

AGENDA  
PROPERTY MANAGEMENT COMMITTEE MEETING  
WITH BOARD OF DIRECTORS \*  
ORANGE COUNTY WATER DISTRICT  
18700 Ward Street, Fountain Valley CA 92708  
**Friday, July 26, 2024, 12:00 p.m. Conference Room C-2**

\*The OCWD Property Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of strict compliance with the Brown Act and it provides an opportunity for all Directors to hear presentations and participate in discussions. Directors receive no additional compensation or stipend as a result of simultaneously convening this meeting. Items recommended for approval at this meeting will be placed on **August 7, 2024**, Board meeting Agenda for approval.

This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

**Computer Audio: You can join the Zoom meeting by clicking on the following link:**  
<https://ocwd.zoom.us/j/81364630427>

**Meeting ID: 813 6463 0427**

**Telephone Audio: (213) 338 8477**

Teleconference Sites:  
10382 Bonnie Drive, Garden Grove  
19 Cannery, Buena Park  
1037 Sherwood Lane, Santa Ana  
43610 Bow Canyon Lane, Big Bear  
1454 Madison Street, Tustin  
1502 North Broadway, Santa Ana  
3454 Forbes Avenue, Pittsburgh

\* Members of the public may attend and participate at all locations.

## **ROLL CALL**

## **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

**RECOMMENDATION:** Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda (requires two-thirds vote of the Board members present, or, if less than two-thirds of the members are present, a unanimous vote of those members present.)

## **VISITOR PARTICIPATION**

Time has been reserved at this point in the agenda for persons wishing to comment for up to three minutes to the Board of Directors on any item that is not listed on the agenda, but within the subject matter jurisdiction of the District. By law, the Board of Directors is prohibited from taking action on such public comments. As appropriate, matters raised in these public comments will be referred to District staff or placed on the agenda of an upcoming Board meeting.

At this time, members of the public may also offer public comment for up to three minutes on any item on the Consent Calendar. While members of the public may not remove an item from the Consent Calendar for separate discussion, a Director may do so at the request of a member of the public.

## **CONSENT CALENDAR (ITEMS NO. 1-2)**

All matters on the Consent Calendar are to be approved by one motion, without separate discussion on these items, unless a Board member or District staff request that specific items be removed from the Consent Calendar for separate consideration.

1. MINUTES OF PROPERTY MANAGEMENT COMMITTEE MEETING HELD JUNE 28, 2024

RECOMMENDATION: Approve minutes as presented

2. BUDGET INCREASE FOR MID-BASIN INJECTION SITE RENT ADJUSTMENT

RECOMMENDATION: Agendize for August 7 Board meeting: Authorize an increase to the Fiscal Year 2024-2025 budget line item 1069.51206 (License and Permits) of \$40,086 from \$29,914 to \$70,000 based on the Appraisal Report from CBRE for the Mid-Basin Injection Well Site, in accordance with the Lease with Orange County Flood Control District

## **MATTER FOR CONSIDERATION**

3. UPDATE SCOPE OF WORK AND BUDGET WITH AECOM TO COMPLETE PLANNING AND CONDUCT REMEDIAL DESIGN OF IN-PLACE REMEDIATION FOR THE PRADO LEAD REMEDIATION PROJECT

RECOMMENDATION: Agendize for August 7 Board meeting: Authorize execution of Amendment #9 to Agreement No.1321 with AECOM in the amount of \$445,989 to complete the Remedial Action Plan, Initial Study and Mitigated Negative Declaration (IS/MND) for CEQA compliance and conduct the remedial design for the In-Place Remediation, including conducting a supporting geotechnical study and vertical profile soil sampling.

## **INFORMATIONAL ITEM**

4. STATUS UPDATE ON THE DISTRICT'S IMPERIAL HIGHWAY PROPERTY
5. QUARTERLY REPORT ON LEASES AND PERMITS/LICENSES FOR THE PERIOD ENDING JUNE 30, 2024

## **CHAIR DIRECTION AS TO ITEMS TO AGENDIZE AS MATTERS FOR CONSIDERATION AT THE AUGUST 7 BOARD MEETING**

## **DIRECTORS' COMMENTS/REPORTS**

## **GENERAL MANAGER'S COMMENTS/REPORTS**

## **ADJOURNMENT**

## PROPERTY MANAGEMENT COMMITTEE

### Committee Members

Steve Sheldon - Chair  
Natalie Meeks - Vice Chair  
Denis Bilodeau  
Bruce Whitaker  
Roger Yoh

### Alternates

Valerie Amezcua - Alternate 1  
Dina Nguyen - Alternate 2  
Van Tran - Alternate 3  
Erik Weigand - Alternate 4  
Cathy Green - Alternate 5

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted at the guard shack entrance and in the main lobby of the Orange County Water District, 18700 Ward Street, Fountain Valley, CA and on the OCWD website not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the District Secretary. Backup material for the Agenda is available at the District offices for public review and can be viewed online at the District's website: [www.ocwd.com](http://www.ocwd.com)

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the District Secretary at (714) 378-3234, by email at [cfuller@ocwd.com](mailto:cfuller@ocwd.com), by fax at (714) 378-3373. Notification 24 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

As a general rule, agenda reports or other written documentation has been prepared or organized with respect to each item of business listed on the agenda, and can be reviewed at [www.ocwd.com](http://www.ocwd.com). Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an open session agenda item are also on file with and available for inspection at the Office of the District Secretary, 18700 Ward Street, Fountain Valley, California, during regular business hours, 8:00 am to 5:00 pm, Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Orange County Water District office.



MINUTES OF THE PROPERTY MANAGEMENT COMMITTEE MEETING  
WITH BOARD OF DIRECTORS  
ORANGE COUNTY WATER DISTRICT  
June 28, 2024 @ 12:00 p.m.

Director Bilodeau called the Property Management Committee meeting to order in Conference Room C-2. Members of the public also participated via Zoom. The Secretary called the roll and reported a quorum as follows:

Committee

Steve Sheldon (arrived at 12:02 p.m.)  
Natalie Meeks (absent)  
Denis Bilodeau  
Bruce Whitaker  
Roger Yoh

OCWD Staff

Mehul Patel, Executive Director of Operations  
Bruce Dosier, Director of IS/Property Management  
Jeremy Jungreis, General Counsel  
Daniel Park, Property Manager  
Leticia Villarreal, Assistant District Secretary

Alternates

Valerie Amezcua  
Dina Nguyen (absent)  
Van Tran  
Erik Weigand  
Cathy Green

**CONSENT CALENDAR (ITEMS NO. 1-2)**

The Consent Calendar was approved upon motion by Director Yoh, seconded by Director Whitaker, and carried [5-0] as follows:

***Ayes: Bilodeau, Whitaker, Yoh, Amezcua, Tran***

1. Meeting Minutes

**The Minutes of the Property Management Committee meeting held May 17, 2024 were approved as presented.**

2. Amendment Five to Access Permit with the Water Replenishment District of Southern California

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**Recommended for approval at July 17 Board meeting: Approve and authorize execution of Amendment Five to Access Permit with Water Replenishment District of Southern California, extending the permit expiration date to August 31, 2029, for access to five OCWD-owned monitoring wells, OCWD-34L10, OCWD-34N21, OCWD-34U8, OCWD-34F10 and OCWD-34H25 to satisfy regulatory monitoring requirements.**

**MATTER FOR CONSIDERATION**

Director Sheldon arrived during discussion of the following item.

3. License Agreement West of Highway 71/Prado Basin

Property Manager Daniel Park recalled that in June of 1985, the Board issued a Resolution that authorized the issuance of permits to allow access to the District's West of Highway 71 property to the landowners of landlocked properties. He shared Mr. Andre Bello and Mr. Scott Donley have requested a License Agreement to use the District's road through the entry gate on Highway 71, allowing access to their properties. Both parties requested a 5-year term for the agreement.

Upon motion by Director Bilodeau, seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its July 17 Board meeting: Approve and authorize execution of License Agreements with Andre Bello, Albert Bello and Tony Bello; and Scott Donley, Steve Bull and Tim West for access across District's Property, located west of Highway 71, for a five-year period, each to remit a License Fee of \$1,148.

**Ayes:** Sheldon, Bilodeau, Whitaker, Yoh, Amezcua

#### **INFORMATIONAL ITEMS**

4. Status Update on the District's Imperial Highway Property

Bruce Dosier, Director of IS/Property Management stated there was no significant updates this month. He stated he is still working with Adam Streeter to finalize the engineering report and it will be reviewed with Chris Olsen, Executive Director of Engineering, before he brings it to the Committee.

#### **CHAIR DIRECTION AS TO ITEMS TO AGENDIZE AS MATTERS FOR CONSIDERATION AT THE JULY 17 BOARD MEETING**

It was agreed to place Items No. 2 & 3 on the on the Consent Calendar at the July 17 Board meeting.

#### **ADJOURNMENT**

There being no further business to come before the Committee, the meeting was adjourned at 12:12 p.m.

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Denis Bilodeau, Director



## AGENDA ITEM SUBMITTAL

**Meeting Date:** July 26, 2024

**To:** Property Management Committee/  
Board of Directors

**From:** John Kennedy

**Staff Contact:** B. Dosier/D. Park

**Budgeted:** Yes

**Budgeted Amount:** \$29,914

**Cost Estimate:** \$70,000

**Funding Source:** Reserves

**Program/ Line Item No.** 1069.51206

**General Counsel Approval:** N/A

**Engineers/Feasibility Report:** N/A

**CEQA Compliance:** N/A

**Subject: BUDGET INCREASE FOR MID-BASIN INJECTION SITE RENT  
ADJUSTMENT**

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### SUMMARY

On June 18, 2013, the Orange County Flood Control District (County) and the District entered into a 30-year lease agreement (Lease) allowing the District to operate and maintain a groundwater injection system as part of the Mid-Basin Injection (MBI) Project. Effective June 1, 2024, the lease requires a rent adjustment of 10% of the current appraised value of the Lease Premises. The Board approved CBRE for appraisal services, and staff now seeks a budgetary adjustment.

