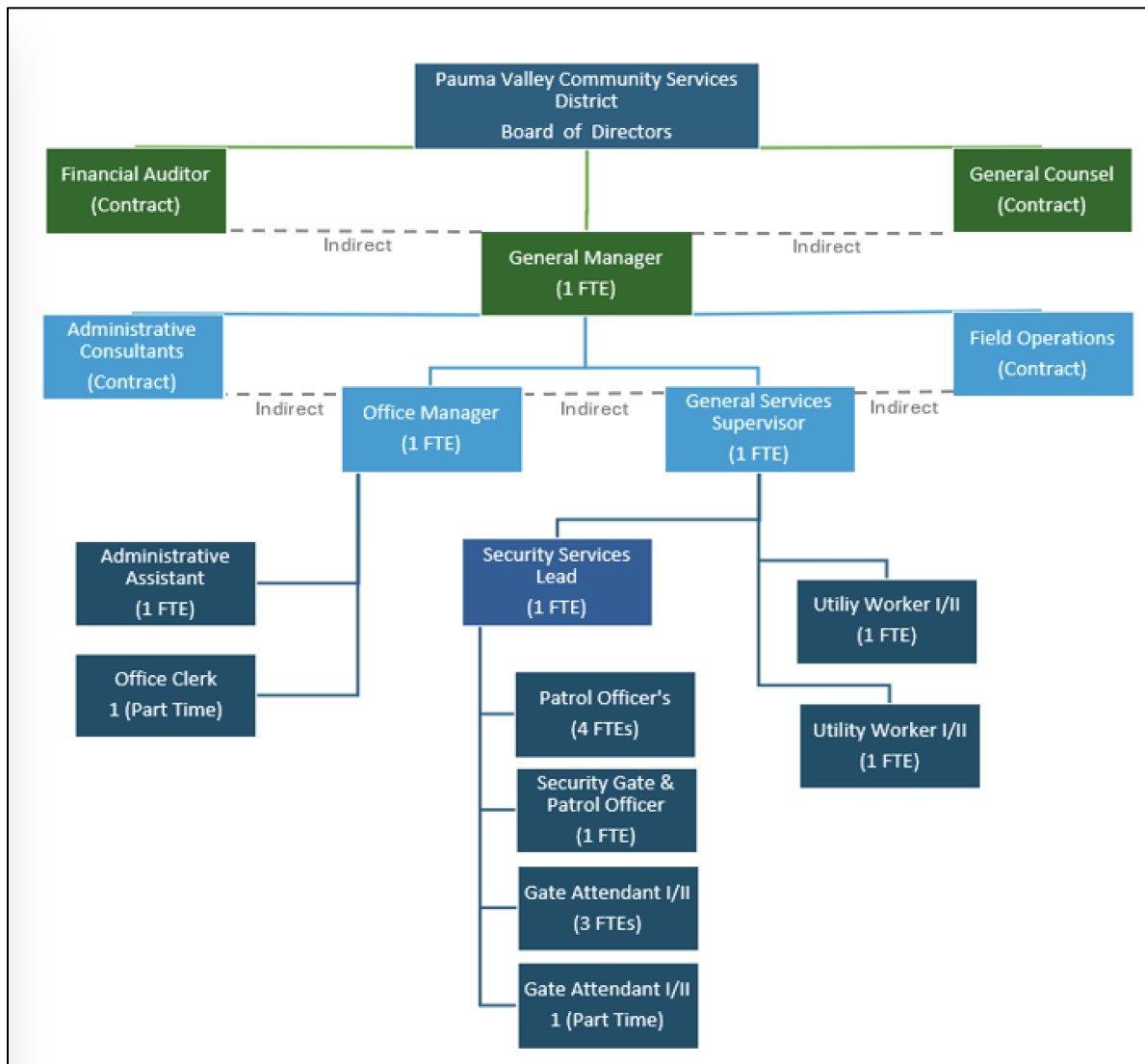


Figure 4 – District Organizational Chart

2.2. Organizational Staffing Responsibilities

Position	Narrative Explanation
Board of Directors	Provides policy direction and appropriates funds to implement SSMP activities
LRO	- Authorized representative. - Manages day-to-day operations and maintenance. - Updates the SSMP and CMMS. - Oversee O&M staff, including spill response. - Receives and enters reports of spills in CIWQS and notifies other regulatory agencies. - Oversee SSMP training. - Manages non-routine spill response activities. - Regulatory agency liaison and acts as an LRO. - Manages and oversees the work of field staff, consultants, and contractors in the repair/rehabilitation of sewers, pump stations, and the treatment plant. - Reviews sewer plans and inspects sewer installations for conformance with the District's Design and Construction Standards. - Maintains the District's Capital Improvements Program, prioritizing work and managing budget, scope, and schedule of all projects. - Performs sewer cleaning, maintenance, and CCTV inspection services. - Supports spill containment and clean-up activities as directed by the District. - Oversee the SSMP, including performance and budget. - Supervises, administrative, and O&M functions include capital improvement activities.
Contractors	Outside technical support for plant and sewer capital projects as directed by District LRO.

Table 6 – District Organization Positions and Responsibilities

The District is committed to continuously assessing its resources and needs for maintaining, managing, and operating its collection system.

2.3. Chain of Communication for Reporting Spills

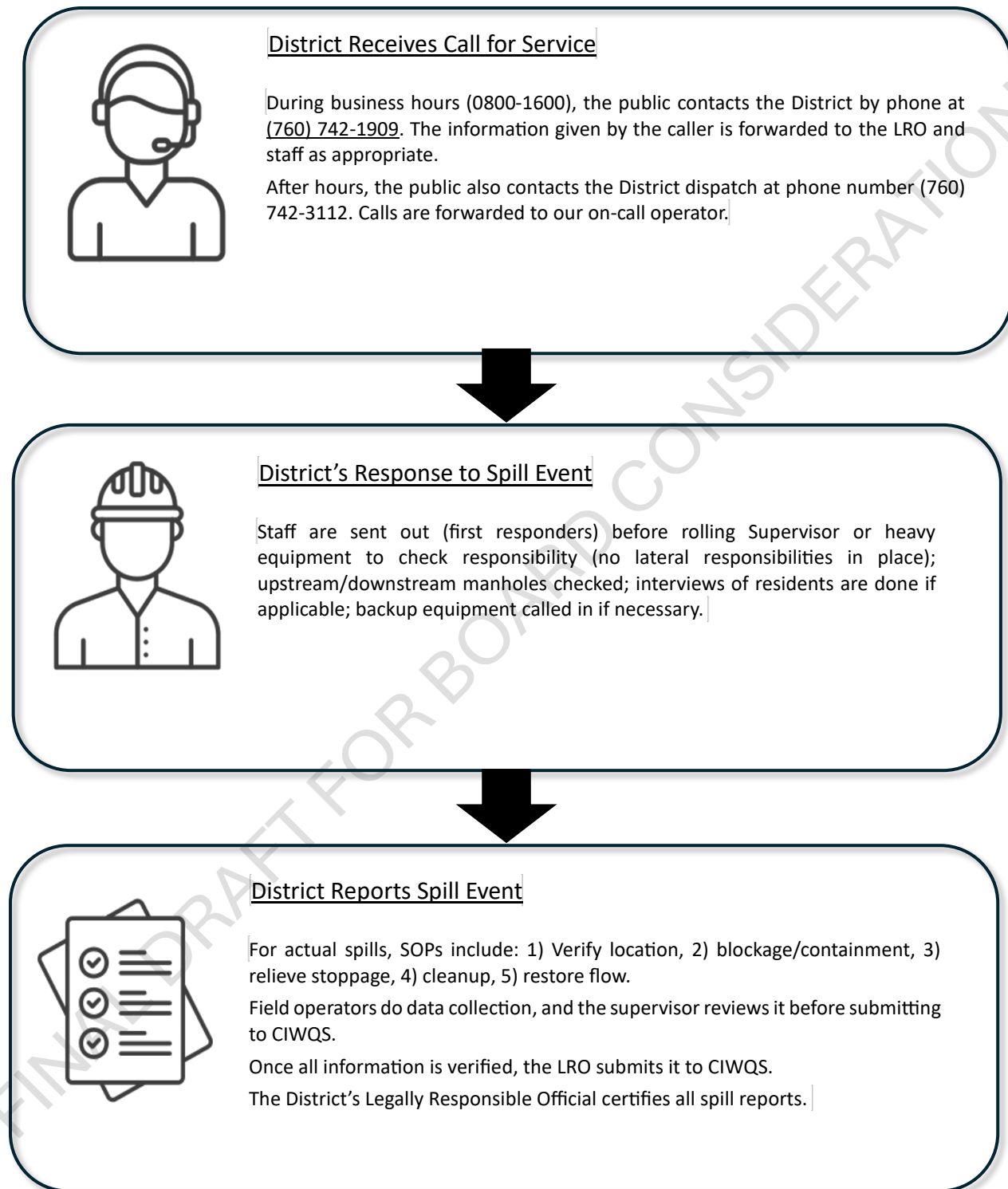


Figure 5 – Chain of Communication for Reporting Spills

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Have there been any changes requiring updates to the Organizational Chart?
- Have there been instances when a service call for a spill was not properly routed to response personnel?
- Were all spill response activities documented and forwarded to the LRO?
- Have there been any changes in assigned responsibilities for implementing the SSMP?
- Is there a process in place to ensure all contact information remains up to date?

IMPLEMENTATION PLAN/SCHEDULE

See "2. Organization" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 2 by:

- Ensuring that more than one person is capable and responsible for specific duties for SSMP implementation, e.g., back-up personnel.
- Designation of more than one LRO to help ensure full and continuous coverage of duties.
- Testing the phone notification system to ensure calls are received and routed to appropriate personnel.

APPENDIX 2 INCLUSIONS

- None

3. Legal Authority

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-3; pg. D-4\)](#)

“The Plan must include copies or an electronic link to the Enrollee’s current sewer system use ordinances, service agreements and/or other legally binding procedures to demonstrate the Enrollee possesses the necessary legal authority to:

- *Prevent illicit discharges into its sanitary sewer system from inflow and infiltration (I&I); unauthorized stormwater; chemical dumping; unauthorized debris; roots; fats, oils, and grease; and trash, including rags and other debris that may cause blockages;*
- *Collaborate with storm sewer agencies to coordinate emergency spill responses, ensure access to storm sewer systems during spill events, and prevent unintentional cross connections of sanitary sewer infrastructure to storm sewer infrastructure;*
- *Require that sewer system components and connections be properly designed and constructed;*
- *Ensure access for maintenance, inspection, and/or repairs for portions of the service lateral owned and/or operated by the Enrollee;*
- *Enforce any violation of its sewer ordinances, service agreements, or other legally binding procedures; and*
- *Obtain easement accessibility agreements for locations requiring sewer system operations and maintenance, as applicable.*

COMPLIANCE

The above items are addressed by the District in the order below.

The District has established authority to prevent illicit discharges into the District’s Wastewater Collection System through:

- Ordinance No. 7 adopted 8/8/1972 and Ordinance No. 50 adopted 6/19/2008 and revised 5/29/2019.

The District collection system is stand-alone, and the District is responsible for select storm drain systems within the Pauma Valley Country Club Estates area. The District coordinates with the Pauma Valley Roadway Association and other private entities for servicing such assets.

The District requires that all sewer system components and connections be properly designed and constructed through:

- Ordinance No. 50 adopted 6/19/2008 and revised 5/29/2019, and Ordinance No. 54 adopted 03/25/2019 and amended 05/27/2025.

District facilities are accessible and located within legal easements to ensure maintenance, or coordinated with, for ensuring necessary O/M.

The District has established legal authority to enforce compliance with its sewer ordinances, service agreements, and other legally binding procedures under Ordinance No. 50.

The District does not own or maintain sewer service laterals as of 05/27/2025 via Ordinance No. 54.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Are the District ordinances and standards adequate for fulfilling the SSMP Plan legal requirements?
- Does the District have a process in place for periodic review and evaluation of ordinances?
- Have there been instances when the code or ordinance did not address a need or circumstance?

IMPLEMENTATION PLAN/SCHEDULE

See "3. Legal Authority" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 3 by:

- Keeping abreast of industry trends and local ordinances that may affect operations.

APPENDIX 3 INCLUSIONS

- None

4. Operation and Maintenance Program

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-4; pg. D-4\)](#)

"The Plan must include the items listed below that are appropriate and applicable to the Enrollee's system."

4.1. Updated Map of Sewer System

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-4.1; pg. D-4\)](#)

"An up-to-date map(s) of the sanitary sewer system, and procedures for maintaining and providing State and Regional Water Board staff access to the map(s). The map(s) must show gravity line segments and manholes, pumping facilities, pressure pipes and valves, and applicable stormwater conveyance facilities within the sewer system service area boundaries."

COMPLIANCE

The District currently maintains its sewer collection system map electronically on a geographic information system. The District also keeps maps of the sanitary sewer collection system on plat sheets at the District office as well. The plat sheets are organized in quarter sections of land, showing wastewater collection components, including lateral locations, pipeline sizes, and manholes with rim elevation, lift stations and air-vacs. Since the District is mostly built-out and there has been little to no growth in the service area, maps are updated very infrequently.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Were all map updates completed promptly?
- Are all staff trained in the procedure for providing map update information?
- Are newly installed sewer assets incorporated into the system maps?
- Are there terrain features or assets that should be incorporated in future map updates (e.g., exposed pipe, siphons, ARVs, surface water, etc.)

IMPLEMENTATION PLAN/SCHEDULE

See "4.1 Updated Map of Sewer System" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

4.2. Preventive Operation and Maintenance Activities

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-4.2; pg. D-4/D-5\)](#)

"A scheduling system and a data collection system for preventive operation and maintenance activities conducted by staff and contractors. The scheduling system must include:

- *Inspection and maintenance activities;*
- *Higher-frequency inspections and maintenance of known problem areas, including areas with tree root problems;*
- *Regular visual and closed-circuit television (CCTV) inspections of manholes and sewer pipes.*

The data collection system must document data from system inspection and maintenance activities, including system areas/components prone to root-intrusion potentially resulting in system backup and/or failure."

COMPLIANCE

The purpose of a work order system is to program and track all required inspection and maintenance activities within the collection system to help proactively prevent blockages/operational problems or spills. The District uses (email, and a service request system on the website) which enables it to make informed decisions about its assets and infrastructure by leveraging data collected from field work orders and documented inspections. The District has a full GIS system for all sewer assets.

The District's CMMS maintains historical data on all maintenance activities and provides a basis for critical analysis, data-driven planning, and decision-making today and into the future. This allows for prioritizing and planning routine activities such as CCTV inspections, pipe cleaning, and pump station maintenance activities. In addition, the CMMS is used to plan and schedule higher-frequency inspection and maintenance activities, such as Hot Spot cleanings throughout the system, and to support selective root control activities. Emergency and other reactive activities are also documented in work orders. The scheduling system allows staff to place certain activities on a preventive schedule, where the CMMS automatically creates work orders at a prescribed interval. Work orders for activities are generated by supervisory personnel as needed.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Are the District's maintenance, operations, and system work orders periodically audited for accuracy and completeness?
- Does the District monitor "open," "overdue," or "not yet completed" work orders to ensure completion of tasks?
- Are inspection and maintenance activities reducing the number and volume of spills?
- Is maintenance work being completed as scheduled?

IMPLEMENTATION PLAN/SCHEDULE

See "4.2 Preventive Operation and Maintenance Activities" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

FINAL DRAFT FOR BOARD CONSIDERATION

4.3. Training

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-4.3; pg. D-5\)](#)

“In-house and external training provided on a regular basis for sanitary sewer system operations and maintenance staff and contractors. The training must cover:

- *The requirements of this General Order;*
- *The Enrollee’s Spill Emergency Response Plan procedures and practice drills;*
- *Skilled estimation of spill volume for field operators; and*
- *Electronic CIWQS reporting procedures for staff submitting data.”*

COMPLIANCE

The District’s training program covers numerous areas related to wastewater collection systems and serves to develop and maintain highly qualified, knowledgeable, and capable staff. This training is provided through a variety of modes (self-study, seminars, conferences, on-the-job, etc.) and begins from the first day on the job and continues regularly thereafter.

Staff involved in responding to customer service calls, including sewage spills, receive annual training on the District’s Spill Emergency Response Plan and trainings, to be completed by Fischer Compliance LLC. This training is part classroom and part hands-on exercises and drills for responding to spill events, including containment, restoring flow, spill volume, volume recovered, spill start-time estimation, cleanup, and completing spill-event data-collection forms.

The District utilizes Fischer Compliance, LLC for providing spill response training guidance and is developing new spill response procedures for Contract Service personnel who perform work for the District, requiring them to:

- Immediately notify the District of any sewage spill they encounter.
- Make attempts to contain the spill.
- Cordon off the area to keep the public safe; and
- Remain on-site until District staff arrives and relieves them.

In addition to the above, the District holds internal training sessions on dozens of topics, including, but not limited to, safety, fieldwork, first aid, spill response, and CWEA certification. Training occurs on an annual, biannual, triannual, or as-needed basis, depending on the training subject or District staff certification requirements. The District maintains a record of formal training sessions and documents staff attendance. In addition, the District operators hold weekly safety meetings to discuss safety procedures for miscellaneous job-related topics.

The LRO, with outside support from Fischer Compliance, attends Legally Responsible Official (LRO) related trainings and Spill Emergency Response Plan (SERP trainings). This includes internal and external mock spill drills to help the sewer crew evaluate their preparedness to respond to spills and practice response procedures. Spill drills focus on having the sewer crew record the appropriate information about the spill as if they were in the field and require the LRO and LRO to walk through the regulatory agency notification

procedures. District staff also participate in continuing education trainings, including but not limited to California Water Environment (CWEA) local sections and the California Special District's Associations (CSDA).

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Has all training been completed as scheduled?
- Have records of training and attendance been documented and maintained?
- Have all staff demonstrated ability and knowledge after each training event?
- Have contractors received, at a minimum, training for reporting and responding to spills?

IMPLEMENTATION PLAN/SCHEDULE

See "4.3 Training" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

4.4. Equipment Inventory

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-4.4; pg. D-5\)](#)

"An inventory of sewer system equipment, including the identification of critical replacement and spare parts".

COMPLIANCE

The District maintains a host of equipment for both routine maintenance and for contingency or emergency operations. The District maintains a spare parts inventory and has identified "critical" parts, enabling the District to respond to and resolve issues promptly. This includes up-to-date equipment and replacement parts inventory maintained in District files. The District maintains equipment used for emergency operations in the event of a collection system failure, as well as replacement parts to repair facilities that are failing or at risk of failure.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Have inventory lists been audited as scheduled?
- Have any inventory deficiencies or omissions been discovered and rectified?
- Has the District experienced any equipment failure that inhibited a spill response?

IMPLEMENTATION PLAN/SCHEDULE

See "4.4 Equipment Inventory" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 4 by:

- Developing an SOP for updating maps when errors are discovered.
- Developing and using forms (paper or electronic) for data collection to help ensure all pertinent information is consistently collected.
- Periodically evaluating inspection cycle intervals to help ensure they are optimized.
- Requiring staff to demonstrate ability and/or knowledge for all training activities.
- Monitoring equipment and critical spare parts usage for trends.
- Performing periodic audits of the vehicle and equipment inventory List.

APPENDIX 4 INCLUSIONS

- Appendix 4.1 (Detailed District Sewer Map)

Specifications 5.19 – Operations and Maintenance

WDR REQUIREMENTS

Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ (Specification 5.19; pg. 27)

“To prevent discharges to the environment, the Enrollee shall maintain in good working order, and operate as designed, any facility or treatment and control system designed to contain sewage and convey it to a treatment plant.”

COMPLIANCE

To comply with these requirements, the District has established work programs for the operation and maintenance of its sanitary sewer collection system.

Gravity Main Cleaning

The goal is to clean all gravity mains approximately every 10 years. Each year, one section of the 10-year cleaning program is cleaned and inspected. Hot Spot areas are identified and scheduled for cleaning at established frequencies (bi-annually) based on pipe condition severity and the risk of pipe failure.

The District’s sewer maintenance staff and contractors collect all observations made during sewer cleaning operations regarding the extent and nature of materials removed. The matrix below provides guidance for any changes to be made to the frequency of the “hot spot” pipes based on cleaning results and/or CCTV data.

Gravity Main inspection (CCTV)

CCTV inspections are completed on an ongoing basis as part of the 10-year cleaning and inspection program. The District also recently completed CCTV inspection via outside contracting covering the entire gravity sewer system network. Pipelines with issues found during sewer cleaning are also followed up with CCTV to assess the condition of the pipe. If a spill occurs, the area of the blockage will be monitored by CCTV as part of a routine follow-up procedure.

The District implements an inspection program that consists of both visual inspections and video inspections. The visual inspections consist of frequent examination of known problem areas. District staff open manholes and visually inspect flow levels, structural condition and other possible operating issues and report any necessary work to the CPO.

The District inspects its pipes post the annual cleaning, in tandem. The inspections would review the entire system approximately every 10 years. The program would utilize National Association of Sewer Services Companies (NASSCO) Pipeline Assessment Certification Program (PACP) standards for the coding and ranking of defects. Findings would be stored in an excel spreadsheet and would be used to inform the District on necessary or immediate maintenance or structural repairs.

Manhole Inspections

The District anticipates implementing a system-wide manhole inspection program before completion of its next required SSMP Audit in 2028.

Easement Maintenance

Easement areas are inspected As needed to confirm access and manage vegetation growth. The District anticipates further review and updating of its existing easement program, specific to this requirement, prior to completion of its next required SSMP Audit, due in 2028.

Root Control

Currently, the District does not have an established chemical root-control application program. The District is committed to further assessing its existing O/M program for maintaining managing and operating its collection system.

FINAL DRAFT FOR BOARD CONSIDERATION

5. Design and Performance Provisions

5.1. Updated Design Criteria/Construction Standards/Specifications

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-5.1; pg. D-5\)](#)

“Updated design criteria, and construction standards and specifications, for the construction, installation, repair, and rehabilitation of existing and proposed system infrastructure components, including but not limited to pipelines, pump stations, and other system appurtenances. If existing design criteria and construction standards are deficient to address the necessary component-specific hydraulic Capacity as specified in section 8 (System Evaluation, Capacity Assurance and Capital Improvements) of this Attachment, the procedures must include component-specific evaluation of the design criteria”.

COMPLIANCE

The District utilizes the [County of San Diego’s current standard design standards](#) for its sewer system.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Is plan checking QA/QC processes helping to ensure adherence to the standards?

IMPLEMENTATION PLAN/SCHEDULE

See "5.1 Updated Design Criteria/Construction Standards/Specifications" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

5.2. Procedures and Standards

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-5.2; pg. D-5\)](#)

“Procedures, and standards for the inspection and testing of newly constructed, newly installed, repaired, and rehabilitated system pipelines, pumps, and other equipment and appurtenances”.

COMPLIANCE

The District utilizes the [County of San Diego’s current standard design procedures and standards](#) for its sewer system.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Were any design or installation deficiencies found during warranty inspections?
- Are deviations from standard procedures and/or specs, testing, etc., justified and documented?
- Does the District stay abreast of industry design standards and technical advances in the industry?

IMPLEMENTATION PLAN/SCHEDULE

See "5.2 Procedures and Standards" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 5 by:

- Staying abreast of industry trends and standards.
- Performing warranty inspections of newly installed or repaired assets to evaluate design and installation practices.
- Evaluating as-built changes for trends and areas for design and performance improvements.

APPENDIX 5 INCLUSIONS

- None

6. Spill Emergency Response Plan

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-6; pg. D-6\)](#)

“The Plan must include an up-to-date Spill Emergency Response Plan to ensure prompt detection and response to spills to reduce spill volumes and collect information for prevention of future spills. The Spill Emergency Response Plan must include procedures to:

- *Notify primary responders, appropriate local officials, and appropriate regulatory agencies of a spill in a timely manner;*
- *Notify other potentially affected entities (for example, health agencies, water suppliers, etc.) of spills that potentially affect public health or reach waters of the State;*
- *Comply with the notification, monitoring and reporting requirements of this General Order, State law and regulations, and applicable Regional Water Board Orders;*
- *Ensure that appropriate staff and contractors implement the Spill Emergency Response Plan and are appropriately trained;*
- *Address emergency system operations, traffic control and other necessary response activities;*
- *Contain a spill and prevent/minimize discharge to waters of the State or any drainage conveyance system;*
- *Minimize and remediate public health impacts and adverse impacts on beneficial uses of waters of the State;*
- *Remove sewage from the drainage conveyance system;*
- *Clean the spill area and drainage conveyance system in a manner that does not inadvertently impact beneficial uses in the receiving waters;*
- *Implement technologies, practices, equipment, and inter-District coordination to expedite spill containment and recovery;*
- *Implement pre-planned coordination and collaboration with storm drain agencies and other utility agencies/departments prior, during, and after a spill event;*
- *Conduct post-spill assessments of spill response activities;*
- *Document and report spill events as required in this General Order; and*
- *As needed, review and assess effectiveness of the Spill Emergency Response Plan, and update the Plan as needed.”*

COMPLIANCE

The District’s Spill Emergency Response Plan (SERP) is a stand-alone document that contains all the key elements necessary for an appropriate spill response: notification, emergency incident response, reporting, and impact mitigation. The current plan, prepared by Fischer Compliance LLC, meets and exceeds all requirements of the WDR, which became effective on June 5, 2023. The District anticipates completing Initial training on the SERP As needed. A copy of the SERP is available for viewing at the District office upon request.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Have staff's spill response efforts helped to prevent the discharge of sewage to surface waters?
- Do post-spill assessments indicate staff are following the procedures outlined in the SERP?
- Is SERP training effective, and are trainees demonstrating adequate knowledge and abilities?

IMPLEMENTATION PLAN/SCHEDULE

See "6. Spill Emergency Response Plan" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 6 by:

- Multiple staff are trained to respond to spill events.
- Post-spill assessments are conducted to evaluate staff's adherence to the SERP and to identify areas for improvement.
- Data collection forms are used by field staff to collect all the required data to be submitted to CIWQS and are designed as a guide to a proper spill event response.
- The District employs several different spill volume estimation methods to account for different circumstances.

APPENDIX 6 INCLUSIONS

- None

7. Sewer Pipe Blockage Program

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-7; pg. D-7\)](#)

“The Sewer System Management Plan must include procedures for the evaluation of the Enrollee’s service area to determine whether a sewer pipe blockage control program is needed to control fats, oils, grease, rags and debris. If the Enrollee determines that a program is not needed, the Enrollee shall provide justification in its Plan for why a program is not needed.

The procedures must include, at minimum:

- *An implementation plan and schedule for a public education and outreach program that promotes proper disposal of pipe-blocking substances;*
- *A plan and schedule for the disposal of pipe-blocking substances generated within the sanitary sewer system service area. This may include a list of acceptable disposal facilities and/or additional facilities needed to adequately dispose of substances generated within a sanitary sewer system service area;*
- *The legal authority to prohibit discharges to the system and identify measures to prevent spills and blockages.*
- *Requirements to install grease removal devices (such as traps or interceptors), design standards for the removal devices, maintenance requirements, best management practices requirements, recordkeeping and reporting requirements;*
- *Authority to inspect grease producing facilities, enforcement authorities, and whether the Enrollee has sufficient staff to inspect and enforce the fats, oils, and grease ordinance;*
- *An identification of sanitary sewer system sections subject to fats, oils, and grease blockages and establishment of a cleaning schedule for each section; and*
- *Implementation of source control measures for all sources of fats, oils, and grease reaching the sanitary sewer system for each section identified above.”*

COMPLIANCE

In many sanitary sewer collection systems, Fats, Oils, and Grease (FOG) is a significant cause of sewer blockages in pipes, as well as a contributor to operational disruptions and damage to sewage pump stations. Although service areas that include commercial and institutional food service establishments (FSEs) are obvious sources of FOG, residential communities, especially those with medium- and high-density multi-family residences, can also be significant sources of FOG. The purpose of the FOG Control Program is to ensure that all customers in our service area comply with the District Ordinance and state and federal requirements, and to prevent sewage overflows caused by FOG-related blockages in our sewer collection system.

To implement the above requirements the District complies with this requirement through the following measures:

Public Outreach:

Public education for this effort is primarily implemented through restaurant inspections. The District conducts periodic inspections on a biannual cycle and provides outreach materials to residences and businesses.

Pipe Blocking Substances:

The District has legal authority to limit fats, oils, and grease under the District Code No 50. Currently, 2 Food Service Establishments are connected to the District's collection system.

Grease Control Devices:

The District does not have legal authority to require installation of grease interceptors to limit fats, oils, and grease. However, the District relies on its authority granted in District Code No. 50 for control measures to limit grease and FOG discharges into the sanitary sewer system. Via Ordinance No. 50, for establishments that do not install a grease interceptor, the District maintains the authority to pass enhanced cleaning costs onto the customer when applicable.

Inspections:

The District has established legal authority requiring inspections via District Code No. 50 to limit grease-producing facilities.

Portions of Sewers Subject to FOG:

The District maintains a list of Hot Spot cleaning program locations, including sections subject to FOG build-up and blockages. The "Areas of Interest" or Hot Spots are scheduled for more frequent cleanings and monitoring and are available on request.

Source Control Measures:

- The District does not have a formal established source control program for its wastewater facility at this time.
- The District is committed to monitoring causes of spills caused by FOG sources.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Have there been any blockages/spills from any identified problem area?
- Is the District receiving feedback on public outreach efforts?
- Are the debris and other sewage solids collected during cleaning activities being disposed of appropriately?
- Have there been spills due to excessive fats, oils, grease, roots, or non-disposable wipes discovered in the sewer system during the audit period?
- Are there repeat offenders among FSEs?
- Are enforcement trends decreasing?
- Are Source Control and Collection staff included in the plan check process?

IMPLEMENTATION PLAN/SCHEDULE

See "7. Sewer Pipe Blockage Program" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 7 by:

- Inspection of select assets directly downstream of grease-producing businesses to ensure source control is effective.
- Residential FOG outreach and education program.
- Performance of regular assessments of system assets to monitor performance.
- QA/QA process for evaluating pipe cleaning effectiveness.
- Daily disposal of pipe blocking materials retrieved during maintenance activities.

APPENDIX 7 INCLUSIONS

- None.

8. System Evaluation, Capacity Assurance, Capital Improvements

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-8; pg. D-7\)](#)

“The Plan must include procedures and activities for:

- *Routine evaluation and assessment of system conditions;*
- *Capacity assessment and design criteria;*
- *Prioritization of corrective actions; and*
- *A capital improvement plan.”*

8.1. System Evaluation and Condition Assessment

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-8.1; pg. D-7/D-8\)](#)

“The Plan must include procedures to:

- *Evaluate the sanitary sewer system assets utilizing the best practices and technologies available;*
- *Identify and justify the amount (percentage) of its system for its condition to be assessed each year;*
- *Prioritize the condition assessment of system areas that:*
 - *Hold a high level of environmental consequences if vulnerable to collapse, failure, blockage, Capacity issues, or other system deficiencies;*
 - *Are located in or within the vicinity of surface waters, steep terrain, high groundwater elevations, and environmentally sensitive areas;*
 - *Are within the vicinity of a receiving water with a bacterial-related impairment on the most current Clean Water Act section 303(d) List.*
- *Assess the system conditions using visual observations, video surveillance and/or other comparable system inspection method;*
- *Utilize observations/evidence of system conditions that may contribute to exiting of sewage from the system which can reasonably be expected to discharge into a water of the State;*
- *Maintain documents and recordkeeping of system evaluation and condition assessment inspections and activities; and*
- *Identify system assets vulnerable to potential impacts of climate change, including but not limited to: sea level rise; flooding and/or erosion due to increased storm volumes, frequency, and/or intensity; wildfires; and increased power disruptions.”*

COMPLIANCE

Assessments:

The assessment of a collection system includes all components of the District collection system, including gravity mains, laterals, manholes, and pump stations. It is of key importance to regularly conduct condition assessments to establish a baseline and monitor changes over time. Gravity pipes are CCTV inspected, and manholes and pump stations are visually inspected.