#### Attachments:

- Statement of Work for Appraisal
- CBRE Appraisal Report

### RECOMMENDATION

Agendize for August 7 Board meeting: Authorize an increase to the Fiscal Year 2024-2025 budget line item 1069.51206 (License and Permits) of \$40,086 from \$29,914 to \$70,000 based on the Appraisal Report from CBRE for the Mid-Basin Injection Well Site, in accordance with the Lease with Orange County Flood Control District

### BACKGROUND/ANALYSIS

The MBI Project included the design and construction of one injection well (MBI-1), two monitoring wells (SAR-10 and SAR-11), well housing, supply and discharge pipelines and appurtenances. These facilities are located on approximately 13,336 square feet of County owned land bordering Fountain Valley, CA and Santa Ana, CA near the intersection of Edinger Avenue and the Santa Ana River. The purpose of the DMBI project is to directly inject Groundwater Replenishment System (GWRS) purified water into the principal aquifer.

On June 18, 2013, the County and the District entered into a 30-year lease agreement allowing the District to operate and maintain the MBI facilities for a monthly fee of \$1,500. The fee was calculated using an appraisal land value of \$38 per square foot, originally used for land acquisitions for the County's nearby Edinger street widening project, at a rate of return of 8% and applying a 50% discount. On June 23, 2020, the

Lease was amended to add 360 square feet to the License Area, for an additional monthly fee of \$500, to accommodate the installation, maintenance and operation of a 36-inch pressurized water main and related facilities atop bridge nose piers along approximately 300 linear feet of County owned land on the north side of the Edinger Avenue bridge. The current rent for the Leased Premises and Licensed Areas totals \$2,420 per month and is adjusted annually according to the Consumer Price Index (CPI).

Pursuant to Section 7(B) of the Lease, commencing June 1, 2024 (the eleventh-year anniversary of the Effective Date) and at each ten-year interval thereafter, the annual rent is subject to an adjustment equal to ten percent (10%) of the current appraised value of the Leased Premises, excluding Licensed Areas, instead of a CPI rent adjustment. Annual CPI rent adjustments will continue until the subsequent ten-year appraisal rent adjustment. On May 8, with the Board's approval, the District selected CBRE for appraisal services from a list provided by the OC Public Works/Real Estate Services Departments (OCPW/Real Estate) as called for in the Lease.

CBRE's Appraisal Report issued on July 8, valued the Leased Premises at a fee simple value of \$700,000. As such, under the terms of Lease, the annual market rent for the Leased Premises, excluding the Licensed Areas (which have a monthly fee of \$500), is \$70,000 (10% of the appraised value) or a monthly rent of \$5,833.

As the Fiscal Year 2024-2025 Property Management General Fund budget provides an amount of \$29,914 and does not account for the rent increase to \$70,000, staff recommends that the Board authorize increasing budget line item 1069.51206 by \$40,086 to a new amount of \$70,000.

### **PRIOR RELEVANT BOARD ACTION(S)**

05/15/24, R24-5-57, Approving Agreement with CBRE for Appraisal Services for the Appraisal of the Mid-Basin Injection Well Site in accordance with the Lease with Orange County Flood Control District.

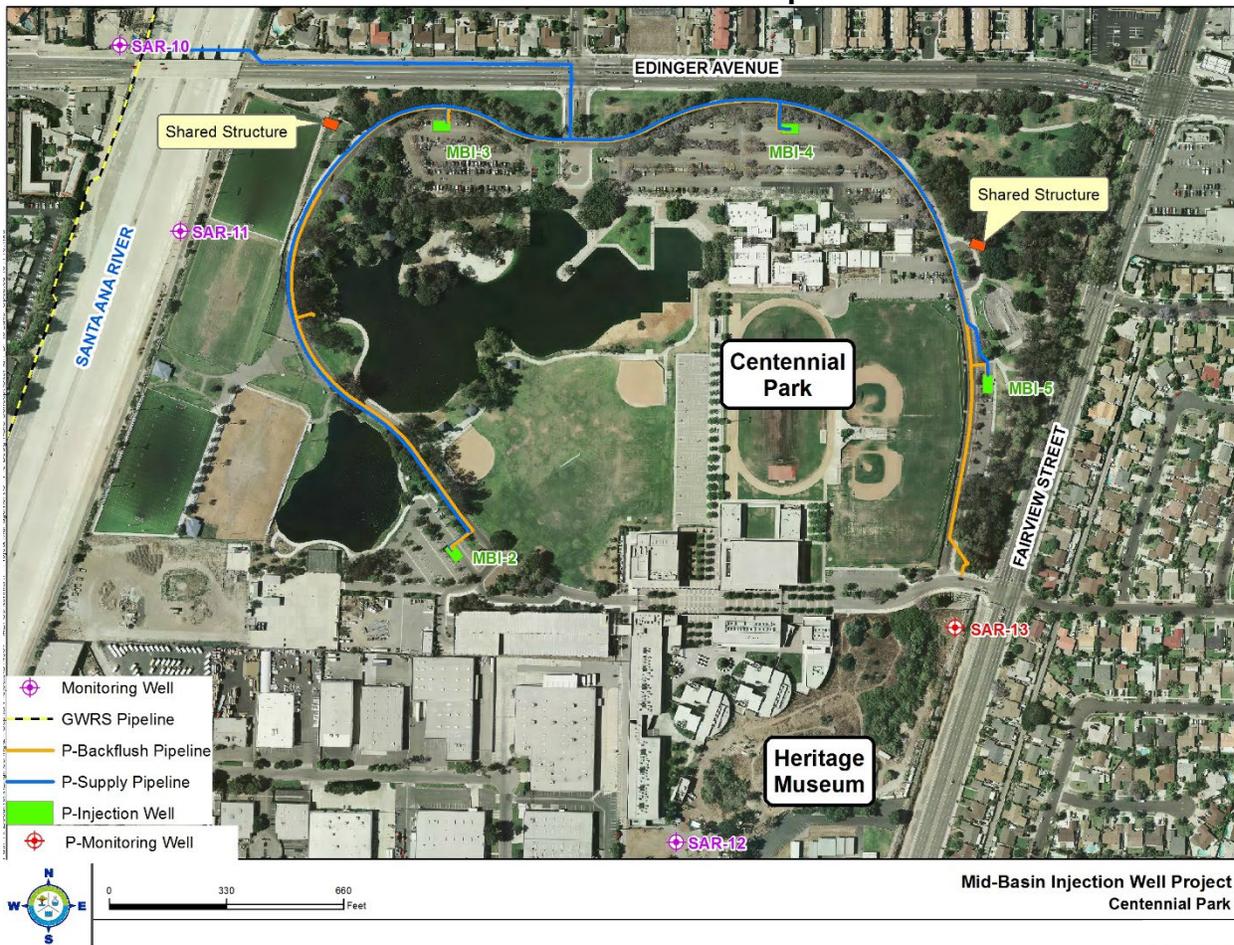
01/08/20, R20-1-1, Approving Amendment One to Lease Agreement with Orange County Flood Control District to expand Leased Area for Mid-Basin Injection Project.

10/17/12, R12-162, The General Manager is authorized to negotiate the final terms of the Lease Agreement with OCFCD; and authorize execution of Lease Agreement for \$1,500 per month for long term use of the site for the Demonstration Mid-Basin Injection Project.

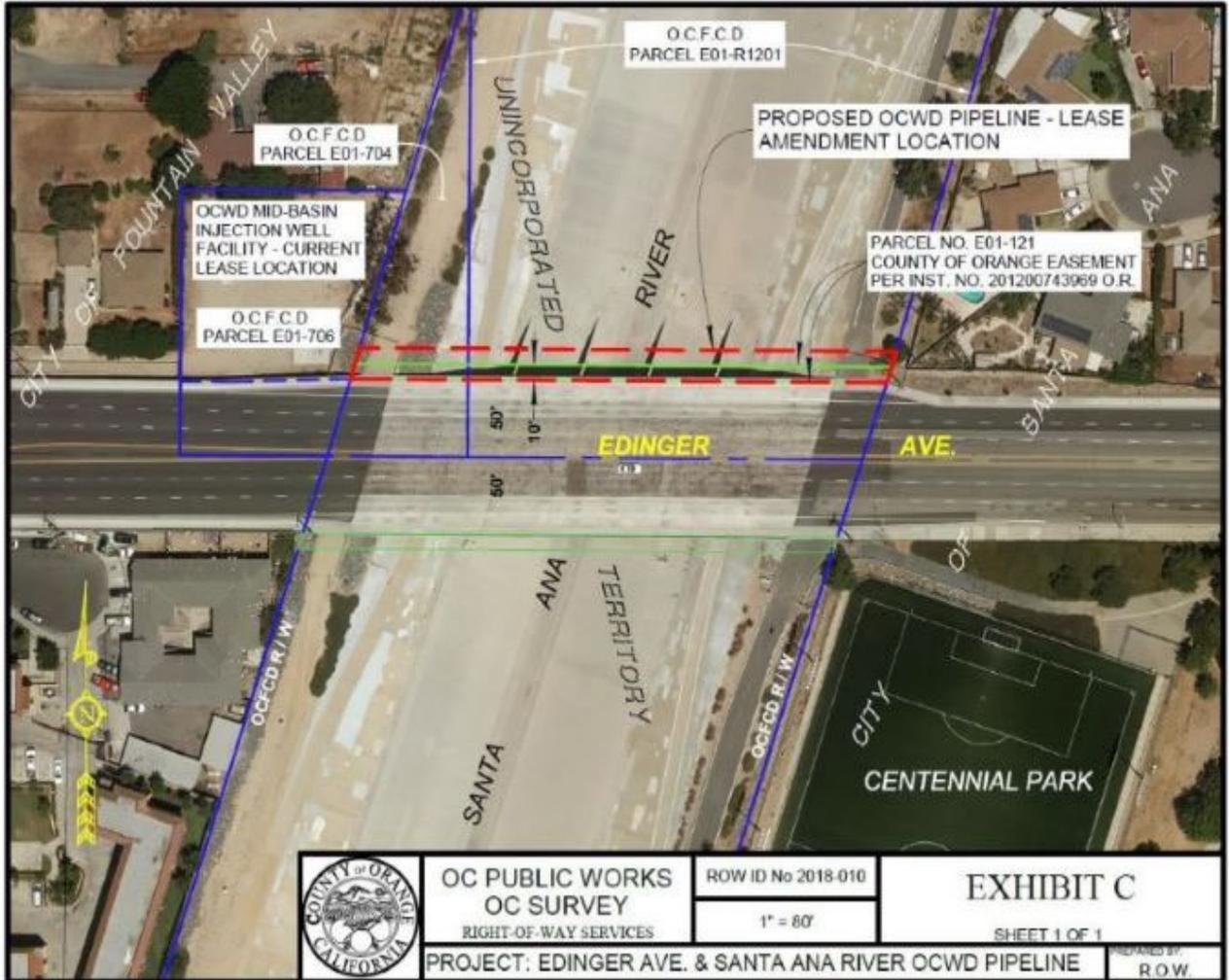
### LOCATION MAP



### MBI Centennial Park Map



# Map of Amended Lease Area



**OC PUBLIC WORKS  
OC SURVEY**  
RIGHT-OF-WAY SERVICES

ROW ID No 2018-010  
1" = 80'

**EXHIBIT C**  
SHEET 1 OF 1

PROJECT: EDINGER AVE. & SANTA ANA RIVER OCWD PIPELINE

PREPARED BY:  
R.O.W.