The District implements an inspection program that consists of both visual inspections and video inspections. The visual inspections consist of frequent examination of known problem areas. District staff open manholes and visually inspect flow levels, structural condition and other possible operating issues and report any necessary work to the CPO.

Pipeline Replacements:

Approximately XXX linear feet of deteriorated vitrified clay (VC) pipe has been identified for full replacement due to significant structural degradation and reduced service reliability.

Pipeline Rehabilitation (CIPP):

Approximately 500 linear feet of existing pipeline at the minimum is anticipated to be rehabilitated prior to 2032, as resources allow.

These improvements are intended to enhance overall system performance, reduce ongoing maintenance costs, and mitigate risks associated with pipeline failure and sanitary sewer overflows.

CCTV:

The CCTV inspections review the entire system approximately every 10 years, in tandem with the cleaning program. The program would utilize National Association of Sewer Services Companies (NASSCO) Pipeline Assessment Certification Program (PACP) standards for the coding and ranking of defects. Findings would be stored in an excel spreadsheet and would be used to inform the District on necessary or immediate maintenance or structural repairs.

Repairs:

The District makes consistent efforts to repair and seal segments of sewer pipe to prevent spills from breakages and reduce I & I into the collection system.

Manholes:

The District does not currently have a formal manhole inspection program but anticipates having a systematic program in place by 2028.

Exfiltration:

The District is not aware of any sewage exiting from the system. Any observation(s) within the District's sewer system that indicate imminent failure warrant an immediate response.

Documentation:

Documents related to system evaluation and condition assessment are maintained on the District's intranet and are available on request.

Climate Planning:

The District has evaluated its collection system for potential climate impacts and has determined that it is not susceptible to, and has mitigated, any such impacts. The District will re-evaluate these factors before its next SSMP audit cycle in 2028.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Has the District maintained its schedule for (information needed), and is data being reviewed promptly?
 - o CCTV Gravity Mains
 - o Laterals
 - o Manholes
 - o Pump Stations
- Are inspection efforts discovering deficiencies promptly?
- Are maintenance and inspection activities being properly documented?

IMPLEMENTATION PLAN/SCHEDULE

See "8.1 System Evaluation and Condition Assessment" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

8.2. Capacity Assessment and Design Criteria

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-8.2; pg. D-8/D-9\)](#)

“The Plan must include procedures to identify system components that are experiencing or contributing to spills caused by hydraulic deficiency and/or limited Capacity, including procedures to identify the appropriate hydraulic Capacity of key system elements for:

- *Dry-weather peak flow conditions that cause or contributes to spill events;*
- *The appropriate design storm(s) or wet weather events that causes or contributes to spill events.*
- *The Capacity of key system components; and*
- *Identify the major sources that contribute to the peak flows associated with sewer spills.*

The Capacity assessment must consider:

- *Data from existing system condition assessments, system inspections, system audits, spill history, and other available information;*
- *Capacity of flood-prone systems subject to increased infiltration and inflow, under normal local and regional storm conditions;*
- *Capacity of systems subject to increased infiltration and inflow due to larger and/or higher-intensity storm events as a result of climate change;*
- *Increases of erosive forces in canyons and streams near underground and above-ground system components due to larger and/or higher-intensity storm events;*
- *Capacity of major system elements to accommodate dry weather peak flow conditions, and updated design storm and wet weather events; and*
- *Necessary redundancy in pumping and storage capacities.”*

COMPLIANCE

No portion of the District’s sanitary sewer system has historically or is currently experiencing spills caused by hydraulic deficiencies. The District does not currently implement complex hydraulic modeling for the sewer system and continues to monitor this requirement. Should hydraulic deficiencies be predicted or experienced, the District will design and implement necessary capacity enhancement measures as appropriate.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Number of Capacity-related spills or surcharge conditions during the audit period.
- Has the system responded to rain events as indicated by the hydraulic model?
- Have there been any changes to zoning designations (residential, commercial, industrial)?

IMPLEMENTATION PLAN/SCHEDULE

See "8.2 Capacity Assessment and Design Criteria" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

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8.3. Prioritization of Corrective Action

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-8.3; pg. D-9\)](#)

The findings of the condition assessments and Capacity assessments must be used to prioritize corrective actions. Prioritization must consider the severity of the consequences of potential spills."

COMPLIANCE

(see information outlined in section 8.1 above)

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Has the District adhered to its system evaluation/condition assessment schedule?
- Has the District adhered to its prioritization/corrective procedures for sewer repair and Capacity improvement projects?
- Have projects been completed before deficiencies caused failures?

IMPLEMENTATION PLAN/SCHEDULE

See "8.3 Prioritization of Corrective Action" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

8.4. Capital Improvement Plan

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-8.4; pg. D-9\)](#)

“The capital improvement plan must include the following items:

- *Project schedules include completion dates for all portions of the capital improvement program;*
- *Internal and external project funding sources for each project; and*
- *Joint coordination between operation and maintenance staff, and staff/consultants during planning, design, and construction of capital improvement projects; and Inter-District coordination with other impacted utility agencies.”*

COMPLIANCE

The District is in full compliance with Section 8.4 of its Sewer System Management Plan (SSMP) and the associated Waste Discharge Requirements (WDR) Order.

The District does not have capacity-related system constraints, and therefore has not identified capacity-related projects in the Capital Improvement Program. However, the District does produce a Capital Expenditure Plan (CEP) every fiscal year that includes funds for updates and modifications to its system, as well as for sewer cleaning. The Capital Expenditure Plan includes a 5-year budgeting outlook. The FY2020-21 Plan dedicates \$30,000 to Lift Station Repairs in the 2020-21 budget, as well as \$60,000 for sewer line jetting in 2021-22. The District’s Capital Improvement Program (CIP) provides a structured, ongoing framework for identifying infrastructure needs, establishing project schedules, and securing internal and external funding. The program ensures coordination among Operations, Maintenance, and other managers.

As of April 2026, the District has nearly completed the latest package of pipeline replacement and rehabilitation projects in critical portions of the sewer system, with the work scheduled to be completed by the fall of 2026. Additional future capital improvement projects are assessed, programmed, and funded as needed to address problem areas and spills.

In (YEAR, the (AGENCY) completed a comprehensive condition assessment of its sewer collection system. The purpose of this assessment was to evaluate the structural integrity and operational condition of existing infrastructure, identify deficiencies, and prioritize necessary improvements to ensure continued reliable service. The assessment included detailed pipeline inspections, condition ratings, and the identification of areas exhibiting deterioration, structural failure, root intrusion, and inflow and infiltration concerns.

The results of the condition assessment identified multiple segments of the sewer system requiring repair or replacement. Based on these findings, the District developed a targeted rehabilitation program to address the most critical deficiencies.

Key components of the project include:

Pipeline Replacement

Approximately 2,000 linear feet of deteriorated vitrified clay (VC) pipe has been identified for full replacement due to significant structural degradation and reduced service reliability.

Pipeline Rehabilitation (CIPP)

Approximately 9,792 linear feet of existing pipeline will be rehabilitated using the Cured-In-Place Pipe (CIPP) method, or equivalent modern day lining method. This trenchless technology enables structural renewal of pipelines while minimizing surface disruption, reducing construction impacts, and extending the service life of existing infrastructure.

These improvements are intended to enhance overall system performance, reduce ongoing maintenance costs, and mitigate risks associated with pipeline failure and sanitary sewer overflows.

Portions of rehabilitative work is currently underway and is scheduled to be completed by 2028, as resources allow.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Has the District's capital improvement plan schedule been adhered to?

IMPLEMENTATION PLAN/SCHEDULE

See "8.4 Capital Improvement Plan" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 8 by:

- Is there an annual review of the Capital Improvement Plan by all appropriate individuals?

APPENDIX 8 INCLUSIONS

- None

9. Monitoring, Measurement, and Program Modifications

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-9; pg. D-9\)](#)

“The Plan must include an Adaptive Management section that addresses Plan-implementation effectiveness and the steps for necessary Plan improvement, including:

- *Maintaining relevant information, including audit findings, to establish and prioritize appropriate Plan activities;*
- *Monitoring the implementation and measuring the effectiveness of each Plan element;*
- *Assessing the success of the preventive operation and maintenance activities;*
- *Updating Plan procedures and activities, as appropriate, based on results of monitoring and performance evaluations; and*
- *Identifying and illustrating spill trends, including spill frequency, locations, and estimated volumes.”*

COMPLIANCE

The above requirements are addressed below. Further, before finalizing this SSMP, the District anticipates updating this element to include additional information and details to address all requirements specified in this section above.

- The District maintains accurate and relevant inspection and maintenance records for the collection system. Much of the documentation today is maintained electronically, which allows for ease of access and analysis. This helps District staff make sound decisions and prioritize activities when dealing with routine and unexpected situations.
- Monitoring of the District’s SSMP focuses on each element in terms of its implementation and effectiveness. The SSMP has been designed to include key performance indicators for each element, which are used to measure effectiveness. In addition, implementation responsibilities are included for each element to help ensure the SSMP is being implemented as intended.
- The District assesses the success of maintenance and operation activities by ensuring activities are being performed as expected, by monitoring actual outcomes compared to intended outcomes, and by monitoring spill trends.
- The District is committed to continuous improvement and monitors and evaluates performance of work programs and SSMP elements to ensure intended outcomes are achieved while looking for areas for improvement. Although the SWRCB requires that the SSMP be updated every six years, it should be considered a dynamic document and may require more frequent updates. Routine changes to administrative information notwithstanding, minor changes will likely be required to address improvements identified through the SSMP Audit or to implement modifications as conditions change.
- The District monitors spill trends, at a minimum every three years during required audits, utilizing the CMMS database, inspection records, SCADA trends, and CIWQS data. These resources are helpful in

planning and programming work and in adjusting as needed, enabling the District to be adaptive and to capitalize on lessons learned.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Are SSMP Elements being periodically evaluated for effectiveness?
- Are work activities and spill events being documented?
- Has a plan and schedule been established to address audit findings/deficiencies from the last audit?
- Is Trend Analysis being performed on spill causes?
- Have work programs been assessed and updated as necessary?

IMPLEMENTATION PLAN/SCHEDULE

See "9. Monitoring, Measurement, and Program Modifications" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 9 by:

- Development of key performance indicators to measure the effectiveness of the SSMP.
- Performing periodic reviews of the SSMP to help ensure it is being properly implemented.
- Developing and adhering to a timeline to correct deficiencies found during the audit process.
- Periodically evaluating work programs to help ensure effectiveness.

APPENDIX 9 INCLUSIONS

- None

10. Internal Audits

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-10; pg. D-10\)](#)

“The Plan shall include internal audit procedures, appropriate to the size and performance of the system, for the Enrollee to comply with section 5.4 (Sewer System Management Plan Audits) of this General Order.”

COMPLIANCE

The District completed its last audit with Fischer Compliance LLC in 2026 (see Appendix 10.1) and will complete the required audits every three (3) years moving forward. The objective of the audit is to evaluate compliance, implementation, and effectiveness of the SSMP. Additionally, the SSMP includes a description of how the District will comply with each Element's requirements. The audit review includes an evaluation to determine if compliance has been met.

Implementation is evaluated by determining if the District is executing the SSMP as stated.

Effectiveness is evaluated using key performance indicators developed specifically for each element. An additional evaluation is performed to comply with Specifications 5.6, which addresses resilience.

Resilience is addressed for each Element and is built into the Agency's collection systems, procedures, and practices.

Any deficiencies discovered during the audit process are noted, and a plan and schedule for implementing corrective measures are established.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Have audits been performed as required?
- Have the audits assessed compliance, implementation, and effectiveness?
- Have deficiencies been identified?
- Has a plan and schedule to rectify the deficiencies been established?

IMPLEMENTATION PLAN/SCHEDULE

See "10. Internal Audits" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 10 by:

- Periodically evaluating key performance indicators during the audit period to assess effectiveness and make corrections, if necessary, prior to the audit.
- Evaluating previous audits to ensure deficiencies have been rectified.
- Scheduling the audit due dates and completing the audit on time.

APPENDIX 10 INCLUSIONS

- 10.1. 2022-2025 SSMP Audit Report

FINAL DRAFT FOR BOARD CONSIDERATION

11. Communication Program

WDR REQUIREMENTS

[Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ \(Attachment D-11; pg. D-10\)](#)

“The Plan must include procedures for the Enrollee to communicate with:

- *The public for:*
 - *Spills and discharges resulting in closures of public areas, or that enter a source of drinking water; and*
 - *The development, implementation, and update of its Plan, including opportunities for public input to Plan implementation and updates.*
- *Owners/operators of systems that connect into the Enrollee’s system, including satellite systems, for:*
 - *System operation, maintenance, and capital improvement-related activities.”*

COMPLIANCE

When the District experiences a spill, it is standard procedure to secure the affected area and keep the public away. This is generally done using barricades, cones, and caution tape. Should the District experience a spill that may require the closure of public areas, signs will be placed immediately to indicate the issue and provide contact information. Staff will remain on site to provide an additional safety factor until appropriate authorities respond and direct staff otherwise. In all cases, the District will follow the advice of higher authorities, such as the local environmental health department and other regulatory authorities.

The District regularly communicates with the public about the development, implementation, and performance of its SSMP. The communication system allows the public to submit input to the District’s SSMP and its implementation. This communication is provided through notices in the newsletter and on the District website. The SSMP and SSMP Audits are posted on the District website. Public comments are accepted at all monthly District Board meetings, and the District evaluates public input when provided and addresses questions and comments as appropriate.

To supplement resources, the District also has an established mutual assistance agreement with Yuima Municipal Water District to provide emergency assistance in the event of a major sanitary sewer spill. The District also has an ongoing agreement with contractor resources for both routine and emergency operations.

EFFECTIVENESS

The District utilizes the following Key Performance Indicators for measuring the effectiveness of this Element:

- Does the District place all SSMP action items on the agenda for regular counsel/board meetings?
- Does the District have signage or other means readily available to notify the public of environmental or public risk factors related to a sewage spill?
- Does the District perform outreach to residential customers?

IMPLEMENTATION PLAN/SCHEDULE

See "11. Communication Program" in the SSMP Action Items Checklist (Implementation Plans and Schedules) at the beginning of this document.

RESILIENCE

Resilience is addressed in Element 11 by:

- Use the SSMP as a tool to communicate to the public how the District is managing the system.
- Maintain a consistent presence in the service area by attending community events or issuing periodic newsletters or other communications to the public.
- Make it clear and easy for the public to contact the District.

APPENDIX 11 INCLUSIONS

- None

List of Appendices

APPENDIX 1	None
APPENDIX 2	None
APPENDIX 3	None
APPENDIX 4	None
APPENDIX 5	None
APPENDIX 6	None
APPENDIX 7	None
APPENDIX 8	None
APPENDIX 9	None
APPENDIX 10	2022-2025 SSMP Audit Report
APPENDIX 11	

References

- Bay Area Clean Water Agency (BACWA). (2024, July). *2024 Sewer System Management Plan Guidance Manual*. Retrieved from Bay Area Clean Water Agency (BACWA): <https://bacwa.org/wp-content/uploads/2024/07/Guide-for-Developing-and-Updating-SSMPs-July-2024-1.pdf>
- State Water Resources Control Board. (2025). *SSMP & Audit Required Dates SSO Lookup Tool*. Retrieved from State Water Resources Control Board: https://www.waterboards.ca.gov/water_issues/programs/sso/lookup/
- Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103-DWQ (Attachment D., 2022, December 6). *Statewide General Waste Discharge Requirements for Sanitary Sewer Systems*. Retrieved from State Water Resources Control Board, Water Quality Order No. 2022-0103-DWQ (Attachment D): https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2022/wqo_2022-0103-dwq.pdf

ORDINANCE NO. 55

AN ORDINANCE OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT REPEALING AND REPLACING ORDINANCE NO. 55 RELATING TO ESTABLISHING POLICIES AND PROCEDURES FOR GATE ACCESS WITHIN THE PAUMA VALLEY COUNTRY CLUB ESTATES

WHEREAS, the Pauma Valley Community Services District ("District") is a public agency organized under the Community Services District Law set forth in California Government Code Sections 61000, et seq.; and

WHEREAS, pursuant to Government Code Section 61100(j), the District is authorized to provide security services within its boundaries to protect lives and property; and

WHEREAS, Section 61060(a) of the Government Code authorizes the District to adopt ordinances to establish policies and procedures governing the District; and

WHEREAS, with the concurrence of the Pauma Valley Roadway Association ("Association"), the District provides gate access management and monitoring services, along with the ingress to and egress from, the Pauma Valley Country Club Estates ("PVCCE"), as depicted on the map attached hereto as Exhibit "A" and incorporated by reference; and

WHEREAS, the District currently regulates policies and procedures for gate access and road usage within the PVCCE under District Ordinance No. 55; and

WHEREAS, the District desires to repeal and replace Ordinance No. 55 to articulate and adopt its own set of policies and procedures pertaining to PVCCE gate access, separate and apart from the Association; and

WHEREAS, it is the District's desire and intent to adopt the Gate Access Policies and Procedures ("Policies and Procedures"), as set forth in Exhibit "B", attached hereto and incorporated by reference, to promote the orderly conduct of business regarding gate access within the PVCCE.

NOW, THEREFORE, the Board of Directors of the Pauma Valley Community Services District does hereby ordain as follows:

Section 1: Policies and Procedures. The District formally establishes and adopts the Gate Access Policies and Procedures attached hereto as Exhibit "B".

Section 2: Enforcement. The District and its employees are hereby authorized to implement and enforce the rules and regulations presented in the Policies and Procedures.

Section 3: Recitals. The Recitals are incorporated herein and made an operative part of this Ordinance.

Section 4: Effective Date. This Ordinance shall become effective thirty (30) days after its adoption pursuant to California Government Code Section 25123.

Section 5: Publication. This Ordinance shall be published within fifteen (15) days after its passage pursuant to California Government Code Section 25124.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Pauma Valley Community Services Department, held on the 28th day of September 2026.

APPROVED:

Fred Nelson, President

ATTEST:

Mike Esparza, Secretary

APPROVED AS TO FORM:

Jeffery A. Morris, General Counsel

CERTIFICATION

I, Michael Esparza, Secretary of the Board of Directors of the Pauma Valley Community Services District, certify that the foregoing ordinance was introduced at a regular meeting of the Board of Directors on the 27th day of July 2026, and was adopted by the Board of Directors at a Regular Meeting held on the 28^h day of September 2026, by the following vote of the Directors:

AYES:

NOES:

ABSENT:

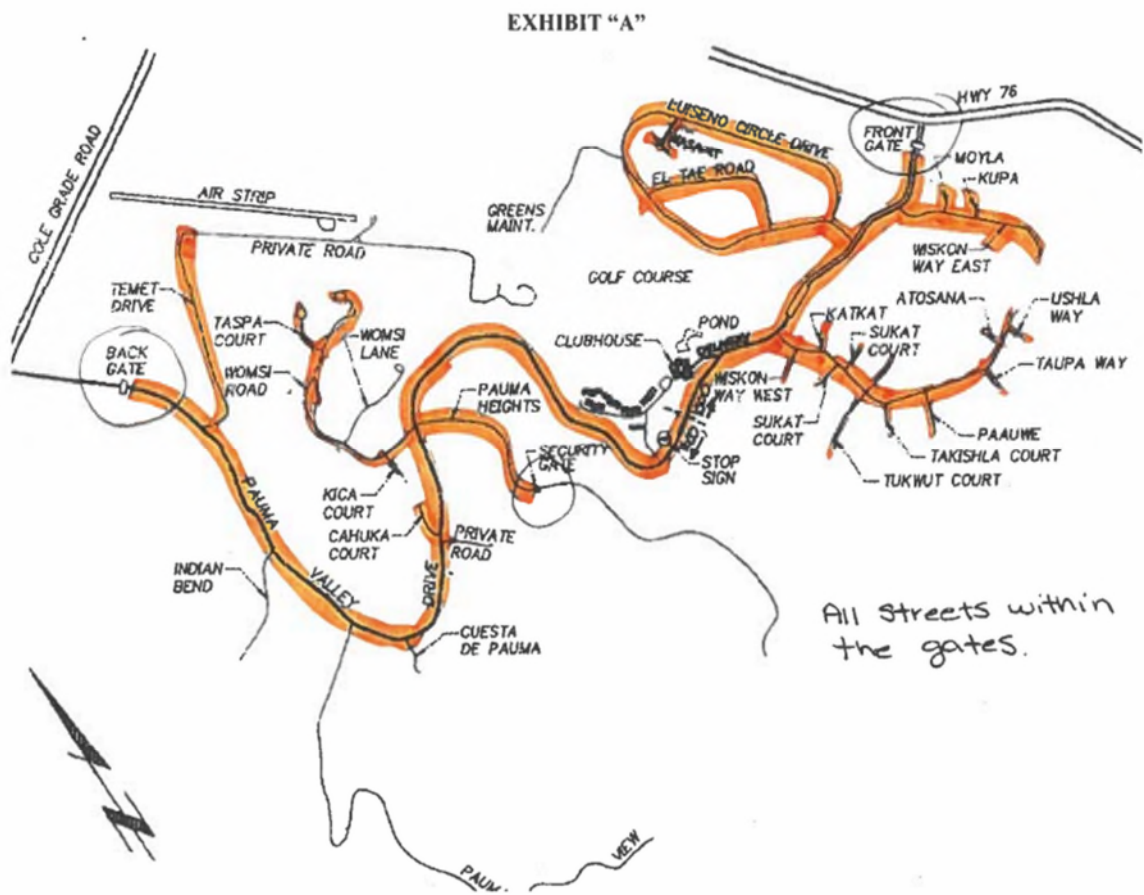
ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Pauma Valley Community Services District this 28th day of September, 2026.

Michael Esparza, Secretary

Exhibit "A"

Map of Pauma Valley Country Club Estates



30907.0000133867073.2

Exhibit "B"

**Pauma Valley Community Services District
Gate Access Policies and Procedures**

	Pauma Valley Community Services District Administrative Procedures and Rules	Adoption Date: 06/28/2021
GATE ACCESS POLICIES AND PROCEDURES (Pauma Valley Country Club Estates)		Amendment Date: 09/28/2026

ARTICLE 1 **GENERAL PROVISIONS**

- I. Introduction: Under California Government Code statutory authority, the Pauma Valley Community Services District ("PVCSD" or "District") is authorized to provide a variety of services, including gate access management, security patrol services, and monitoring ingress and egress from the Pauma Valley Country Club Estates ("PVCCE"). (See map attached hereto as Exhibit "A" and incorporated by reference.) It is PVCSD's intent to establish policies and procedures that will be convenient for the public and contribute to the orderly conduct of business regarding gate access for the PVCCE.

- II. Purpose: The purpose of these Gate Access Policies and Procedures ("Policies and Procedures") is to set forth certain policies and procedures by which the functions of the District are carried out. Other District policies and procedures related to gate access may be set forth in specific rules, regulations, resolutions, or policies of the District, whether or not included as part of this document.

- III. Definitions: Except as otherwise herein defined, the following terms used in these Policies and Procedures shall have the meanings set forth below:
 - a. Authorized Individual means a Resident of the PVCCE, the PVRA, and the PVCC.

 - b. Back Gate means the entrance to the PVCCE located on Pauma Valley drive closest to Cole Grade Road.

 - c. Commercial Activity means conduct that requires a Use Permit. Commercial Activity includes long-term rentals of Resident properties and the ongoing activities and events and of PVCC.

 - d. District or PVCSD means the Pauma Valley Community Services District

 - e. Gate Attendant means a person employed by PVCSD that works at a Gatehouse.

- f. Gatehouse means the Gate Attendant staff building located at the Main Gate.
- g. Guest Lane means the left ingress lane at the Main Gate closest to the Gatehouse.
- h. Main Gate means the entrance to the PVCCE located off Highway 76.
- i. Not in Good Standing means a person having delinquent dues or fees owed to the District. Those persons who do not meet the definition of "Not in Good Standing" shall be deemed to be in "Good Standing".
- j. Pass means an official PVCSD document, displayed on the dashboard of the vehicle (if a printed pass), that grants access within the gates of PVCCE for a specific period of time.
- k. Pass Scanner means the scanner located at the Back Gate.
- l. Pauma Heights Gate means the entrance to the PVCCE located directly off Pauma Heights Road.
- m. PVCC means the Pauma Valley Country Club.
- n. PVCCE means the Pauma Valley Country Club Estates.
- o. PVCSD or District means the Pauma Valley Community Services District.
- p. PVRA means the Pauma Valley Roadway Association.
- q. Resident means a PVCCE homeowner or individual(s) authorized to reside in or live on a PVCCE homeowner's property.
- r. RFID Transponder means a Radio Frequency ID tag for gate access issued by PVCSD.
- s. Roadway means the PVRA roads and streets, as depicted on Exhibit "A".
- t. Security Patrol Officer means an employee of PVCSD, or his or her designee, authorized to affect the safety and security of property and persons within the PVCSD service area.
- u. Service Persons means those individuals or entities providing commercial or personal services to Residents or Guests of PVCCE, PVRA, PVCSD, or PVCC.
- v. Signage means any printed information placed or posted on any Roadway, adjacent areas or curbs.
- w. Street Legal refers to vehicles with current licenses and registration documentation.

- x. Use Permit means a permit or license that is required to be issued by an authority having jurisdiction, prior to the commencement of activity that requires such permit or license.
- y. Written Authorization means a properly displayed printed pass, digital pass, active RFID, or an authorization letter from the PVCSD management team.

ARTICLE 2

RESPONSIBILITIES

- I. Gate Attendants: PVCSD shall provide Gate Attendants at the Main Gate to monitor alarm events (e.g., for Wastewater Treatment Plant failures, lift station failures, power outage failures, etc.); take incoming calls; monitor police and emergency radio traffic; and provide visitor management services to control ingress into PVCCE and egress out of PVCCE, in accordance with these Policies and Procedures.
- II. Security Patrol Officers: PVCSD shall provide Security Patrol Officers, with vehicles labeled as Security vehicles, to patrol its areas of responsibility (including PVCCE), respond to Gatehouse-dispatched events, provide emergency assistance to PVCCE Residents and guests, monitor access of the PVCCE community, and investigate breaches of these Policies and Procedures.
- III. Passes: PVCSD shall provide for the issuance of Passes, as defined herein, to those entitled to receive them, upon presentation of necessary documents. Individuals seeking an RFID tag or designation as a recognized contractor at a gatehouse will be referred to the PVCSD office.
- IV. Gatehouse Equipment: PVCSD shall be responsible for maintaining gatehouse equipment, inclusive of rolling gates, barrier arms, and all control systems required for their proper operation.

ARTICLE 3

ROADWAY USAGE WITHIN PVCCE

- I. Drivers: Drivers of motorized vehicles, except golf carts, must hold a valid driver's license, registration, and proof of insurance to drive within the gates of PVCCE.
- II. Recreational Activities: Any recreational activities which present a potential safety hazard, as reasonably determined by PVCSD, will be logged and reported to the proper authorities.
- III. Traffic Control Signs: Drivers of vehicles on any Roadway within the District are requested to observe and adhere to traffic control signs for the overall safety of the public.
- IV. Conformity: Drivers and their vehicles will be reported to the proper authorities by the District if they are not in conformity with the California Vehicle Code.

- V. Authorized Vehicles: Excluding golf carts, use of vehicles that are not Street Legal in California, such as motorized skateboards and motorized dirt bikes, will be reported to the PVRA, and if necessary, to the proper authorities by PVCSD personnel.

ARTICLE 4

WRITTEN AUTHORIZATION

- I. Written Authorization: There shall be no access to the PVCCE without PVCSD-issued Written Authorization. Visitor Passes must be current and displayed on the dashboard of the vehicle. RFIDs must be active to be classified as acceptable Written Authorization. Without PVCSD issued Written Authorization, vehicles will be logged and reported to the proper authorities.

ARTICLE 5

GATE ACCESS

- I. Policy Inquiries: Inquiries regarding Gate Access policies and RFID Transponders, shall be directed to the PVCSD offices or website at www.paumavalleycsd.ca.gov.
- II. Gate Attendants and Security Patrol Officers: Gate Attendants and Security Patrol Officers are authorized to request drivers' licenses of those seeking gate access.
- III. Good Standing Status: Individuals who are Not in Good Standing with the PVCSD may not be permitted to obtain and/or utilize RFID Transponders. Said individuals must request a Visitor Pass until their Good Standing status is restored.

ARTICLE 6

PASSES

- I. Gate Access Passes: A Pass to access PVCEE issued by the District can be electronically or manually generated, and will be in the form of either a Guest Pass or a Service Pass, as defined by this Article. Those wishing to enter the PVCCE without an RFID Transponder or without a Pass must register with a Gate Attendant to receive a Pass. Individuals generating an electronic Pass on their own computer may enter through the Back Gate (using the Pass Scanner) or through the Guest Lane of the Main Gate, where their Pass will be scanned by the Gate Attendant. Categories of Passes include:
- a. An Electronic Pass is one generated through an authorized individual's account in the gate access system. It can also be created by a Gate Attendant, thus enabling the individual named on such Pass to retrieve, print, and utilize it. Individuals authorized to create an Electronic Pass can do so only if said individual is in Good Standing with PVCSD. An Electronic Pass is valid only for the date(s) indicated on said Pass.
- b. A Visitor Pass, generated by a Gate Attendant, is for a guest of an Authorized Individual, and is used only if the Authorized Individual has advised the Gate Attendant of the guest's arrival, or responds to the Gate Attendant's phone call

inquiring about the guest seeking entrance. A Guest Pass is valid for use by the party named on the Pass and only for the date(s) indicated. All Guests who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.

- c. A Service Pass, generated by a Gate Attendant, is for a Service Person of an Authorized Individual, and is issued only if the Authorized Individual has advised the Gate Attendant of the Service Person's arrival, or responds to the Gate Attendant's phone call inquiring about a Service Person seeking entrance. A Service Pass is valid only for use by the party named on the Pass and only for the date(s) indicated. All Service Persons who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.
- II. Visibility: Printed Passes must be clearly visible/readable on the vehicle's dashboard at all times while the vehicle is entering a PVCCE gate or driving on or parked on a PVCCE Roadway.

ARTICLE 7

VISITORS

- I. Notification: Residents, agents, PVCC members and PVCC staff must notify a Gate Attendant of the name and arrival time of a visitor requiring a Pass. In the absence of such notification, no individual will be admitted unless the Gate Attendant is immediately able to contact the individual requesting admission.
- II. Guest Pass: Upon approved access, the Gate Attendant will issue a Guest Pass, as provided for in Article 6, valid for up to seven (7) days unless otherwise specifically authorized by PVCSD management for a longer duration, and will record appropriate information thereon. When issued, all Passes are specific to the individual named on the Pass.