# **REQUEST FOR BID PROPOSAL APPRAISAL SERVICES**

- 1. PROJECT NAME:** Orange County Water District – Santa Ana River Well 10 Lease Site

Project No. & Parcel No. (if applicable): Not applicable

Client: Orange County Water District (OCWD)

Additional Intended Users: Orange County Flood Control District (OCFCD), Orange County CEO Real Estate

Confidentiality: Subject to applicable law, the content of this bid proposal request is considered “confidential information” and subject to treatment as such under the Ethics Rule of USPAP.

Contact/Phone Number: Daniel Park, Property Manager / 714-378-3265

- 2. SERVICE REQUIRED:** Appraisal Report

- 3. TYPE OF ESTATE TO BE VALUED:** Fee simple estate, “as if vacant,” of the larger parcel that the leased premises (a.k.a. subject property) is a part of.

In turn, the fee simple value estimate will be used to develop an estimate of the market rent of the leased premises in association with a ground rent reset provision that specifies annual rent will be reset to 10% of the “appraised value.”

- 4. INTENDED USE & PURPOSE OF THE APPRAISAL:**

The intended use of the appraisal is to satisfy Section 7B (Revision of Rent – Appraisal Adjustment) of the that certain ground lease agreement between OCFCD and OCWD, dated June 18, 2023, entitled “Lease Agreement (Mid-Basin Injection Well Project).”

The purpose of the appraisal is to form opinions of the market value of the fee simple estate, “as if vacant,” and the market rent of the leased premises in association with the ground rent reset provision. An acceptable definition of market value is the one used by agencies that regulate federally insured financial institutions in the United States.

- 5. IDENTIFICATION OF THE SUBJECT PROPERTY (Owner Name, Street Address, Assessor’s Parcel Nos.):**

The leased premises is located at the northwest corner of Edinger Avenue and the Santa Ana River. It represents the majority portion of a larger parcel, Orange County Assessor’s Parcel Number 144-531-36. The current owner of the larger parcel is OCFCD. The larger parcel is

zoned R-1 by the City of Fountain Valley and is bounded by single-family residential uses on the north and west sides.

A legal description of the leased premises and an associated sketch are included as Exhibits A and B, respectively, to the ground lease. According to the legal description, the leased premises contain 13,336 square feet. A copy of the ground lease is included as an attachment to this appraisal bid request.

## 6. DISCUSSION OF THE GROUND LEASE:

As noted, an appraisal is necessary to comply with Section 7B of the ground lease. Shown below are (1) a brief abstract of the ground lease and (2) the wording of Section 7B of the ground lease.

<b>Brief Lease Abstract</b>	
Lessor:	Orange County Flood Control District
Lessee:	Orange County Water District
Lease Commencement Date:	6/18/2013
Lease End Date:	6/17/2043
Lease Term:	30 years
Leased Area:	13,336 square feet
Use:	Groundwater Injection Well System
Tenant's Option to Terminate:	Any time, any reason upon 30 days written notice
Starting Rent (in 2013):	\$1,500 per month
Current Rent:	OCPWAcctg to Confirm; Estimated +/- \$1,957/mo.
Rent Escalations:	Annual CPI & Appraisal Adjustment (See Lease)
Date of 1st Rent Reset By Appraisal:	6/18/2024
Expense Basis of Lease:	Net

**B. Appraisal Adjustment.** DISTRICT and TENANT agree that in lieu of a CPI rent adjustment due on the first full month of the eleventh-year anniversary of the Effective Date of this Lease and at each ten-year interval thereafter, so long as this Lease remains in effect, the rental payable pursuant to Section 6 (Rent) shall be subject to an adjustment by appraisal. .

No less than 150 days prior to each scheduled appraisal rent adjustment effective date, the value of the Premises shall be determined by an appraisal prepared by an independent State-certified general real estate appraiser selected by TENANT from a list of appraisers provided by DISTRICT'S OC Public Works/Real Estate Services (OCPW/Real Estate), or designee, and shall be prepared in accordance with a scope of work provided by OCPW/Real Estate. TENANT shall have the right to review and comment on the proposed scope of work and OCPW/Real Estate shall give due consideration to such comments prior to TENANT'S delivery of the final scope of work to the appraiser. The scope of work shall not include in the valuation the value of any Tenant Facilities or improvements located on the Premises. The appraiser shall be retained by TENANT, at TENANT'S cost and TENANT shall provide a copy of the appraisal to Director.

Effective on the first day of the first full month of the 11th year anniversary of the Effective Date of this Lease and at 120-month intervals thereafter, the monthly rental shall be adjusted to equal ten percent (10%) of the then current appraised value of the Premises using the following formula:

$$\text{Monthly Rent} = (\text{Appraised Value of Premises} \times 10\%) \div 12$$

In no event shall the monthly rent be reduced by reason of any such appraisal rent adjustment.

Per the ground lease, the effective date of the first rent reset by appraisal is to occur “on the first day of the first full month of the 11<sup>th</sup> year anniversary of the Effective Date” of the lease. The parties to the lease have recently discussed the lease language and agreed that an anniversary occurs at the end of a year, rather than at the beginning of a year. As such, per a plain-meaning interpretation of the lease language, the rent reset shall occur at the end of the 11th year/beginning of the 12<sup>th</sup> year. In consideration of this, **the effective date of value for this appraisal is June 18, 2024 (a prospective date of value).**

**7. SPECIAL INSTRUCTIONS:**

The appraiser must develop and report the appraisal in accordance with the most current Uniform Standards of Professional Appraisal Practice (USPAP) and clearly delineate the scope of work, the limiting conditions and any extraordinary assumptions and/or hypothetical conditions.

The appraiser must, in the course of the appraisal, make such investigation, perform such studies and complete such analyses as is reasonably necessary to permit the development and substantiation of his or her opinion of value. Supporting information set forth in the Appraisal Report shall include detailed sales summary sheets and maps. Differences between the comparable sales and subject property shall be sufficiently described and explained – via an adjustment grid and accompanying narrative discussion – as to demonstrate how the market data reflects the value of the property being appraised. The appraiser shall personally inspect market data used in the report and the appraiser must personally verify the pertinent information relative to the comparable sales with the buyer or seller and/or their respective representatives.

**8. FORMAT & DELIVERY:**

The format of the appraisal shall be an Appraisal Report as identified under USPAP Standard Rule 2-2(a). A draft pdf version of the report, subject to OCWD and OCFCD review, should be sent to Daniel Park at [dpark@ocwd.com](mailto:dpark@ocwd.com). Upon acceptance of the draft report, a final pdf version of the report should be sent to Daniel Park at the same email address.

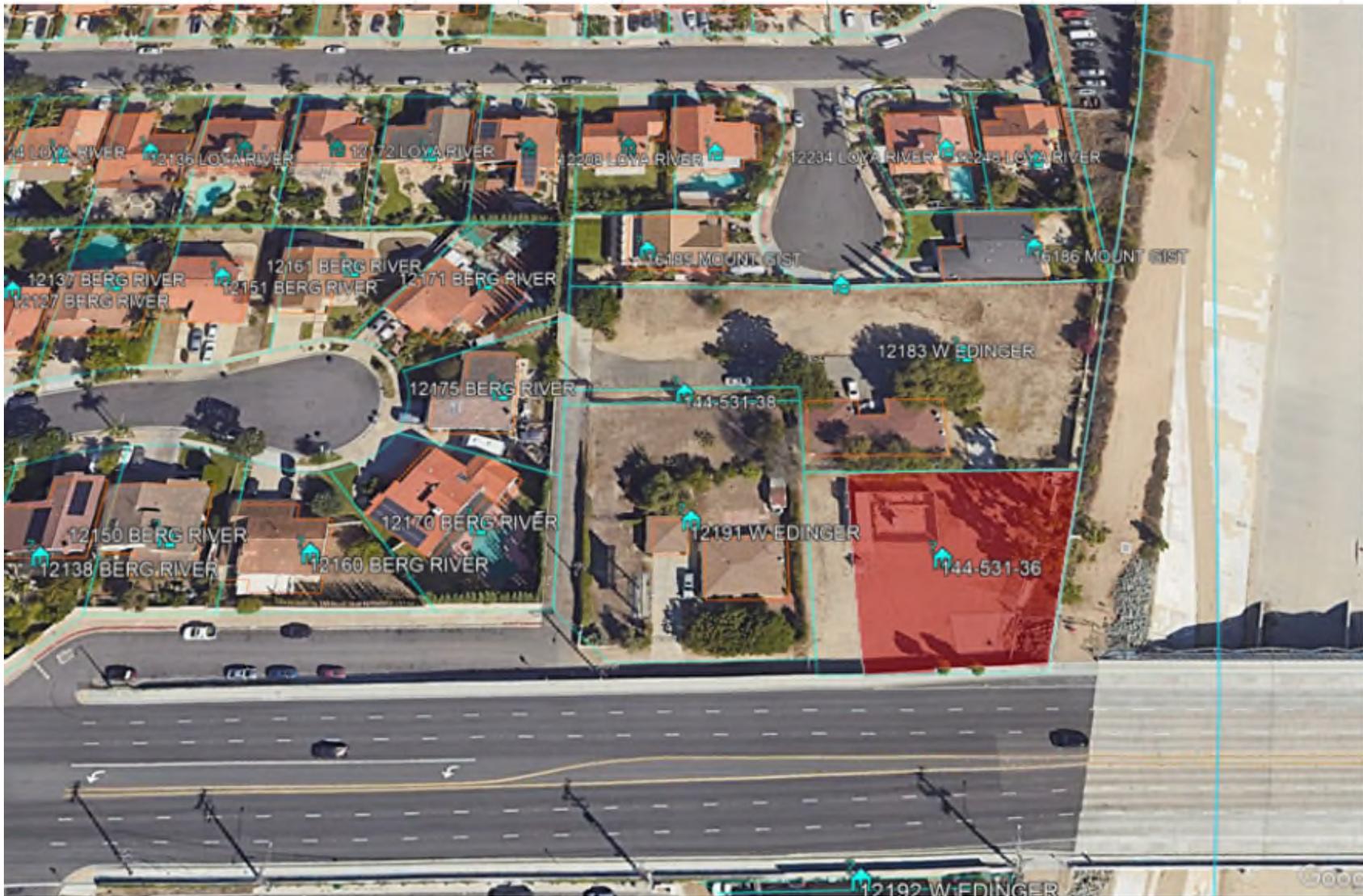
**9. ATTACHMENTS:**

1 – Aerial Photo of Subject	4 – Immediately Adjacent Properties
2 – Ground Level Photos of Subject	5 – Historic Aerial Photos of Subject
3 – Zoning Map	6 – Ground Lease

**10. ADDITIONAL COMMENTS:**

At this time, a preliminary title report is not available and has not been ordered.

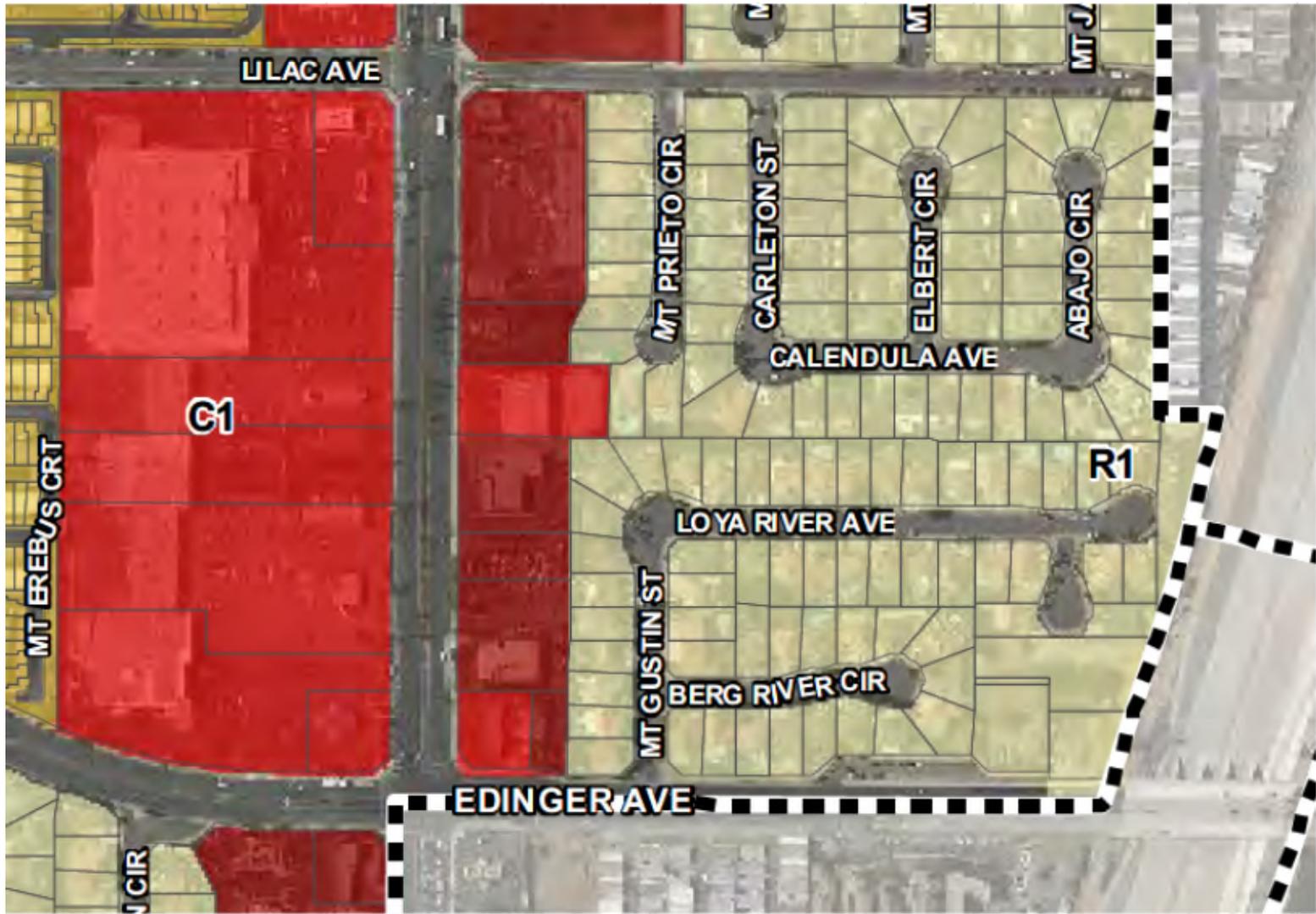
# **1-AERIAL PHOTO OF SUBJECT**



**2-GROUND LEVEL  
PHOTOS OF SUBJECT**



# **3-ZONING MAP**



**4-IMMEDIATELY  
ADJACENT PROPERTIES**



● LAST SOLD ON APR 8, 2010 FOR \$600,000

12183 W EDINGER Ave W, Santa Ana, CA 92704

**\$1,514,788** — — **2,672**  
Redfin Estimate Beds Baths Sq Ft



### Thinking of selling?

Estimated sale price

**\$1.44M – \$1.71M**

Reach more buyers when you sell with Redfin. Plus, you'll save **\$15,148** in fees. ☉

### Is this your home?

Track this home's value and nearby sales activity

I own 12183 W EDINGER Ave W

[Schedule a selling consultation](#)

← Feed Overview Property details Sale & tax history Public Facts Schools Climate Favorite Edit Facts ↗



● OFF MARKET

12191 W Edinger Ave, Santa Ana, CA 92704

**\$988,970** **4** **2** **1,296**  
Redfin Estimate Beds Baths Sq Ft



### Thinking of selling?

Estimated sale price

**\$940,000 – \$1.12M**

Reach more buyers when you sell with Redfin. Plus, you'll save **\$9,890** in fees. ☉

### Is this your home?

Track this home's value and nearby sales activity

I own 12191 W Edinger Ave

[Schedule a selling consultation](#)

**5-HISTORIC AERIAL  
PHOTOS OF SUBJECT**

HISTORICAL AERIAL PHOTOS OF SUBJECT PROPERTY



March 2001 Photo (Google Earth)



December 2003 Photo (Google Earth)



January 2006 Photo (Google Earth)



October 2007 Photo (Google Earth)



November 2009 Photo (Google Earth)



April 2013 Photo (Google Earth)



April 2014 Photo (Google Earth)

# **6-GROUND LEASE**

**LEASE AGREEMENT**  
(Mid-Basin Injection Well Project)

THIS LEASE AGREEMENT (“**Lease**”) is made JUNE 18, 2013, (“**Effective Date**”) by and between ORANGE COUNTY FLOOD CONTROL DISTRICT, a body politic and corporate, hereinafter referred to as “**DISTRICT**,” and ORANGE COUNTY WATER DISTRICT, subdivision of the State of California organized under Chapter 924 of the Statutes of 1933, as amended, , hereinafter referred to as “**TENANT**,” without regard to number and gender. DISTRICT and TENANT may sometimes hereinafter individually be referred to as “**Party**,” or jointly as “**Parties**.”

1. DEFINITIONS (PMA2.1 S)

The following words in this Lease have the significance attached to them in this Section unless otherwise apparent from context:

“**Board of Supervisors**” means the Board of Supervisors of the Orange County Flood Control District.

“**Director**” means the County of Orange, OC Public Works Director, or designee.

“**Auditor-Controller**” means the County of Orange, Auditor-Controller, or designee.

“**County**” means the County of Orange.

2. PREMISES (PMA3.1 S)

DISTRICT leases to TENANT that certain property hereinafter referred to as “**Premises**,” described in “**Exhibit A**” and shown on “**Exhibit B**,” which exhibits are attached hereto and by reference made a part hereof.

TENANT shall also have a non-exclusive license (“**License**”) to utilize DISTRICT’S property labeled “**License Area**” on said Exhibit B for ingress and egress purposes subject to the terms and conditions set forth hereunder. The License may be revoked or otherwise revised at the sole discretion of the Director.

3. USE (PMB1.1 N)

Except as provided hereinbelow in Section 4 (Interruption of Use), TENANT’S use of the Premises shall be exclusive and shall be limited to the construction, installation, operation, maintenance, repair and replacement of a groundwater injection well system consisting of an injection water supply pump, a monitoring well, utility metering device(s), sub-surface pipelines, groundwater injection well system appurtenances, fencing, gates and locks (“**TENANT Facilities**”). TENANT shall not park any vehicle on the Premises without Tenant being physically present on the Premises and at no time shall TENANT be permitted to park any vehicle within the License Area. TENANT agrees not to use the Premises for any other purpose nor to engage in or permit any other activity within or from the Premises. TENANT further agrees not to conduct or

permit to be conducted any public or private nuisance in, on, or from the Premises, or to commit or permit to be committed any waste within the Premises or License Area.

#### 4. INTERRUPTION OF USE

DISTRICT reserves the right to use the Premises surface for the operation and maintenance of its flood control system, including use of the Premises for construction staging purposes, and as reasonably necessary therefor, Director, in Director's sole and absolute discretion, shall have the right to temporarily prohibit TENANT'S use of vehicles or equipment on, over or across the Premises.

TENANT agrees that its sole remedy for such prohibited access and/or use of the Premises shall be an abatement of rent due under Section 6 (Rent) of this Lease. Such rent abatement shall be based upon the proportionate area of the Premises over which TENANT is restricted from using and the number of days of such restricted use. DISTRICT shall not be liable for any other claim, including but not limited to loss of business or interruption of service.

Except in an emergency situation, Director shall endeavor to provide TENANT reasonable advance notice of planned activities which may restrict TENANT'S use of the Premises.

#### 5. TERM (PMB2.1 N)

The term of this Lease shall be thirty (30) years commencing the Effective Date of this Lease. However, TENANT may terminate this Lease at any time for any reason upon thirty (30) days written notice to Director. In no event shall such termination become effective until TENANT has fully complied with the provisions of Section 18 (Condition of Premises Upon Termination) of the General Conditions attached to this Lease. Unless otherwise sooner terminated as provided for herein, TENANT'S License shall expire upon the termination of this Lease.