ARTICLE 8

REAL ESTATE ACTIVITY

- I. Real Estate Agents/Brokers/Appraisers: Real estate agents, brokers and appraisers who are not Residents or PVCC members will be issued a Guest Pass at the Main Gate after presenting identification and indicating the property to be visited. Individuals inquiring about real estate within PVCCE will not be admitted unless accompanied by a real estate agent, broker, or appraiser.
- II. Open House: A Resident, agent, or real estate salesperson must notify the Gate Attendant on duty of the name(s) and arrival time of the visitors requiring a Pass for access. Absent such notification, the visitors will not be admitted. A Resident, agent or real estate salesperson must abide by all Policies and Procedures herein. Open house Signage shall not be permitted near, or adjacent to PVCCE access gates.

ARTICLE 9
PROPERTY USE PERMITS

- I. Commercial Activity: Gate Attendants shall not admit any person, and Security Officers shall not permit any person to use any Roadway to access a property for Commercial Activity, unless Written Authorization to do so is issued by PVCSD.
- II. Applicable Permits: Each Resident shall be responsible for obtaining applicable Use Permits from the PVRA.
- III. Estate Sales/Garage Sales/Yard Sales: Residents planning to host an estate sale, garage sale or yard sale, where participation is invited from individuals not residing within PVCCE, must apply to the PVRA for applicable authorization.
- IV. Visitor Notification: A Resident or agent must notify the Gate Attendant on duty of the name and arrival time of any visitor who will require a Pass for access to the PVCCE. Individuals requesting admittance to attend a permitted activity must be on an approved list and will be issued a Pass for the duration of one day only and for the single destination indicated on the Pass.

ARTICLE 10
UNATTENDED GATES

- I. Access: Access at unmanned gates without a Gate Attendant present will be enabled by RFID Transponders or by direct communication with the Gate Attendant on duty at the Main Gate. Unmanned gates are equipped with video and two-way voice communication. Vehicles attempting access at an unmanned gate without a RFID Transponder, or an electronic Pass will not be admitted and must enter through the Main Gate.

ARTICLE 11
EMERGENCY

- I. Emergency Vehicles: California Highway Patrol, San Diego County Sheriff, Cal Fire, EMTs, ambulance service, and similar emergency vehicles shall receive immediate access at any PVCCE gate, at any time.

ARTICLE 12
VIOLATIONS

- I. Notices of Violation:
 - a. NOV: A Notice of Violation ("NOV") is a citation issued by PVCSD for a violation of these Gate Access Policy and Procedures. The cause of the violation shall be set forth in writing and mailed or otherwise personally provided to the individual cited in the NOV. Property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members, and will be

responsible for penalty assessments associated with the NOV.

- b. Appeals: Any person issued an NOV may appeal the NOV or the penalties associated with the NOV to the PVCSD General Manager within thirty (30) days of the issuance date of the NOV. The General Manager shall review the evidence, including any input received from the appellant, and shall issue a written decision on the appeal and send a copy of the decision to the appellant. The General Manager's decision may be appealed to the PVCSD Board of Directors within thirty (30) days of the date of the General Manager's written determination. The PVCSD Board of Directors shall consider the matter during an open session, after providing at least ten (10) calendar days' written notice of the meeting to the appellant. The appellant shall be entitled to present evidence at the PVCSD Board meeting. The Board's decision on the matter, which may be accompanied by written findings or findings described in the Board meeting minutes, shall be conclusive of the appellant's administrative appeal rights to PVCSD.

II. Citable NOV Offenses: Citable NOV offenses include, but may not be limited to:

- a. tailgating through gate access barrier arms
- b. barrier arm contact and/or damage
- c. gate contact and/or damage
- d. traffic control Signage or device damage
- e. damage to any miscellaneous infrastructure of the gate systems
- f. Pass violations; and/or
- g. illegal ingress to or egress from PVCCE.

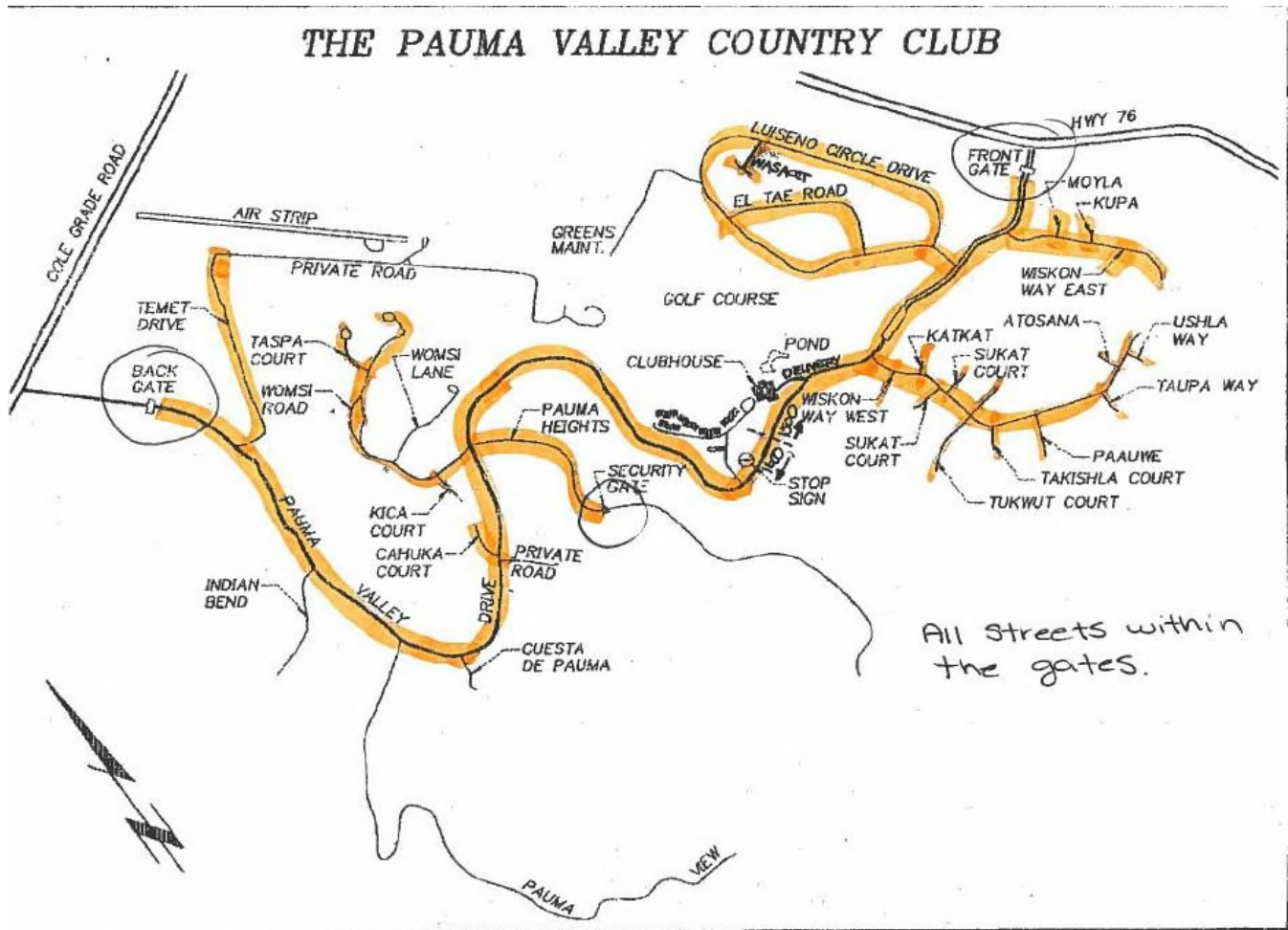
III. Penalties. For any violation of these Policies and Procedures, PVCSD may assess monetary penalties and/or revoke RFID access to the gates, as follows:

- a. Monetary Penalties: PVCSD may impose monetary penalty assessments for violations of these Policies and Procedures as follows:
 - i. 1st violation= Warning
 - ii. 2nd violation= \$150
 - iii. 3rd or more violations= \$350

The PVCSD Board of Directors may modify the above amounts, by Resolution, as the Board deems advisable. The above monetary penalties are in addition to the true cost of any damage to the PVCSD gate and barrier arm system, as described in Section IV (Damages) of this Article.

- b. RFID Privileges. PVCSD may revoke or suspend RFID gate access privileges as specified in Article 5, Section III: Good Standing Status.
- IV. Damages: Damages to the PVCCE gate and/or barrier arm access system will be billed to the party responsible (e.g., Resident or Service Person, as applicable) for said damage on an at-cost (plus labor) basis; however, consistent with Section I of this Article, property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members. Failure to pay any such damages, or any unpaid monetary assessment, may warrant PVCSD's application to a court of law or to the County Tax Collector's office for collection, which PVCSD staff is authorized to pursue at its discretion. Any damages to the PVCSD gate and barrier arm infrastructure or system will be billed in addition to any monetary penalty associated with an NOV, as described in Section III(a) (Monetary Penalty) of this Article.

EXHIBIT "A"
MAP OF PAUMA VALLEY COUNTRY CLUB ESTATES



ORDINANCE NO. 55

AN ORDINANCE OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT REPEALING AND REPLACING ORDINANCE NO. 55 RELATING TO ESTABLISHING POLICIES AND PROCEDURES FOR GATE ACCESS WITHIN THE PAUMA VALLEY COUNTRY CLUB ESTATES

WHEREAS, the Pauma Valley Community Services District ("District") is a public agency organized under the Community Services District Law set forth in California Government Code Sections 61000, et seq.; and

WHEREAS, pursuant to Government Code Section 61100(j), the District is authorized to provide security services within its boundaries to protect lives and property; and

WHEREAS, Section 61060(a) of the Government Code authorizes the District to adopt ordinances to establish policies and procedures governing the District; and

WHEREAS, with the concurrence of the Pauma Valley Roadway Association ("Association"), the District provides gate access management and monitoring services, along with the ingress to and egress from, the Pauma Valley Country Club Estates ("PVCCE"), as depicted on the map attached hereto as Exhibit "A" and incorporated by reference; and

WHEREAS, the District currently regulates policies and procedures for gate access and road usage within the PVCCE under District Ordinance No. 55; and

WHEREAS, the District desires to repeal and replace Ordinance No. 55 to articulate and adopt its own set of policies and procedures pertaining to PVCCE gate access, separate and apart from the Association; and

WHEREAS, it is the District's desire and intent to adopt the Gate Access Policies and Procedures ("Policies and Procedures"), as set forth in Exhibit "B", attached hereto and incorporated by reference, to promote the orderly conduct of business regarding gate access within the PVCCE.

NOW, THEREFORE, the Board of Directors of the Pauma Valley Community Services District does hereby ordain as follows:

Section 1: Policies and Procedures. The District formally establishes and adopts the Gate Access Policies and Procedures attached hereto as Exhibit "B".

Section 2: Enforcement. The District and its employees are hereby authorized to implement and enforce the rules and regulations presented in the Policies and Procedures.

Section 3: Recitals. The Recitals are incorporated herein and made an operative part of this Ordinance.

Section 4: Effective Date. This Ordinance shall become effective thirty (30) days after its adoption pursuant to California Government Code Section 25123.

Section 5: Publication. This Ordinance shall be published within fifteen (15) days after its passage pursuant to California Government Code Section 25124.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Pauma Valley Community Services Department, held on the ^{28th} ~~15th~~ day of ~~April~~ ^{September} 2024~~6~~.

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APPROVED:

|

~~Roland Skumawitz~~Fred Nelson, President

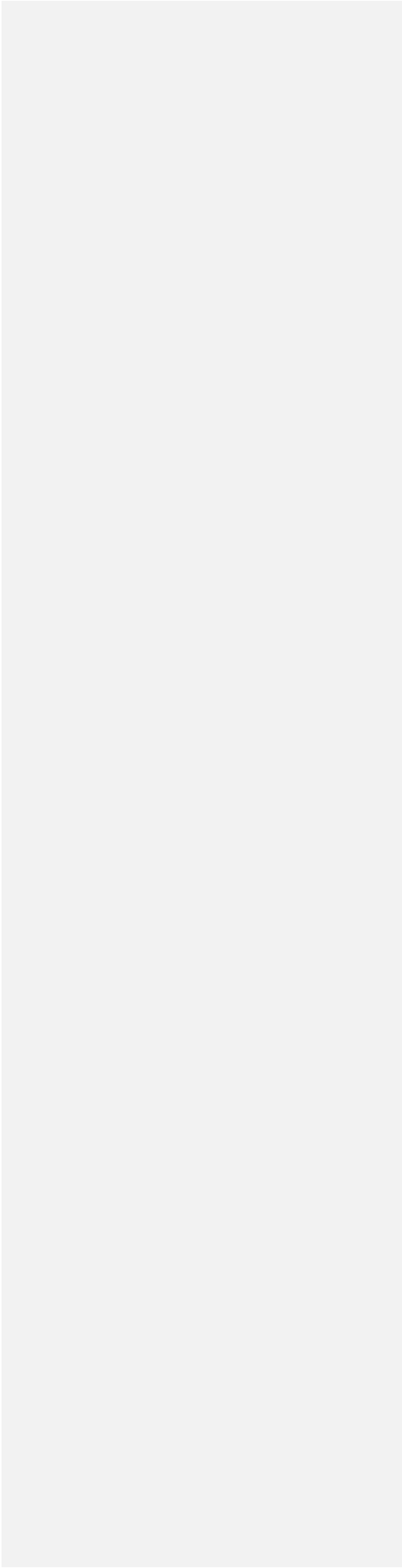
ATTEST:

|

~~Larry Curtis~~Mike Esparza, Secretary

APPROVED AS TO FORM:

Jeffery A. Morris, General Counsel



CERTIFICATION

I, ~~Larry Curtis~~Michael Esparza, Secretary of the Board of Directors of the Pauma Valley Community Services District, certify that the foregoing ordinance was introduced at a regular meeting of the Board of Directors on the ~~27th~~15th day of ~~April~~July 2024~~2026~~, and was adopted by the Board of Directors at a ~~special~~Regular Meeting~~meeting~~ held on the ~~15th~~28^h day of ~~April~~September 2024~~6~~, by the following vote of the Directors:

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AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Pauma Valley Community Services District this ~~25th~~28th day of ~~March~~September, 2024~~6~~.

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~~Larry Curtis~~Michael Esparza, Secretary

Exhibit "A"

Map of Pauma Valley Country Club Estates

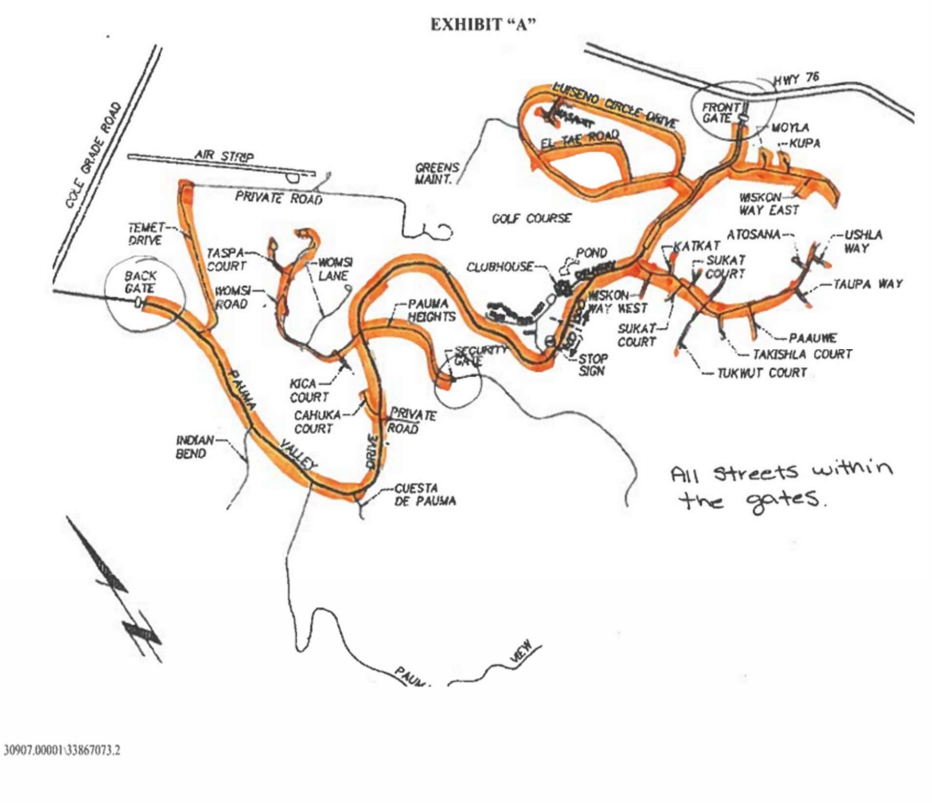
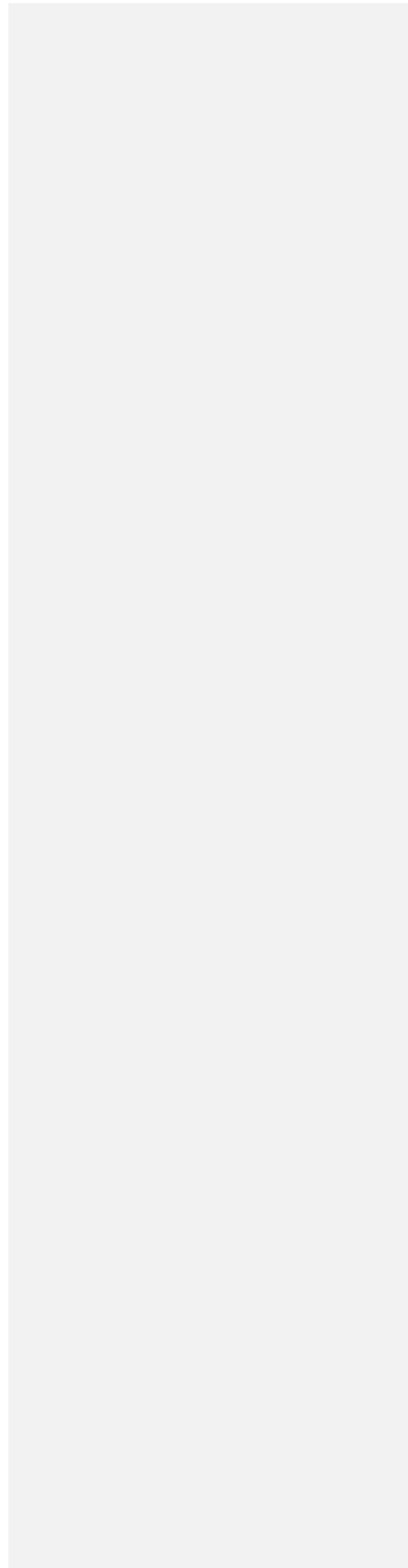


Exhibit "B"

**Pauma Valley Community Services District
Gate Access Policies and Procedures**



	Pauma Valley Community Services District Administrative Procedures and Rules	Adoption Date: 06/28/2021
GATE ACCESS POLICIES AND PROCEDURES (Pauma Valley Country Club Estates)		Amendment Date: <u>04/15/2024</u><u>09/28/2026</u>

ARTICLE 1
GENERAL PROVISIONS

- I. **Introduction:** Under California Government Code statutory authority, the Pauma Valley Community Services District ("PVCSD" or "District") is authorized to provide a variety of services, including gate access management, security patrol services, and monitoring ingress and egress from the Pauma Valley Country Club Estates ("PVCCE"). (See map attached hereto as Exhibit "A" and incorporated by reference.) It is PVCSD's intent to establish policies and procedures that will be convenient for the public and contribute to the orderly conduct of business regarding gate access for the PVCCE.
- II. **Purpose:** The purpose of these Gate Access Policies and Procedures ("Policies and Procedures") is to set forth certain policies and procedures by which the functions of the District are carried out. Other District policies and procedures related to gate access may be set forth in specific rules, regulations, resolutions, or policies of the District, whether or not included as part of this document.
- III. **Definitions:** Except as otherwise herein defined, the following terms used in these Policies and Procedures shall have the meanings set forth below:
 - a. **Authorized Individual** means a Resident of the PVCCE, the PVRA, and the PVCC.
 - b. **Back Gate** means the entrance to the PVCCE located on Pauma Valley drive closest to Cole Grade Road.
 - c. **Commercial Activity** means conduct that requires a Use Permit. Commercial Activity includes long-term rentals of Resident properties and the ongoing activities and events and of PVCC.
 - d. **District or PVCSD** means the Pauma Valley Community Services District
 - e. **Gate Attendant** means a person employed by PVCSD that works at a Gatehouse.

Commented [WH1]: I modified the order of the definitions so they are alphabetical.

- f. Gatehouse means the Gate Attendant staff building located at the Main Gate.
- g. Guest Lane means the left ingress lane at the Main Gate closest to the Gatehouse.
- h. Main Gate means the entrance to the PVCCE located off Highway 76.
- i. Not in Good Standing means a person having delinquent dues or fees owed to the District. Those persons who do not meet the definition of "Not in Good Standing" shall be deemed to be in "Good Standing".
- j. Pass means an official PVCSD document, displayed on the dashboard of the vehicle (if a printed pass), that grants access within the gates of PVCCE for a specific period of time.
- k. Pass Scanner means the scanner located at the Back Gate.
- l. Pauma Heights Gate means the entrance to the PVCCE located directly off Pauma Heights Road.
- m. PVCC means the Pauma Valley Country Club.
- n. PVCCE means the Pauma Valley Country Club Estates.
- o. PVCSD or District means the Pauma Valley Community Services District.
- p. PVRA means the Pauma Valley Roadway Association.
- q. Resident means a PVCCE homeowner or individual(s) authorized to reside in or live on a PVCCE homeowner's property.
- r. RFID Transponder means a Radio Frequency ID tag for gate access issued by PVCSD.
- s. Roadway means the PVRA roads and streets, as depicted on Exhibit "A".
- t. Security Patrol Officer means an employee of PVCSD, or his or her designee, authorized to affect the safety and security of property and persons within the PVCSD service area.
- u. Service Persons means those individuals or entities providing commercial or personal services to Residents or Guests of PVCCE, PVRA, PVCSD, or PVCC.
- v. Signage means any printed information placed or posted on any Roadway, adjacent areas or curbs.
- w. Street Legal refers to vehicles with current licenses and registration documentation.

- x. Use Permit means a permit or license that is required to be issued by an authority having jurisdiction, prior to the commencement of activity that requires such permit or license.
- y. Written Authorization means a properly displayed printed pass, digital pass, active RFID, or an authorization letter from the PVCSD management team.

ARTICLE 2

RESPONSIBILITIES

- I. Gate Attendants: PVCSD shall provide Gate Attendants at the Main Gate to monitor alarm events (e.g., for Wastewater Treatment Plant failures, lift station failures, power outage failures, etc.); take incoming calls; monitor police and emergency radio traffic; and provide visitor management services to control ingress into PVCCE and egress out of PVCCE, in accordance with these Policies and Procedures.
- II. Security Patrol Officers: PVCSD shall provide Security Patrol Officers, with vehicles labeled as Security vehicles, to patrol its areas of responsibility (including PVCCE), respond to Gatehouse-dispatched events, provide emergency assistance to PVCCE Residents and guests, monitor access of the PVCCE community, and investigate breaches of these Policies and Procedures.
- III. Passes: PVCSD shall provide for the issuance of Passes, as defined herein, to those entitled to receive them, upon presentation of necessary documents. Individuals seeking an RFID tag or designation as a recognized contractor at a gatehouse will be referred to the PVCSD office.
- IV. Gatehouse Equipment: PVCSD shall be responsible for maintaining gatehouse equipment, inclusive of rolling gates, barrier arms, and all control systems required for their proper operation.

ARTICLE 3

ROADWAY USAGE WITHIN PVCCE

- I. Drivers: Drivers of motorized vehicles, except golf carts, must hold a valid driver's license, registration, and proof of insurance to drive within the gates of PVCCE.
- II. Recreational Activities: Any recreational activities which present a potential safety hazard, as reasonably determined by PVCSD, will be logged and reported to the proper authorities.
- III. Traffic Control Signs: Drivers of vehicles on any Roadway within the District are requested to observe and adhere to traffic control signs for the overall safety of the public.
- IV. Conformity: Drivers and their vehicles will be reported to the proper authorities by the District if they are not in conformity with the California Vehicle Code.

- V. Authorized Vehicles: Excluding golf carts, use of vehicles that are not Street Legal in California, such as motorized skateboards and motorized dirt bikes, will be reported to the PVRA, and if necessary, to the proper authorities by PVCSD personnel.

ARTICLE 4

WRITTEN AUTHORIZATION

- I. Written Authorization: There shall be no access to the PVCCE without PVCSD-issued Written Authorization. Visitor Passes must be current and displayed on the dashboard of the vehicle. RFIDs must be active to be classified as acceptable Written Authorization. Without PVCSD issued Written Authorization, vehicles will be logged and reported to the proper authorities.

ARTICLE 5

GATE ACCESS

- I. Policy Inquiries: Inquiries regarding Gate Access policies and RFID Transponders, shall be directed to the PVCSD offices or website at www.paumavalleycscd.comca.gov.
- II. Gate Attendants and Security Patrol Officers: Gate Attendants and Security Patrol Officers are authorized to request drivers' licenses of those seeking gate access.
- III. Good Standing Status: Individuals who are Not in Good Standing with the PVCSD may not be permitted to obtain and/or utilize RFID Transponders. Said individuals must request a Visitor Pass until their Good Standing status is restored.

ARTICLE 6

PASSES

- I. Gate Access Passes: A Pass to access PVCEE issued by the District can be electronically or manually generated, and will be in the form of either a Guest Pass or a Service Pass, as defined by this Article. Those wishing to enter the PVCCE without an RFID Transponder or without a Pass must register with a Gate Attendant to receive a Pass. Individuals generating an electronic Pass on their own computer may enter through the Back Gate (using the Pass Scanner) or through the Guest Lane of the Main Gate, where their Pass will be scanned by the Gate Attendant. Categories of Passes include:
- a. An Electronic Pass is one generated through an authorized individual's account in the gate access system. It can also be created by a Gate Attendant, thus enabling the individual named on such Pass to retrieve, print, and utilize it. Individuals authorized to create an Electronic Pass can do so only if said individual is in Good Standing with PVCSD. An Electronic Pass is valid only for the date(s) indicated on said Pass.
- b. A Visitor Pass, generated by a Gate Attendant, is for a guest of an Authorized Individual, and is used only if the Authorized Individual has advised the Gate Attendant of the guest's arrival, or responds to the Gate Attendant's phone call

Field Code Changed

Commented [ES2]: True?

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inquiring about the guest seeking entrance. A Guest Pass is valid for use by the party named on the Pass and only for the date(s) indicated. All Guests who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.

- c. A Service Pass, generated by a Gate Attendant, is for a Service Person of an Authorized Individual, and is issued only if the Authorized Individual has advised the Gate Attendant of the Service Person's arrival, or responds to the Gate Attendant's phone call inquiring about a Service Person seeking entrance. A Service Pass is valid only for use by the party named on the Pass and only for the date(s) indicated. All Service Persons who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.

- II. Visibility: Printed Passes must be clearly visible/readable on the vehicle's dashboard at all times while the vehicle is entering a PVCCE gate or driving on or parked on a PVCCE Roadway.

ARTICLE 7 VISITORS

- I. Notification: Residents, agents, PVCC members and PVCC staff must notify a Gate Attendant of the name and arrival time of a visitor requiring a Pass. In the absence of such notification, no individual will be admitted unless the Gate Attendant is immediately able to contact the individual requesting admission.
- II. Guest Pass: Upon approved access, the Gate Attendant will issue a Guest Pass, as provided for in Article 6, valid for up to seven (7) days unless otherwise specifically authorized by PVCSD management for a longer duration, and will record appropriate information thereon. When issued, all Passes are specific to the individual named on the Pass.

ARTICLE 8 REAL ESTATE ACTIVITY

- I. Real Estate Agents/Brokers/Appraisers: Real estate agents, brokers and appraisers who are not Residents or PVCC members will be issued a Guest Pass at the Main Gate after presenting identification and indicating the property to be visited. Individuals inquiring about real estate within PVCCE will not be admitted unless accompanied by a real estate agent, broker, or appraiser.
- II. Open House: A Resident, agent, or real estate salesperson must notify the Gate Attendant on duty of the name(s) and arrival time of the visitors requiring a Pass for access. Absent such notification, the visitors will not be admitted. A Resident, agent or real estate salesperson must abide by all Policies and Procedures herein. Open house Signage shall not be permitted near, or adjacent to PVCCE access gates.

ARTICLE 9
PROPERTY USE PERMITS

- I. Commercial Activity: Gate Attendants shall not admit any person, and Security Officers shall not permit any person to use any Roadway to access a property for Commercial Activity, unless Written Authorization to do so is issued by PVCSD.
- II. Applicable Permits: Each Resident shall be responsible for obtaining applicable Use Permits from the PVRA.
- III. Estate Sales/Garage Sales/Yard Sales: Residents planning to host an estate sale, garage sale or yard sale, where participation is invited from individuals not residing within PVCCE, must apply to the PVRA for applicable authorization.
- IV. Visitor Notification: A Resident or agent must notify the Gate Attendant on duty of the name and arrival time of any visitor who will require a Pass for access to the PVCCE. Individuals requesting admittance to attend a permitted activity must be on an approved list and will be issued a Pass for the duration of one day only and for the single destination indicated on the Pass.

ARTICLE 10
UNATTENDED GATES

- I. Access: Access at unmanned gates without a Gate Attendant present will be enabled by RFID Transponders or by direct communication with the Gate Attendant on duty at the Main Gate. Unmanned gates are equipped with video and two-way voice communication. Vehicles attempting access at an unmanned gate without a RFID Transponder, or an electronic Pass will not be admitted and must enter through the Main Gate.

ARTICLE 11
EMERGENCY

- I. Emergency Vehicles: California Highway Patrol, San Diego County Sheriff, Cal Fire, EMTs, ambulance service, and similar emergency vehicles shall receive immediate access at any PVCCE gate, at any time.

ARTICLE 12
VIOLATIONS

- I. Notices of Violation:
 - a. NOV: A Notice of Violation ("NOV") is a citation issued by PVCSD for a violation of these Gate Access Policy and Procedures. The cause of the violation shall be set forth in writing and mailed or otherwise personally provided to the individual cited in the NOV. Property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members, and will be

responsible for penalty assessments associated with the NOV.

- b. Appeals: Any person issued an NOV may appeal the NOV or the penalties associated with the NOV to the PVCSD General Manager within thirty (30) days of the issuance date of the NOV. The General Manager shall review the evidence, including any input received from the appellant, and shall issue a written decision on the appeal and send a copy of the decision to the appellant. The General Manager's decision may be appealed to the PVCSD Board of Directors within thirty (30) days of the date of the General Manager's written determination. The PVCSD Board of Directors shall consider the matter during an open session, after providing at least ten (10) calendar days' written notice of the meeting to the appellant. The appellant shall be entitled to present evidence at the PVCSD Board meeting. The Board's decision on the matter, which may be accompanied by written findings or findings described in the Board meeting minutes, shall be conclusive of the appellant's administrative appeal rights to PVCSD.