#### 6. RENT (PMCI.1 S)

TENANT agrees to pay as rent for the Premises the sum of One Thousand, Five Hundred Dollars (\$1,500) per month, payable monthly in advance on or before the first day of each month so long as tenancy continues.

In the event the obligation to pay rent commences or terminates on some date other than the first or last day of the month, the first or last month's rent shall be prorated based upon a thirty (30) day month to reflect the actual period of tenancy.

#### 7. REVISION OF RENT (PMC4.2 N)

A. Periodic Rent Adjustment. The rent specified in Section 6 (Rent) shall be subject to automatic annual adjustments in proportion to changes in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA [All Urban Consumers-All Items, Not Seasonally adjusted (Base Period 1982-84=100)] promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor ("CPI").

The automatic adjustment shall be effective on each anniversary of the Effective Date of this Lease (if the Effective Date of this Lease falls on a day other than the first day of the month, the automatic adjustment shall be effective on the first day of the month following the anniversary of the Effective Date of this Lease) and shall be calculated by means of the following formula, rounded up to the nearest dollar.

$$A = \$1,500 \times \frac{B}{C}$$

A = Adjusted Rent

B = CPI for the month prior to the month in which each rental rate adjustment is to become effective

C = CPI for the month in which the lease becomes effective

Notwithstanding the foregoing, in no event shall the rent be reduced by reason of any such adjustment. In the event that the CPI is not issued or published for the period for which such rent is to be adjusted and computed hereunder, or in the event that the Bureau of Labor Statistics of the U.S. Department of Labor should cease to publish said CPI figures, then any similar index published by any other branch or department of the U.S. Government shall be used and if none is so published, then another index generally recognized and authoritative shall be substituted by Director.

B. Appraisal Adjustment. DISTRICT and TENANT agree that in lieu of a CPI rent adjustment due on the first full month of the eleventh-year anniversary of the Effective Date of this Lease and at each ten-year interval thereafter, so long as this Lease remains in effect, the rental payable pursuant to Section 6 (Rent) shall be subject to an adjustment by appraisal. .

No less than 150 days prior to each scheduled appraisal rent adjustment effective date, the value of the Premises shall be determined by an appraisal prepared by an independent State-certified general real estate appraiser selected by TENANT from a list of appraisers provided by DISTRICT'S OC Public Works/Real Estate Services (OCPW/Real Estate), or designee, and shall be prepared in accordance with a scope of work provided by OCPW/Real Estate. TENANT shall have the right to review and comment on the proposed scope of work and OCPW/Real Estate shall give due consideration to such comments prior to TENANT'S delivery of the final scope of work to the appraiser. The scope of work shall not include in the valuation the value of any Tenant Facilities or improvements located on the Premises. The appraiser shall be retained by TENANT, at TENANT'S cost and TENANT shall provide a copy of the appraisal to Director.

Effective on the first day of the first full month of the 11th year anniversary of the Effective Date of this Lease and at 120-month intervals thereafter, the monthly rental shall be adjusted to equal ten percent (10%) of the then current appraised value of the Premises using the following formula:

$$\text{Monthly Rent} = (\text{Appraised Value of Premises} \times 10\%) \div 12$$

In no event shall the monthly rent be reduced by reason of any such appraisal rent adjustment.

#### 8. RENT PAYMENT PROCEDURE (PMC6.4 S)

Rent payments shall be delivered to the Orange County Treasurer-Tax Collector, Revenue Recovery/Accounts Receivable Unit, P. O. Box 4005, Santa Ana, California 92702-4005 (or may be delivered to 11 Civic Center Plaza, Room G58, Santa Ana 92702). The designated place of payment may be changed at any time by Director upon ten (10) days' written notice to TENANT. Rent payments may be made by check payable to the Orange County Flood Control District with a notation that payment is for the Santa Ana River – Water Injection Lease. TENANT assumes all risk of loss if payments are made by mail.

All sums due under this Lease shall be paid in lawful money of the United States of America, without offset or deduction or prior notice or demand. No payment by TENANT or receipt by DISTRICT of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and DISTRICT shall accept such check or payment without prejudice to DISTRICT'S right to recover the balance of the amount due or pursue any other remedy in this Lease.

#### 9. CHARGE FOR LATE PAYMENT (PMC7.1 S)

TENANT hereby acknowledges that the late payment of rent or any other sums due hereunder will cause DISTRICT 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 costs such as administrative processing of delinquent notices, increased accounting costs, etc.

Accordingly, if any payment of rent as specified in Section 6 (Rent) or of any other sum due DISTRICT is not received by DISTRICT by the due date, a late charge of one and one-half percent (1.5%) of the payment due and unpaid plus \$100 shall be added to the payment, and the total sum shall become immediately due and payable to DISTRICT. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

TENANT and DISTRICT hereby agree that such late charges represent a fair and reasonable estimate of the costs that DISTRICT will incur by reason of TENANT'S late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by DISTRICT shall in no event constitute a waiver of TENANT'S default with respect to such overdue payment, or prevent DISTRICT from exercising any of the other rights and remedies granted hereunder.

#### 10. MAINTENANCE OBLIGATIONS OF TENANT (PME2.1 N)

TENANT shall, to the satisfaction of Director, keep and maintain the Premises, TENANT Facilities, and all improvements of any kind which may be erected, installed, or made thereon by or on behalf of TENANT in good condition and in substantial repair. It shall be TENANT'S responsibility to take all steps necessary or appropriate to maintain such a standard of condition and repair at no cost to DISTRICT.

TENANT expressly agrees to maintain the License Area, the gate and fence within the License Area, the Premises, and TENANT Facilities in a safe, clean, wholesome, sanitary condition, to the complete satisfaction of Director, and in compliance with all applicable laws. TENANT further agrees to provide approved containers for trash and garbage and to keep the Premises free and clear of rubbish and litter. Director shall have the right to enter upon and inspect the Premises at any time for cleanliness and safety.

If TENANT fails to maintain or make repairs or replacements as required herein, Director shall notify TENANT in writing of said failure. Should TENANT fail to correct the situation within three days after receipt of written notice, Director may make the necessary correction or cause it to be made and the cost thereof, including but not limited to the cost of labor, materials, equipment, and an administrative fee equal to fifteen percent (15%) of the sum of such items, shall be paid by TENANT within 10 days of receipt of a statement of said cost from Director. Director may, at his/her option, choose other remedies available herein, or by law.

#### 11. CONSTRUCTION AND MAINTENANCE (PMES2.2 N)

TENANT shall have all construction and/or maintenance plans approved in writing by Director prior to commencement of any work in, on or about the Premises; and upon completion of any such work, TENANT shall immediately notify Director in writing of such completion.

Director's approval of TENANT'S construction and/or maintenance plans shall not be deemed approval from the standpoint of structural safety, suitability for purpose or conformance with building or other codes or other governmental requirements. DISTRICT is not responsible for permitting of any construction and/or maintenance, design, assumptions or accuracy of TENANT'S construction and/or maintenance plans. Director will rely on the professional expertise of the Engineer of Record when approving TENANT'S construction and/or maintenance plans.

TENANT shall perform all construction and/or maintenance in such a manner that will not worsen flooding condition or shift flooding elsewhere and allow for unobstructed flood control operations and maintenance of the Channel by DISTRICT.

Should it be necessary for TENANT to conduct any construction or excavation activities or otherwise disturb the surface of the Premises subsequent to the completion of the initial installation of TENANT'S Facilities, TENANT agrees to notify Director in writing sixty no less than (60) days in advance of such planned activities, obtain Director's written approval of all plans, and prior to commencement of any such activities, obtain a permit for construction from the County with payment of normal processing fees. Said approval shall not be withheld unreasonably, nor shall said approval be necessary in any emergency situation or in conducting routine maintenance activities which do not involve disturbance of the surface area of the Premises.

Except in areas in which such activities require regulatory agency approval, or are otherwise designated as environmentally sensitive, TENANT shall have the right to cut such roots as may endanger or interfere with TENANT'S Facilities provided, however, that any excavation shall be made in such a manner as will cause the least injury to the surface of the ground and any

improvements and/or landscaping around such excavation, and that the earth so removed shall be replaced and the surface of the ground and any improvements and/or landscaping around such excavation, damaged shall be promptly restored by TENANT at its expense to the same condition as existed prior to excavation, to Director's satisfaction.

## 12. UTILITIES (PME 1.1N)

All utilities supplied to Premises for the purposes of conducting TENANT operations shall be separately metered. TENANT shall be responsible for and pay, prior to the delinquency date, all utility charges related to TENANT'S operations.

## 13. INSURANCE (PML10.1N)

A. General Requirements. TENANT agrees to purchase all required insurance at TENANT'S expense and to deposit with Director certificates of insurance, including all endorsements required herein, necessary to satisfy Director that the insurance provisions of this Lease have been complied with and to keep such insurance coverage and the certificates and endorsements therefor on deposit with the Director during the entire term of this Lease.

TENANT may self-insure for their insurance coverage provided such self-insurance meets or exceeds all provisions of the insurance requirements as stated herein throughout the term of this Lease. TENANT shall provide a Certificate of Self-Insurance verifying all the stated coverage minimums and comparable terms to Director.

This Lease shall automatically terminate at the same time TENANT'S insurance coverage is terminated. If within ten (10) business days after termination under this Section, TENANT obtains and provides evidence of the required insurance coverage acceptable to Director, this Lease may be reinstated at the sole discretion of Director. TENANT shall pay DISTRICT One Thousand Five Hundred Dollars (\$1,500.00) for processing the reinstatement of this Lease.

TENANT agrees that TENANT shall not operate on the Premises and/or use the License Area at any time the required insurance is not in full force and effect as evidenced by a certificate of insurance and necessary endorsements or, in the interim, an official binder being in the possession of Director. In no cases shall assurances by TENANT, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Director will only accept valid certificates of insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. TENANT also agrees that upon cancellation, termination, or expiration of TENANT'S insurance, Director may take whatever steps are necessary to interrupt any operation from or on the Premises and/or use of the License Area until such time as the Director reinstates the Lease.

If TENANT fails to provide Director with a valid certificate of insurance and endorsements, or binder at any time during the term of the Lease, DISTRICT and TENANT agree that this shall constitute a material breach of the Lease. Whether or not a notice of default has been sent to TENANT, said material breach shall permit Director to take whatever steps necessary to interrupt any operation from or on the Premises and/or use of the License Area, and to prevent any persons, including, but not limited to, members of the general public, and TENANT'S

employees and agents, from entering the Premises until such time Director is provided with adequate evidence of insurance required herein. TENANT further agrees to hold DISTRICT and/or County harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from actions performed by or on behalf of DISTRICT.