II. Citable NOV Offenses: Citable NOV offenses include, but may not be limited to:

- a. tailgating through gate access barrier arms
- b. barrier arm contact and/or damage
- c. gate contact and/or damage
- d. traffic control Signage or device damage
- e. damage to any miscellaneous infrastructure of the gate systems
- f. Pass violations; and/or
- g. illegal ingress to or egress from PVCCE.

III. Penalties. For any violation of these Policies and Procedures, PVCSD may assess monetary penalties and/or revoke RFID access to the gates, ~~or both~~, as follows:

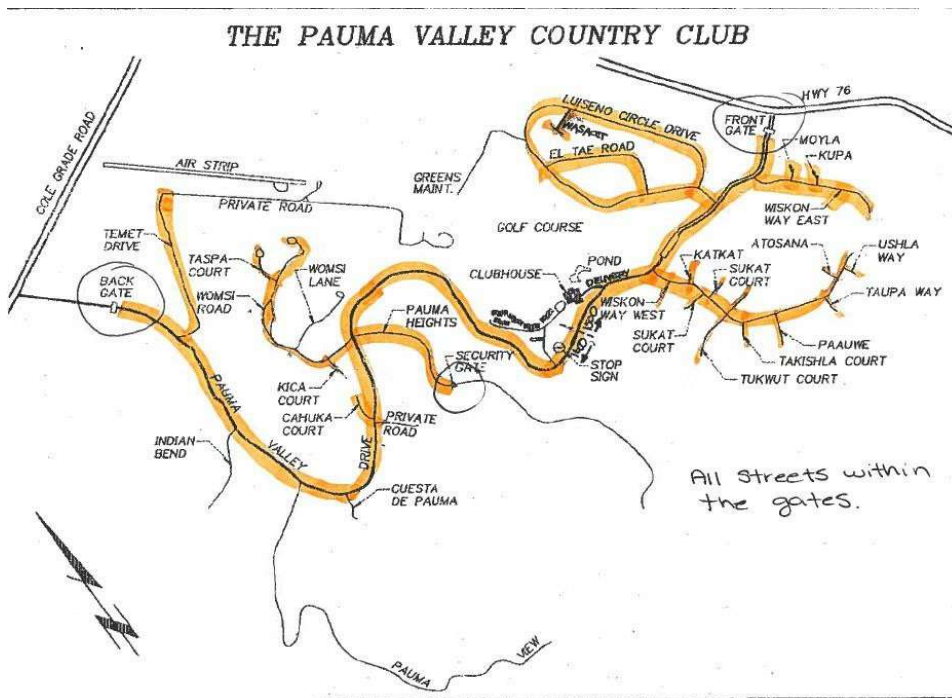
- a. Monetary Penalties: PVCSD may impose monetary penalty assessments for violations of these Policies and Procedures as follows:
 - i. 1st violation= Warning
 - ii. 2nd violation= \$150
 - iii. 3rd or more violations= \$350

The PVCSD Board of Directors may modify the above amounts, by Resolution, as the Board deems advisable. The above monetary penalties are in addition to the true cost of any damage to the PVCSD gate and barrier arm system, as described in Section IV (Damages) of this Article.

- b. RFID Privileges. PVCSD may revoke or suspend RFID gate access privileges ~~for anyone other than Residents seeking access to their residence or to PVCC, or to a PVCC member seeking access to PVCCs~~ specified in Article 5, Section III: Good Standing Status.

IV. Damages: Damages to the PVCCE gate and/or barrier arm access system will be billed to the party responsible (e.g., Resident or Service Person, as applicable) for said damage on an at-cost (plus labor) basis; however, consistent with Section I of this Article, property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members. Failure to pay any such damages, or any unpaid monetary assessment, may warrant PVCSD's application to a court of law or to the County Tax Collector's office for collection, which PVCSD staff is authorized to pursue at its discretion. Any damages to the PVCSD gate and barrier arm infrastructure or system will be billed in addition to any monetary penalty associated with an NOV, as described in Section III(a) (Monetary Penalty) of this Article.

EXHIBIT "A"
MAP OF PAUMA VALLEY COUNTRY CLUB ESTATES



ORDINANCE NO. 55

AN ORDINANCE OF THE PAUMA VALLEY COMMUNITY SERVICES DISTRICT REPEALING AND REPLACING ORDINANCE NO. 55 RELATING TO ESTABLISHING POLICIES AND PROCEDURES FOR GATE ACCESS WITHIN THE PAUMA VALLEY COUNTRY CLUB ESTATES

WHEREAS, the Pauma Valley Community Services District ("District") is a public agency organized under the Community Services District Law set forth in California Government Code Sections 61000, et seq.; and

WHEREAS, pursuant to Government Code Section 61100(j), the District is authorized to provide security services within its boundaries to protect lives and property; and

WHEREAS, Section 61060(a) of the Government Code authorizes the District to adopt ordinances to establish policies and procedures governing the District; and

WHEREAS, with the concurrence of the Pauma Valley Roadway Association ("Association"), the District provides gate access management and monitoring services, along with the ingress to and egress from, the Pauma Valley Country Club Estates ("PVCCE"), as depicted on the map attached hereto as Exhibit "A" and incorporated by reference; and

WHEREAS, the District currently regulates policies and procedures for gate access and road usage within the PVCCE under District Ordinance No. 55; and

WHEREAS, the District desires to repeal and replace Ordinance No. 55 to articulate and adopt its own set of policies and procedures pertaining to PVCCE gate access, separate and apart from the Association; and

WHEREAS, it is the District's desire and intent to adopt the Gate Access Policies and Procedures ("Policies and Procedures"), as set forth in Exhibit "B", attached hereto and incorporated by reference, to promote the orderly conduct of business regarding gate access within the PVCCE.

NOW, THEREFORE, the Board of Directors of the Pauma Valley Community Services District does hereby ordain as follows:

Section 1: Policies and Procedures. The District formally establishes and adopts the Gate Access Policies and Procedures attached hereto as Exhibit "B".

Section 2: Enforcement. The District and its employees are hereby authorized to implement and enforce the rules and regulations presented in the Policies and Procedures.

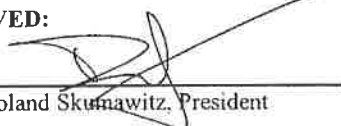
Section 3: Recitals. The Recitals are incorporated herein and made an operative part of this Ordinance.

Section 4: Effective Date. This Ordinance shall become effective thirty (30) days after its adoption pursuant to California Government Code Section 25123.

Section 5: Publication. This Ordinance shall be published within fifteen (15) days after its passage pursuant to California Government Code Section 25124.

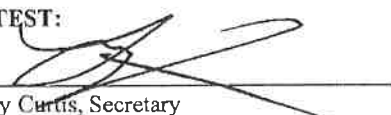
PASSED, APPROVED AND ADOPTED at a regular meeting of the Pauma Valley Community Services Department, held on the 28th day of May 2024.

APPROVED:



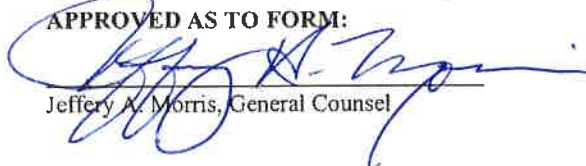
Roland Skumawitz, President

ATTEST:



Larry Curtis, Secretary

APPROVED AS TO FORM:



Jeffery A. Morris, General Counsel

CERTIFICATION

I, Larry Curtis, Secretary of the Board of Directors of the Pauma Valley Community Services District, certify that the foregoing ordinance was introduced at a regular meeting of the Board of Directors on the 28th day of May 2024, and was adopted by the Board of Directors at a special meeting held on the 28th day of May 2024, by the following vote of the Directors:

AYES: Skumawitz, Esparza, Curtis, Collins

NOES:

ABSENT:

ABSTAINED:

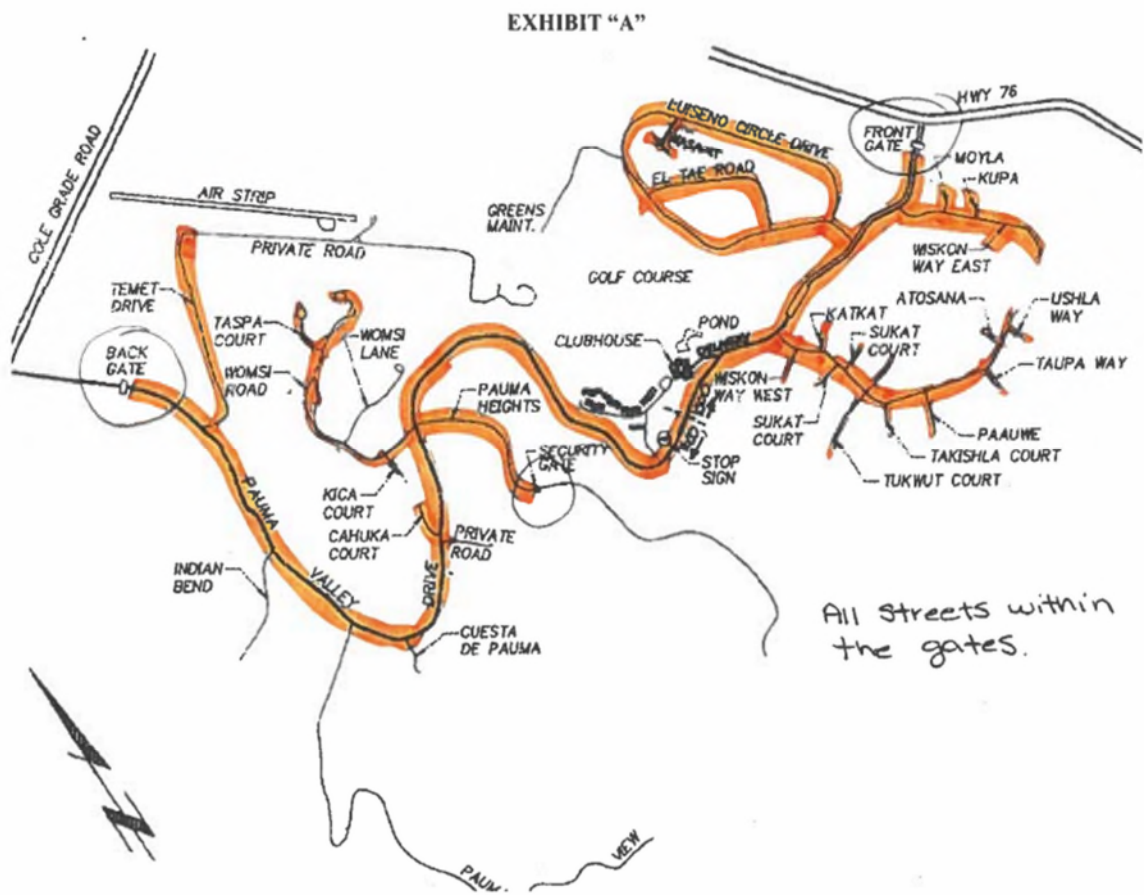
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Pauma Valley Community Services District on this 28th day of May 2024.



Larry Curtis, Secretary

Exhibit "A"

Map of Pauma Valley Country Club Estates



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Exhibit "B"

**Pauma Valley Community Services District
Gate Access Policies and Procedures**

	Pauma Valley Community Services District Administrative Procedures and Rules	Adoption Date: 06/28/2021
GATE ACCESS POLICIES AND PROCEDURES (Pauma Valley Country Club Estates)		Amendment Date: 05/28/2024

ARTICLE 1 **GENERAL PROVISIONS**

- I. Introduction: Under California Government Code statutory authority, the Pauma Valley Community Services District ("PVCSD" or "District") is authorized to provide a variety of services, including gate access management, security patrol services, and monitoring ingress and egress from the Pauma Valley Country Club Estates ("PVCCE"). (See map attached hereto as Exhibit "A" and incorporated by reference.) It is PVCSD's intent to establish policies and procedures that will be convenient for the public and contribute to the orderly conduct of business regarding gate access for the PVCCE.

- II. Purpose: The purpose of these Gate Access Policies and Procedures ("Policies and Procedures") is to set forth certain policies and procedures by which the functions of the District are carried out. Other District policies and procedures related to gate access may be set forth in specific rules, regulations, resolutions, or policies of the District, whether or not included as part of this document.

- III. Definitions: Except as otherwise herein defined, the following terms used in these Policies and Procedures shall have the meanings set forth below:
 - a. Authorized Individual means a Resident of the PVCCE, the PVRA, and the PVCC.

 - b. Back Gate means the entrance to the PVCCE located on Pauma Valley drive closest to Cole Grade Road.

 - c. Commercial Activity means conduct that requires a Use Permit. Commercial Activity includes long-term rentals of Resident properties and the ongoing activities and events and of PVCC.

 - d. District or PVCSD means the Pauma Valley Community Services District

 - e. Gate Attendant means a person employed by PVCSD that works at a Gatehouse.

- f. Gatehouse means the Gate Attendant staff building located at the Main Gate.
- g. Guest Lane means the left ingress lane at the Main Gate closest to the Gatehouse.
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- i. Not in Good Standing means a person having delinquent dues or fees owed to the District. Those persons who do not meet the definition of "Not in Good Standing" shall be deemed to be in "Good Standing".
- j. Pass means an official PVCSD document, displayed on the dashboard of the vehicle (if a printed pass), that grants access within the gates of PVCCE for a specific period of time.
- k. Pass Scanner means the scanner located at the Back Gate.
- l. Pauma Heights Gate means the entrance to the PVCCE located directly off Pauma Heights Road.
- m. PVCC means the Pauma Valley Country Club.
- n. PVCCE means the Pauma Valley Country Club Estates.
- o. PVCSD or District means the Pauma Valley Community Services District.
- p. PVRA means the Pauma Valley Roadway Association.
- q. Resident means a PVCCE homeowner or individual(s) authorized to reside in or live on a PVCCE homeowner's property.
- r. RFID Transponder means a Radio Frequency ID tag for gate access issued by PVCSD.
- s. Roadway means the PVRA roads and streets, as depicted on Exhibit "A".
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- u. Service Persons means those individuals or entities providing commercial or personal services to Residents or Guests of PVCCE, PVRA, PVCSD, or PVCC.
- v. Signage means any printed information placed or posted on any Roadway, adjacent areas or curbs.
- w. Street Legal refers to vehicles with current licenses and registration documentation.

- x. Use Permit means a permit or license that is required to be issued by an authority having jurisdiction, prior to the commencement of activity that requires such permit or license.
- y. Written Authorization means a properly displayed printed pass, digital pass, active RFID, or an authorization letter from the PVCSD management team.

ARTICLE 2

RESPONSIBILITIES

- I. Gate Attendants: PVCSD shall provide Gate Attendants at the Main Gate to monitor alarm events (e.g., for Wastewater Treatment Plant failures, lift station failures, power outage failures, etc.); take incoming calls; monitor police and emergency radio traffic; and provide visitor management services to control ingress into PVCCE and egress out of PVCCE, in accordance with these Policies and Procedures.
- II. Security Patrol Officers: PVCSD shall provide Security Patrol Officers, with vehicles labeled as Security vehicles, to patrol its areas of responsibility (including PVCCE), respond to Gatehouse-dispatched events, provide emergency assistance to PVCCE Residents and guests, monitor access of the PVCCE community, and investigate breaches of these Policies and Procedures.
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- IV. Gatehouse Equipment: PVCSD shall be responsible for maintaining gatehouse equipment, inclusive of rolling gates, barrier arms, and all control systems required for their proper operation.

ARTICLE 3

ROADWAY USAGE WITHIN PVCCE

- I. Drivers: Drivers of motorized vehicles, except golf carts, must hold a valid driver's license, registration, and proof of insurance to drive within the gates of PVCCE.
- II. Recreational Activities: Any recreational activities which present a potential safety hazard, as reasonably determined by PVCSD, will be logged and reported to the proper authorities.
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- IV. Conformity: Drivers and their vehicles will be reported to the proper authorities by the District if they are not in conformity with the California Vehicle Code.

- V. Authorized Vehicles: Excluding golf carts, use of vehicles that are not Street Legal in California, such as motorized skateboards and motorized dirt bikes, will be reported to the PVRA, and if necessary, to the proper authorities by PVCSD personnel.

ARTICLE 4

WRITTEN AUTHORIZATION

- I. Written Authorization: There shall be no access to the PVCCE without PVCSD-issued Written Authorization. Visitor Passes must be current and displayed on the dashboard of the vehicle. RFIDs must be active to be classified as acceptable Written Authorization. Without PVCSD issued Written Authorization, vehicles will be logged and reported to the proper authorities.

ARTICLE 5

GATE ACCESS

- I. Policy Inquiries: Inquiries regarding Gate Access policies and RFID Transponders, shall be directed to the PVCSD offices or website at www.paumavalleycsd.com.
- II. Gate Attendants and Security Patrol Officers: Gate Attendants and Security Patrol Officers are authorized to request drivers' licenses of those seeking gate access.
- III. Good Standing Status: Individuals who are Not in Good Standing with the PVCSD may not be permitted to obtain and/or utilize RFID Transponders. Said individuals must request a Visitor Pass until their Good Standing status is restored.

ARTICLE 6

PASSES

- I. Gate Access Passes: A Pass to access PVCCE issued by the District can be electronically or manually generated, and will be in the form of either a Guest Pass or a Service Pass, as defined by this Article. Those wishing to enter the PVCCE without an RFID Transponder or without a Pass must register with a Gate Attendant to receive a Pass. Individuals generating an electronic Pass on their own computer may enter through the Back Gate (using the Pass Scanner) or through the Guest Lane of the Main Gate, where their Pass will be scanned by the Gate Attendant. Categories of Passes include:
- a. An Electronic Pass is one generated through an authorized individual's account in the gate access system. It can also be created by a Gate Attendant, thus enabling the individual named on such Pass to retrieve, print, and utilize it. Individuals authorized to create an Electronic Pass can do so only if said individual is in Good Standing with PVCSD. An Electronic Pass is valid only for the date(s) indicated on said Pass.
- b. A Visitor Pass, generated by a Gate Attendant, is for a guest of an Authorized Individual, and is used only if the Authorized Individual has advised the Gate Attendant of the guest's arrival, or responds to the Gate Attendant's phone call

inquiring about the guest seeking entrance. A Guest Pass is valid for use by the party named on the Pass and only for the date(s) indicated. All Guests who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.

- c. A Service Pass, generated by a Gate Attendant, is for a Service Person of an Authorized Individual, and is issued only if the Authorized Individual has advised the Gate Attendant of the Service Person's arrival, or responds to the Gate Attendant's phone call inquiring about a Service Person seeking entrance. A Service Pass is valid only for use by the party named on the Pass and only for the date(s) indicated. All Service Persons who enter PVCCE will be subject to the Policies and Procedures listed herein, unless otherwise superseded by an additional Ordinance or Resolution of the PVCSD.
- II. Visibility: Printed Passes must be clearly visible/readable on the vehicle's dashboard at all times while the vehicle is entering a PVCCE gate or driving on or parked on a PVCCE Roadway.

ARTICLE 7

VISITORS

- I. Notification: Residents, agents, PVCC members and PVCC staff must notify a Gate Attendant of the name and arrival time of a visitor requiring a Pass. In the absence of such notification, no individual will be admitted unless the Gate Attendant is immediately able to contact the individual requesting admission.
- II. Guest Pass: Upon approved access, the Gate Attendant will issue a Guest Pass, as provided for in Article 6, valid for up to seven (7) days unless otherwise specifically authorized by PVCSD management for a longer duration, and will record appropriate information thereon. When issued, all Passes are specific to the individual named on the Pass.

ARTICLE 8

REAL ESTATE ACTIVITY

- I. Real Estate Agents/Brokers/Appraisers: Real estate agents, brokers and appraisers who are not Residents or PVCC members will be issued a Guest Pass at the Main Gate after presenting identification and indicating the property to be visited. Individuals inquiring about real estate within PVCCE will not be admitted unless accompanied by a real estate agent, broker, or appraiser.
- II. Open House: A Resident, agent, or real estate salesperson must notify the Gate Attendant on duty of the name(s) and arrival time of the visitors requiring a Pass for access. Absent such notification, the visitors will not be admitted. A Resident, agent or real estate salesperson must abide by all Policies and Procedures herein. Open house Signage shall not be permitted near, or adjacent to PVCCE access gates.

ARTICLE 9
PROPERTY USE PERMITS

- I. Commercial Activity: Gate Attendants shall not admit any person, and Security Officers shall not permit any person to use any Roadway to access a property for Commercial Activity, unless Written Authorization to do so is issued by PVCSD.
- II. Applicable Permits: Each Resident shall be responsible for obtaining applicable Use Permits from the PVRA.
- III. Estate Sales/Garage Sales/Yard Sales: Residents planning to host an estate sale, garage sale or yard sale, where participation is invited from individuals not residing within PVCCE, must apply to the PVRA for applicable authorization.
- IV. Visitor Notification: A Resident or agent must notify the Gate Attendant on duty of the name and arrival time of any visitor who will require a Pass for access to the PVCCE. Individuals requesting admittance to attend a permitted activity must be on an approved list and will be issued a Pass for the duration of one day only and for the single destination indicated on the Pass.

ARTICLE 10
UNATTENDED GATES

- I. Access: Access at unmanned gates without a Gate Attendant present will be enabled by RFID Transponders or by direct communication with the Gate Attendant on duty at the Main Gate. Unmanned gates are equipped with video and two-way voice communication. Vehicles attempting access at an unmanned gate without a RFID Transponder, or an electronic Pass will not be admitted and must enter through the Main Gate.

ARTICLE 11
EMERGENCY

- I. Emergency Vehicles: California Highway Patrol, San Diego County Sheriff, Cal Fire, EMTs, ambulance service, and similar emergency vehicles shall receive immediate access at any PVCCE gate, at any time.

ARTICLE 12
VIOLATIONS

- I. Notices of Violation:
 - a. NOV: A Notice of Violation ("NOV") is a citation issued by PVCSD for a violation of these Gate Access Policy and Procedures. The cause of the violation shall be set forth in writing and mailed or otherwise personally provided to the individual cited in the NOV. Property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members, and will be

responsible for penalty assessments associated with the NOV.

- b. Appeals: Any person issued an NOV may appeal the NOV or the penalties associated with the NOV to the PVCSD General Manager within thirty (30) days of the issuance date of the NOV. The General Manager shall review the evidence, including any input received from the appellant, and shall issue a written decision on the appeal and send a copy of the decision to the appellant. The General Manager's decision may be appealed to the PVCSD Board of Directors within thirty (30) days of the date of the General Manager's written determination. The PVCSD Board of Directors shall consider the matter during an open session, after providing at least ten (10) calendar days' written notice of the meeting to the appellant. The appellant shall be entitled to present evidence at the PVCSD Board meeting. The Board's decision on the matter, which may be accompanied by written findings or findings described in the Board meeting minutes, shall be conclusive of the appellant's administrative appeal rights to PVCSD.

II. Citable NOV Offenses: Citable NOV offenses include, but may not be limited to:

- a. tailgating through gate access barrier arms
- b. barrier arm contact and/or damage
- c. gate contact and/or damage
- d. traffic control Signage or device damage
- e. damage to any miscellaneous infrastructure of the gate systems
- f. Pass violations; and/or
- g. illegal ingress to or egress from PVCCE.

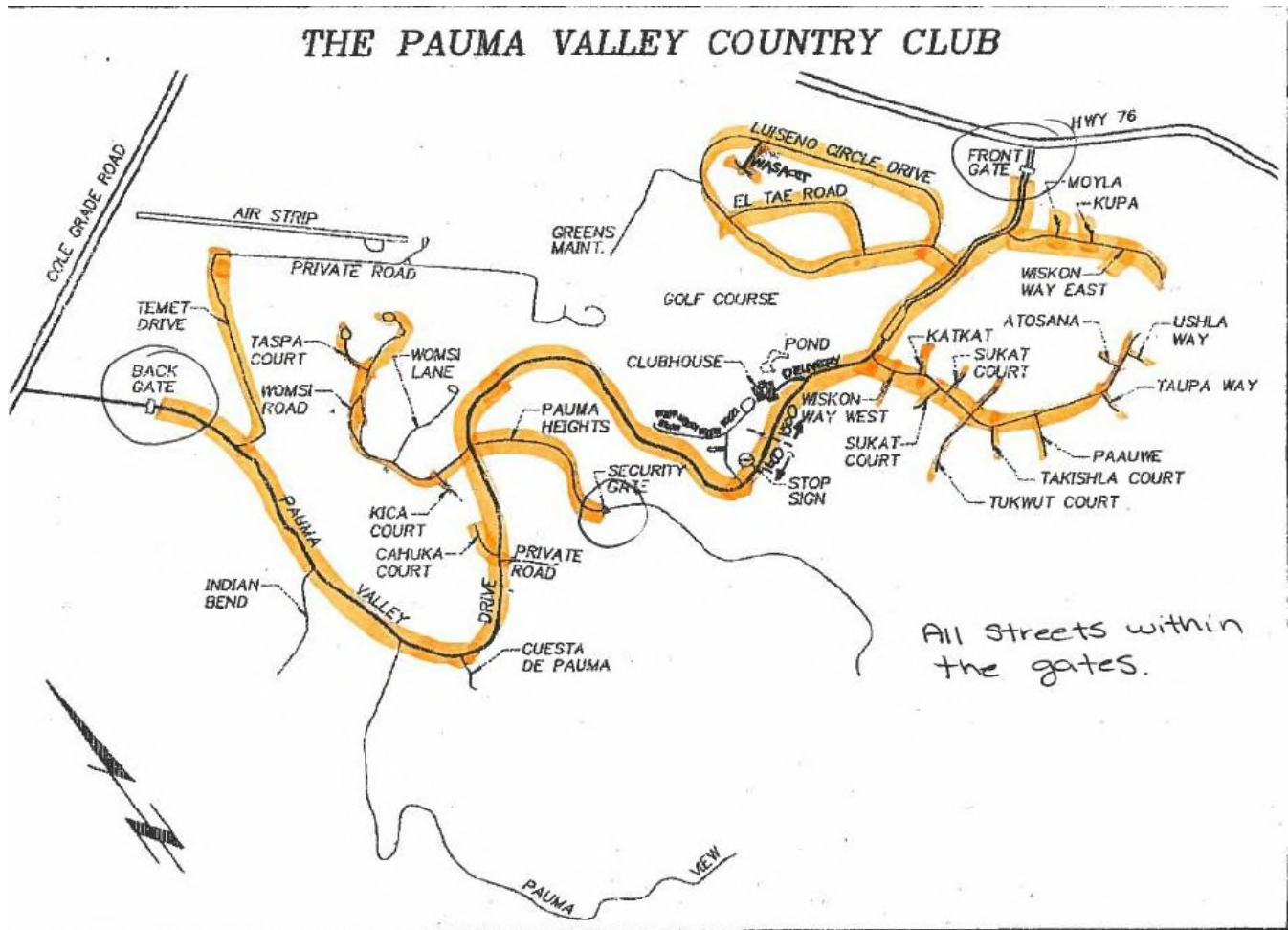
III. Penalties. For any violation of these Policies and Procedures, PVCSD may assess monetary penalties or revoke RFID access to the gates, or both, as follows:

- a. Monetary Penalties: PVCSD may impose monetary penalty assessments for violations of these Policies and Procedures as follows:
 - i. 1st violation= Warning
 - ii. 2nd violation= \$150
 - iii. 3rd or more violations= \$350

The PVCSD Board of Directors may modify the above amounts, by Resolution, as the Board deems advisable. The above monetary penalties are in addition to the true cost of any damage to the PVCSD gate and barrier arm system, as described in Section IV (Damages) of this Article.

- b. RFID Privileges. PVCSD may revoke or suspend RFID gate access privileges for anyone other than Residents seeking access to their residence or to PVCC, or to a PVCC member seeking access to PVCC.
- IV. Damages: Damages to the PVCCE gate and/or barrier arm access system will be billed to the party responsible (e.g., Resident or Service Person, as applicable) for said damage on an at-cost (plus labor) basis; however, consistent with Section I of this Article, property owners will ultimately be held responsible for the actions of their guests, visitors, tenants, Service Persons, and family members. Failure to pay any such damages, or any unpaid monetary assessment, may warrant PVCSD's application to a court of law or to the County Tax Collector's office for collection, which PVCSD staff is authorized to pursue at its discretion. Any damages to the PVCSD gate and barrier arm infrastructure or system will be billed in addition to any monetary penalty associated with an NOV, as described in Section III(a) (Monetary Penalty) of this Article.

EXHIBIT "A"
MAP OF PAUMA VALLEY COUNTRY CLUB ESTATES

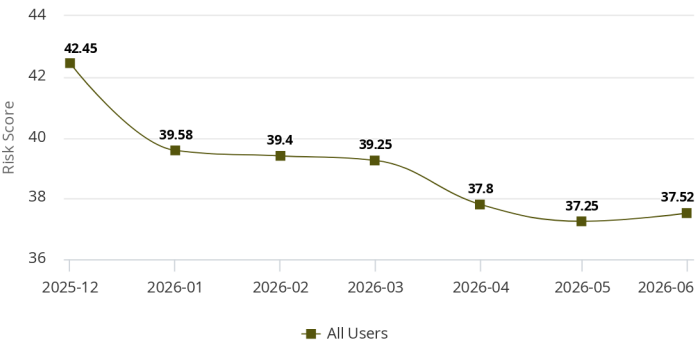


Pauma Valley Community Services District

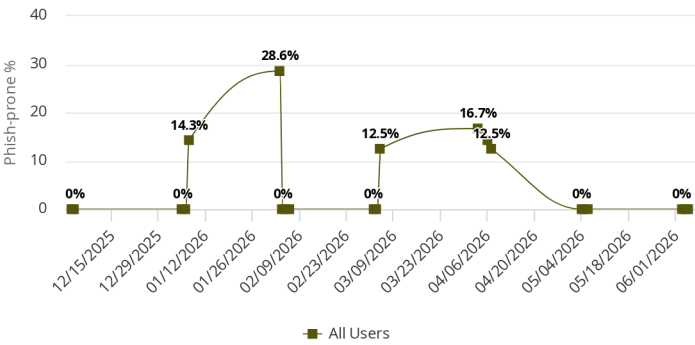
Cyber Aware Complete



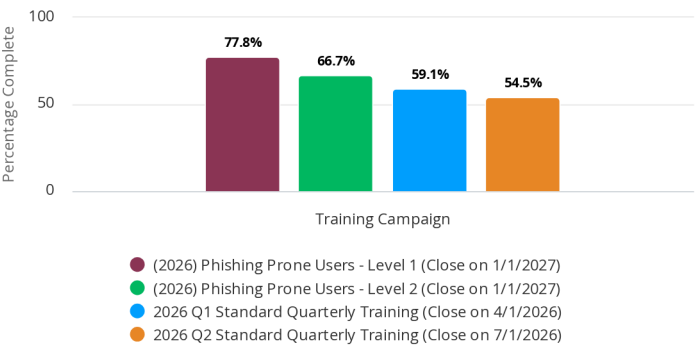
Risk Score Trend (Company average over the last 6 months)



Phish-prone % (Company percent from last 6 months)



Training Completion (Company percentages from last month)



Phishing Test Results (Company totals from last month)