All contractors performing work on behalf of TENANT pursuant to this Lease shall obtain insurance subject to the same terms and conditions as set forth herein for TENANT. TENANT shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by DISTRICT from the TENANT under this Lease. It is the obligation of the TENANT to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Premises and/or upon the License Area. Such proof of insurance must be maintained by TENANT through the entirety of this Lease and be available for inspection by Director at any reasonable time.

All self-insured retentions (**SIRs**) and deductibles shall be clearly stated on the Certificate of Insurance. If no SIRs or deductibles apply, indicate this on the Certificate of Insurance with a "0" by the appropriate line of coverage. Any self-insured retention (SIR) or deductible in excess of \$25,000 (\$5,000 for automobile liability), shall specifically be approved by County Executive Office of Risk Management ("**CEO/Risk Management**").

If the TENANT fails to maintain insurance acceptable to DISTRICT for the full term of this Lease, DISTRICT may terminate this Lease.

B. Qualified Insurer. The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier) or have a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category) as determined by the most current edition of the Best's key Rating Guide/Property-Casualty/United States or ambest.com-

If the insurance carrier is not an admitted carrier in the state of California and does not have an A.M. Best rating of A-/VIII, the CEO/Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

C. Minimum Limits. The policy or policies of insurance maintained by the TENANT shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability including coverage for Pollution Liability	\$5,000,000 per occurrence \$5,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 limit per occurrence
Workers' Compensation	Statutory

Employers' Liability Insurance	\$1,000,000 per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all buildings, contents and any Tenant Facilities or improvements including Business Interruption/Loss of Rents with a 12 month limit.	100% of the Replacement Cost Value and no coinsurance provision

D. Coverage Forms. The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

E. Endorsements.

i. The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:

a. an Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the Orange County Flood Control District and County of Orange, its elected and appointed officials, officers, employees, and agents as Additional Insureds; and

b. primary non-contributing endorsement evidencing that the TENANT'S insurance is primary and any insurance or self-insurance maintained by DISTRICT and/or County shall be excess and non-contributing.

ii. All insurance policies required by this contract shall waive all rights of subrogation against the Orange County Flood Control District, County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

iii. The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the Orange County Flood Control District, County of Orange, and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees.

iv. The Commercial Property policy shall be endorsed to include the County of Orange as a Loss Payee as respects its financial interest in the property. A Loss Payee endorsement shall be submitted with the Certificate of Insurance as evidence of this requirement.

v. All insurance policies required by this contract shall give DISTRICT thirty (30) days' notice in the event of cancellation and ten (10) days for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

vi. The Commercial General Liability policy shall contain a severability of interests clause, also known as a "separation of insureds" clause (standard in the ISO CG 001 policy)

F. Delivery. Insurance certificates should be forwarded to DISTRICT address provided in the Section 18 (Notices) below or to an address provided by Director. TENANT has ten (10) business days to provide adequate evidence of insurance or this Lease may be cancelled.

G. Insurance Requirement Changes. DISTRICT expressly retains the right to require TENANT to increase or decrease insurance of any of the above insurance types throughout the term of this Lease. Any increase or decrease in insurance will be as deemed by CEO/Risk Management as appropriate to adequately protect DISTRICT.

Director shall notify TENANT in writing of changes in the insurance requirements. If TENANT does not deposit copies of acceptable certificates of insurance and endorsements with Director incorporating such changes within thirty (30) days of receipt of such notice, this Lease may be in breach without further notice to TENANT, and DISTRICT shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit TENANT'S liability hereunder nor to fulfill the indemnification provisions and requirements of this Lease, nor in any way to reduce the policy coverage and limits available from the insurer.

#### 14. ASSIGNING, SUBLETTING, AND ENCUMBERING (PME7.2N)

Any mortgage, pledge, hypothecation, encumbrance, transfer, or assignment (hereinafter in this section referred to collectively as "**Encumbrance**") of TENANT'S interest in the Premises or the License Area, or any part or portion thereof, shall first be approved in writing by DISTRICT, unless otherwise provided herein. Failure to obtain DISTRICT'S required written approval of an Encumbrance will render such Encumbrance void. Occupancy of the Premises by a prospective transferee, or assignee before approval of the transfer, or assignment by DISTRICT shall constitute a breach of this Lease. The entry into subleases is prohibited and shall constitute a breach of this Lease.

If TENANT hereunder is a corporation or an unincorporated association or partnership, the Encumbrance of any stock or interest in said corporation, association or partnership in the aggregate exceeding 50% or that result in a change in control of such entity shall be deemed an assignment within the meaning of this Lease.

Should DISTRICT consent to any Encumbrance, such consent shall not constitute a waiver of any of the terms, covenants, or conditions of this Lease or be construed as DISTRICT'S consent to any further Encumbrance. Such terms, covenants or conditions shall apply to each and every Encumbrance hereunder and shall be severally binding upon each and every party thereto. Any document to mortgage, pledge, hypothecate, encumber, transfer, or assign the Premises or any part thereof shall not be inconsistent with the provisions of this Lease and in the event of any such inconsistency, the provisions of this Lease shall control.

DISTRICT agrees that it will not arbitrarily withhold consent to any Encumbrance, but DISTRICT may withhold consent at its sole discretion if any of the following conditions exist:

- A. TENANT or any of TENANT'S successors or assigns is in default of any term, covenant or condition of this Lease, whether notice of default has or has not been given by DISTRICT.
- B. The prospective Encumbrancer has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this Lease.
- C. All the terms, covenants, and conditions of Encumbrance, including the consideration therefor of any and every kind, have not been revealed in writing to Director.
- D. TENANT has not provided Director with a copy of all documents relating thereto including, but not limited to, appraisals if any.
- E. Any construction required of TENANT as a condition of this Lease has not been completed to the satisfaction of DISTRICT.
- F. The processing fee required by DISTRICT and set out below has not been paid to DISTRICT.

A processing fee of Two Thousand Five Hundred Dollars (\$2,500.00) shall be paid to DISTRICT for processing each consent to assignment, transfer, hypothecation, or sublease submitted to DISTRICT as required by this Lease. This processing fee shall be deemed earned by DISTRICT when paid and shall not be refundable.

The processing fee specified above shall be automatically adjusted for all consents required or requested subsequent to the second year of this Lease. Said adjustment shall be in proportion to the change in the CPI [as defined in Section 6 (Rent)], or any replacement index thereto. Said automatic adjustment shall be calculated by means of the following formula, then rounded to the nearest ten dollar figure:

$$A = \$2,500 \times \frac{B}{C}$$

Where            A = adjusted processing fee  
                      B = CPI for the month prior to the month in which the request for consent to assignment, transfer or sublease is dated  
                      C = CPI for the month this Lease became effective

Notwithstanding the foregoing, in no event shall the processing fee be reduced by reason of any such adjustment.

#### 15. MECHANICS LIENS OR STOP-NOTICES (PMD4.1 N)

TENANT shall at all times indemnify, defend with counsel approved in writing by DISTRICT, and save DISTRICT and County harmless from all claims, losses, demands, damages, cost, expenses, or liabilities in connection with the use, construction, repair, alteration, or installation

of any TENANT Facilities by TENANT within, upon, or under the Premises and/or the License Area, and from the cost of defending against such claims, including reasonable attorney fees and costs.

In the event a lien or stop-notice is imposed upon the Premises or License Area as a result of such construction, repair, alteration, or installation, TENANT shall either:

- A. Record a valid Release of Lien, or
- B. Procure and record a bond in accordance with Section 3143 or 3196 of the Civil Code, which frees the Premises from the claim of the lien or stop-notice and from any action brought to foreclose the lien.

Should TENANT fail to accomplish one of the two actions above within fifteen (15) days after the filing of such a lien or stop-notice, TENANT shall be deemed to be in default under this Lease and shall be subject to the provisions of Section 15 (Default In Terms of the Lease by Tenant) of the General Conditions attached hereto.

#### 16. HAZARDOUS MATERIAL (PMF9.1 N)

A. Definition of Hazardous Materials. For purposes of this Lease, the term “**Hazardous Materials**” shall mean any hazardous or toxic substance, material, product, byproduct, or waste which is or shall become regulated by any governmental entity, including, without limitation, the County of Orange, the State of California or the United States government.

B. Use of Hazardous Materials. TENANT or TENANT’S employees, agents, independent contractors or invitees (collectively “**TENANT Parties**”) shall not cause or permit any Hazardous Materials to be brought upon, stored, kept, used, generated, released into the environment or disposed of on, under, from or about the Premises or the License Area (which for purposes of this clause shall include the subsurface soil and ground water). Notwithstanding the foregoing, TENANT may keep on or about the Premises small quantities of Hazardous Materials that are used in the ordinary, customary, and lawful cleaning of and business operations or the operation, maintenance or repair of TENANT Facilities on the Premises. Said permitted Hazardous Materials shall be stored in a safe location and shall be disposed of in a manner provided by law.

C. TENANT Obligations. If the presence of any Hazardous Materials on, under or about the Premises or the License Area caused or permitted by TENANT or TENANT Parties, results in (i) injury to any person, (ii) injury to or contamination of the Premises (or a portion thereof), or (iii) injury to or contamination of any real or personal property wherever situated, TENANT, at its sole cost and expense, shall promptly take all actions necessary or appropriate to return the Premises and/or to the License Area to the condition existing prior to the introduction of such Hazardous Materials to the Premises and/or the License Area and to remedy or repair any such injury or contamination. Without limiting any other rights or remedies of DISTRICT under this Lease, TENANT shall pay the cost of any cleanup or remedial work performed on, under, or about the Premises and/or the License Area as required by this Lease or by applicable laws in

connection with the removal, disposal, neutralization or other treatment of such Hazardous Materials caused or permitted by TENANT or TENANT Parties. Notwithstanding the foregoing, TENANT shall not take any remedial action in response to the presence, discharge or release, of any Hazardous Materials on, under or about the Premises and/or the License Area caused or permitted by TENANT or TENANT Parties, or enter into any settlement agreement, consent decree or other compromise with any governmental or quasi-governmental entity without first obtaining the prior written consent of the DISTRICT. All work performed or caused to be performed by TENANT as provided for above shall be done in good and workmanlike manner and in compliance with plans, specifications, permits and other requirements for such work approved by DISTRICT.

D. Indemnification for Hazardous Materials. To the fullest extent permitted by law, TENANT hereby agrees to indemnify, hold harmless, protect and defend (with attorneys acceptable to DISTRICT) DISTRICT and County, its elected officials, officers, employees, agents, independent contractors, and the Premises and/or the License Area, from and against any and all liabilities, losses, damages (including, but not limited, damages for the loss or restriction on use of rentable or usable space or any amenity of the Premises and/or the License Area or damages arising from any adverse impact on marketing and diminution in the value of the Premises), judgments, fines, demands, claims, recoveries, deficiencies, costs and expenses (including, but not limited to, reasonable attorneys' fees, disbursements and court costs and all other professional or consultant's expenses), whether foreseeable or unforeseeable, arising directly or indirectly out of the presence, use, generation, storage, treatment, on or off-site disposal or transportation of Hazardous Materials on, into, from, under or about the Premises by TENANT or TENANT Parties. The foregoing indemnity shall also specifically include the cost of any required or necessary repair, restoration, clean-up or detoxification of the Premises and/or the License Area and the preparation of any closure or other required plans.

#### 17. BEST MANAGEMENT PRACTICES (PML 11.2 N)

TENANT and TENANT Parties shall conduct operations under this Lease so as to assure that pollutants do not enter municipal storm drain systems which systems are comprised of, but are not limited to curbs and gutters that are part of the street systems (“**Stormwater Drainage System**”), and to ensure that pollutants do not directly impact “Receiving Waters” (as used herein, Receiving Waters include, but are not limited to, rivers, creeks, streams, estuaries, lakes, harbors, bays and oceans).

The Santa Ana and San Diego Regional Water Quality Control Boards have issued National Pollutant Discharge Elimination System permits (“**Stormwater Permits**”) to the County of Orange, and to the Orange County Flood Control District and cities within Orange County, as co-permittees (hereinafter collectively referred to as “**County Parties**”) which regulate the discharge of urban runoff from areas within the County of Orange, including the Premises. The County Parties have enacted water quality ordinances that prohibit conditions and activities that may result in polluted runoff being discharged into the Stormwater Drainage System.

To assure compliance with the Stormwater Permits and water quality ordinances, the County Parties have developed a Drainage Area Management Plan (“**DAMP**”) which includes a Local Implementation Plan (“**LIP**”) for each jurisdiction that contains Best Management Practices

("BMPs") that parties using properties within Orange County must adhere to. As used herein, a BMP is defined as a technique, measure, or structural control that is used for a given set of conditions to manage the quantity and improve the quality of stormwater runoff in a cost effective manner. These BMPs are found within the DISTRICT'S LIP in the form of Model Maintenance Procedures and BMP Fact Sheets (the Model Maintenance Procedures and BMP Fact Sheets contained in the DAMP/LIP shall be referred to hereinafter collectively as "BMP Fact Sheets") and contain pollution prevention and source control techniques to eliminate non-stormwater discharges and minimize the impact of pollutants on stormwater runoff.

TENANT, TENANT Parties, and all persons authorized by TENANT to conduct activities on the Premises and/or the License Area shall, throughout the term of this Lease, comply with all applicable BMP Fact Sheets as they exist now or are modified, and shall comply with all other requirements of the Stormwater Permits, as they exist at the time this Lease commences or as the Stormwater Permits may be modified. TENANT agrees to maintain current copies of all applicable BMP Fact Sheets on the Lease Area throughout the term of this Lease. The BMPs applicable to uses authorized under this Lease must be performed as described within all applicable BMP Fact Sheets.

TENANT may propose alternative BMPs that meet or exceed the pollution prevention performance of the BMP Fact Sheets. Any such alternative BMPs shall be submitted to the Director for review and approval prior to implementation.

Director may enter the Premises and/or review TENANT'S records at any time to assure that activities conducted on the Premises or over the License Area comply with the requirements of this section. TENANT may be required to implement a self-evaluation program to demonstrate compliance with the requirements of this section.

#### 18. NOTICES (PMF10.1 S)

All notices, documents, correspondence, and communications concerning this Lease shall be addressed as set forth in this clause, or as the parties may hereafter designate by written notice, and shall be sent through the United States mail, duly registered or certified with postage prepaid. Any such mailing shall be deemed served or delivered twenty four (24) hours after mailing. Each party may change the address for notices by giving the other party at least ten (10) calendar days prior written notice of the new address.

Notwithstanding the above, either party may also provide notices, documents, correspondence, or such other communications to the other by personal delivery, regular mail, or facsimile and, so given, shall be deemed to have been given upon receipt if provided by personal delivery or facsimile, or forty-eight (48) hours after mailing if provided by regular mail.

TO: DISTRICT  
County of Orange  
OC Public Works/Real Estate Services  
RE: E01-706.1 - OCWD Lease  
P. O. Box 4048  
Santa Ana, CA 92702-4048  
Facsimile: 714/834-2870

TO: TENANT  
Orange County Water District  
18700 Ward Street  
P. O. Box 8300  
Fountain Valley, CA 92728-8300  
Facsimile: 714/378-3370  
Attn: Property Management

19. AUTHORITY (PMES20.1S)

The Parties to this Lease represent and warrant that this Lease has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.

20. GENERAL CONDITIONS

This Lease includes the General Conditions attached hereto and by this reference made a part hereof. In the event of any conflict between the provisions of this Lease and the provisions in the General Conditions, the provision of this Lease shall control.

21. COUNTERPARTS

This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGES]

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IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

Approved as to Form  
Office of the County Counsel  
Orange County, California

By: [Signature]  
Deputy

Date: 4/15/2017

**DISTRICT**

ORANGE COUNTY FLOOD  
CONTROL DISTRICT, a body corporate and  
politic

By: [Signature]  
Chairman, Board of Supervisors  
Orange County, California

Signed and certified that a copy of this document  
has been delivered to the  
Chair of the Board per  
G.C. Sec. 25103, Resolution 79-1535

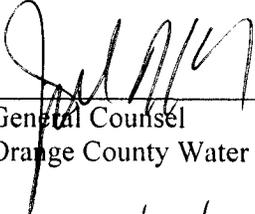
ATTEST:

[Signature]  
Susan Novak  
Clerk of the Board of Supervisors  
Orange County Flood Control District  
Orange County, California



TENANT'S signature on following page

Approved as to Form  
RUTAN & TUCKER, LLP.

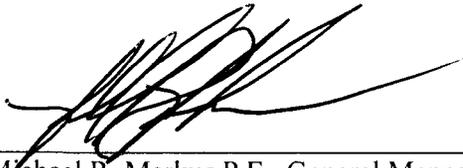
By:   
General Counsel  
Orange County Water District

Date: 4/22/2013

**TENANT**

ORANGE COUNTY WATER DISTRICT,  
subdivision of the State of California organized  
under Chapter 924 of the Statutes of 1933, as  
amended

By:   
Shawn Dewane, President

By:   
Michael R. Markus P.E., General Manager

**GENERAL CONDITIONS (PMGE1.2-29.1)**

**1. TIME (PMGE1.2 S)**

Time is of the essence of this Lease. Failure to comply with any time requirement of this Lease shall constitute a material breach of this Lease.

**2. SIGNS (PMGE2.2 S)**

TENANT agrees not to construct, maintain, or allow any signs, banners, flags, etc., upon the Premises or License Area except as approved by Director. TENANT further agrees not to construct, maintain, or allow billboards or outdoor advertising signs upon the Premises or License Area. Such signs are prohibited on DISTRICT property by Resolutions F60-23 and F60-65 of DISTRICT'S Board of Supervisors.

Unapproved signs, banners, flags, etc., may be removed by Director without prior notice to TENANT.

**3. PERMITS AND LICENSES (PMGE3.2 S)**

TENANT shall be required to obtain any and all approvals, permits and/or licenses which may be required in connection with the operation of the Premises as set out herein. No permit, approval, or consent given hereunder by DISTRICT, in its governmental capacity, shall affect or limit TENANT'S obligations hereunder, nor shall any approvals or consents given by DISTRICT, as a Party to this Lease, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules, or regulations.

**4. LEASE ORGANIZATION (PMGE5.2 S)**

The various headings and numbers herein, the grouping of provisions of this Lease into separate clauses and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

**5. AMENDMENTS (PMGE6.2 S)**

This Lease is the sole and only agreement between the Parties regarding the subject matter hereof; other agreements, either oral or written, are void. Any changes to this Lease shall be in writing and shall be properly executed by both Parties.

**6. UNLAWFUL USE (PMGE7.2 S)**

TENANT agrees no improvements shall be erected, placed upon, operated, nor maintained within the Premises or License Area, nor any business conducted or carried on therein or therefrom, in violation of the terms of this Lease, or of any regulation, order of law, statute, bylaw, or ordinance of a governmental agency having jurisdiction.

**7. NONDISCRIMINATION (PMGE8.2 S)**

TENANT agrees not to discriminate against any person or class of persons by reason of sex, age, race, color, creed, physical handicap, or national origin in employment practices and in the activities conducted pursuant to this Lease. TENANT shall make its accommodations and services available to the public on fair and reasonable terms.

**8. INSPECTION (PMGE9.2 S)**

DISTRICT or its authorized representative shall have the right at all reasonable times to inspect the Premises and License Area to determine if the provisions of this Lease are being complied with.

**9. HOLD HARMLESS (PMGE10.2 N)**

TENANT acknowledges that the Premises and License Area lie in, on or about an area commonly referred to as the Santa Ana River Flood Channel (hereinafter referred to as “**Channel**”) and may be subject to all hazards associated with flood conditions and TENANT agrees to assume all risks, financial or otherwise associated therewith, including, but not limited to any interruption in or restricted use of the Premises and/or the License Area, whether temporary or permanent due to DISTRICT’s use of, or operations conducted in, on, or about the Premises and/or the License Area.

TENANT hereby releases and waives all claims and recourse against DISTRICT, and COUNTY including the right of contribution for loss or damage of persons or property, arising from, growing out of or in any way connected with or related to this Lease except claims arising from the concurrent active or sole negligence of DISTRICT and/or COUNTY, their officers, agents, employees and contractors. TENANT hereby agrees to indemnify, defend (with counsel approved in writing by DISTRICT), and hold harmless, DISTRICT and COUNTY, their elected and appointed officials, officers, agents, employees and contractors against any and all claims, losses, demands, damages, cost, expenses or liability for injury to any persons or property, arising out of the operation or maintenance of the property described herein, and/or TENANT’S exercise of the rights under this Lease, except for liability arising out of the concurrent active or sole negligence of DISTRICT, and/or COUNTY, their elected and appointed officials, officers, agents, employees or contractors including the cost of defense of any lawsuit arising therefrom. If DISTRICT or COUNTY is/are named as co-defendant(s) in a lawsuit, TENANT shall notify DISTRICT of such fact and shall represent DISTRICT/COUNTY in such legal action unless DISTRICT/COUNTY undertakes to represent itself/themselves as co-defendant(s) in such legal action, in which event, TENANT shall pay to DISTRICT/COUNTY its/their litigation costs, expenses, and attorneys’ fees. If judgment is entered against DISTRICT/COUNTY and TENANT by a court of competent jurisdiction because of the concurrent active negligence of DISTRICT/COUNTY and TENANT, DISTRICT and TENANT agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

TENANT acknowledges that it is familiar with the language and provisions of California Civil Code Section 1542 which provides as follows:

*A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known by him or her, must have materially affected his or her settlement with the debtor.*

TENANT, being aware of and understanding the terms of Section 1542, hereby waives all benefit of its provisions to the extent described in this paragraph.

**10. TAXES AND ASSESSMENTS (PMGE11.2 S)**

This Lease may create a possessory interest which is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) which become due and payable upon the Premises or upon fixtures, equipment, or other property installed or constructed thereon, shall be the full responsibility of TENANT, and TENANT shall cause said taxes and assessments to be paid promptly.

**11. SUCCESSORS IN INTEREST (PMGE12.2 S)**

Unless otherwise provided in this Lease, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the Parties hereto, all of whom shall be jointly and severally liable hereunder.

**12. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE (PMGE13.2 S)**

If either Party shall be delayed or prevented from the performance of any act required hereunder by reason of Acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse TENANT from the prompt payment of any rental or other charge required of TENANT except as may be expressly provided elsewhere in this Lease

**13. PARTIAL INVALIDITY (PMGE14.2 S)**

If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

**14. WAIVER OF RIGHTS (PMGE15.2 S)**

The failure of DISTRICT or TENANT to insist upon strict performance of any of the terms, covenants, or conditions of this Lease shall not be deemed a waiver of any right or remedy that DISTRICT or TENANT may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants, and conditions of the Lease thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant, or condition of the Lease. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

**15. EVENTS OF DEFAULT AND REMEDIES (PMGE16.2 S)**

- A. Events of Default. The occurrence of any one or more of the following events shall constitute a default hereunder by TENANT:
1. The abandonment or vacation of the Premises by TENANT.
  2. The failure by TENANT to make any payment of rent or any other sum payable hereunder by TENANT, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from DISTRICT to TENANT; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.
  3. The failure or inability by TENANT to observe or perform any of the provisions of this Lease to be observed or performed by TENANT, other than specified in subparagraphs A.(1) or A.(2) above, where such failure shall continue for a period of ten (10) days after written notice thereof from DISTRICT to TENANT; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.; provided, further, that if the nature of such failure is such that it can be cured by TENANT but that more than ten (10) days are reasonably required for its cure (for any reason other than financial inability), then TENANT shall not be deemed to be in default if TENANT shall commence such cure within said ten (10) days, and thereafter diligently prosecutes such cure to completion.
  4. The making by TENANT of any general assignment for the benefit of creditors.
  5. A case is commenced by or against TENANT under Chapters 7, 11 or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so commenced against TENANT, the same is not dismissed within sixty (60) days of such commencement.

6. The appointment of a trustee or receiver to take possession of substantially all of TENANT'S assets located at the Premises or of TENANT'S interest in this Lease, where such seizure is not discharged within thirty (30) days.
  7. TENANT'S convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts. In the event of any such default, neither this Lease nor any interests of TENANT in and to the Premises shall become an asset in any of such proceedings and, in any such event and in addition to any and all rights or remedies of the DISTRICT hereunder or by law; provided, it shall be lawful for the DISTRICT to declare the term hereof ended and to re-enter the Premises and take possession thereof and remove all persons therefrom, and TENANT and its creditors (other than DISTRICT) shall have no further claim thereon or hereunder.
- B. Remedies. In the event of any default by TENANT, then, in addition to any other remedies available to DISTRICT at law or in equity, DISTRICT may exercise the following remedies:
1. DISTRICT may terminate this Lease and all rights of TENANT hereunder by giving written notice of such termination to TENANT. In the event that DISTRICT shall so elect to terminate this Lease, then DISTRICT may recover from TENANT:
    - (a) The worth at the time of award of the unpaid rent and other charges, which had been earned as of the date of the termination hereof;
    - (b) The worth at the time of award of the amount by which the unpaid rent and other charges which would have been earned after the date of the termination hereof until the time of award exceeds the amount of such rental loss that TENANT proves could have been reasonably avoided;
    - (c) The worth at the time of award of the amount by which the unpaid rent and other charges for the balance of the term hereof after the time of award exceeds the amount of such rental loss that TENANT proves could be reasonably avoided;
    - (d) Any other amount necessary to compensate DISTRICT for all the detriment proximately caused by TENANT'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 repair, renovation and alteration of the Premises, reasonable attorneys' fees, expert witness costs, and any other reasonable costs; and
    - (e) Any other amount which DISTRICT may by law hereafter be permitted to recover from TENANT to compensate DISTRICT for the detriment caused by TENANT'S default.

The term "rent" as used herein shall be deemed to be and to mean the annual rent and all other sums required to be paid by TENANT pursuant to the terms of this Lease. All such sums, other than the annual rent, shall be computed on the basis of the average monthly amount thereof accruing during the 24-month period immediately prior to default, except that if it becomes necessary to compute such rental before such 24-month period has occurred, then such sums shall be computed on the basis of the average monthly amount during such shorter period. As used in subparagraphs B.1.(a) and B.1.(b) above, the "worth at the time of award" shall be computed by allowing interest at the maximum rate permitted by law. As used in subparagraph B.1.(c) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%), but not in excess of ten percent (10%) per annum.

2. Continue this Lease in effect without terminating TENANT'S right to possession even though TENANT has breached this Lease and abandoned the Premises and to enforce all of DISTRICT'S rights and remedies under this Lease, at law or in equity, including the right to recover the rent as it becomes due under this Lease; provided, however, that DISTRICT may at any time thereafter elect to terminate this Lease for such previous breach by notifying TENANT in writing that TENANT'S right to possession of the Premises has been terminated.

Nothing in this Section shall be deemed to affect TENANT'S indemnity of DISTRICT liability or liabilities based upon occurrences prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease.

No delay or omission of DISTRICT to exercise any right or remedy shall be construed as a waiver of such right or remedy or any default by TENANT hereunder. The acceptance by DISTRICT of rent or any other sums hereunder shall not be (a) a waiver of any preceding breach or default by TENANT of any provision thereof, other than the failure of TENANT to pay the particular rent or sum accepted, regardless of DISTRICT'S knowledge of such preceding breach or default at the time of acceptance of such rent or sum, or (b) waiver of DISTRICT'S right to exercise any remedy available to DISTRICT by virtue of such breach or default. No act or thing done by DISTRICT or DISTRICT'S agents during the term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by DISTRICT.

Any installment or rent due under this Lease or any other sums not paid to DISTRICT when due (other than interest) shall bear interest at the maximum rate allowed by law from the date such payment is due until paid, provided, however, that the payment of such interest shall not excuse or cure the default.

All covenants and agreements to be performed by TENANT under any of the terms of this Lease shall be performed by TENANT at TENANT'S sole cost and expenses and without any abatement of rent. If TENANT shall fail to pay any sum of money, other than rent required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, or to provide any insurance or evidence of insurance to be provided by TENANT, then in addition to any other remedies provided herein, DISTRICT may, but shall not be obligated to do so, and without waiving or releasing TENANT from any obligations of TENANT, make any such payment or perform any such act on TENANT'S part to be made or performed as provided in this Lease or to provide such insurance. Any payment or performance of any act or the provision of any such insurance by DISTRICT on TENANT'S behalf shall not give rise to any responsibility of DISTRICT to continue making the same or similar payments or performing the same or similar acts. All costs, expenses, and other sums incurred or paid by DISTRICT in connection therewith, together with interest at the maximum rate permitted by law from the date incurred or paid by DISTRICT shall be deemed to be additional rent hereunder and shall be paid by TENANT with and at the same time as the next monthly installment of rent hereunder, and any default therein shall constitute a breach of the covenants and conditions of this Lease.

#### **16. RESERVATIONS TO DISTRICT (PMGE18.2 S)**

The Premises are accepted "as is" and "where is" by TENANT subject to any and all existing easements, encumbrances. DISTRICT reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, and connections; water, oil, and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. DISTRICT also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises. No right reserved by DISTRICT in this clause shall be so exercised as to interfere unreasonably with TENANT'S operations hereunder or to impair the security of any secured creditor of TENANT.

DISTRICT agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. DISTRICT further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Premises by TENANT, the rental shall be reduced in proportion to the interference with TENANT'S use of the Premises.

**17. HOLDING OVER (PMGE19.2 S)**

In the event TENANT shall continue in possession of the Premises after the term of this Lease, such possession shall not be considered a renewal of this Lease but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Lease.

**18. CONDITION OF PREMISES UPON TERMINATION (PMGE20.2 N)**

A. Unless Director has provided TENANT with written notice that DISTRICT wishes to retain any or all TENANT Facilities, TENANT shall, at TENANT'S sole cost and expense no later than the expiration or sooner termination of this Lease:

1. abandon all water wells on the Premises in place, in accordance with state water well standards (e.g. CA Department of Water Resources Bulletins 74-81 and Bulletins 74-90); and,
2. remove all other TENANT Facilities, both surface and underground, located on or within the Premises and the License Area to Director's satisfaction which shall include, but not be limited to, compaction of filled excavations to ninety percent (90%) compaction as determined by California Test Method No. 216 and delivering the Premises and the License Area in a condition which allows for unrestricted use of the property.

B. Should TENANT fail to satisfy its obligations in the above sub-section 18.A., DISTRICT shall have the right to perform, or cause to be performed, any task necessary for the Premises and the License Area to be returned in conformance therewith at TENANT'S cost, including the cost of labor, materials, equipment, disposal fees and other costs Director determines to be reasonably related to such removal or abandonment, plus an administrative fee equal to fifteen percent (15%) of the sum of those items, without liability therefor to TENANT or to any person claiming under TENANT. Director shall present TENANT with an invoice for labor, materials, equipment, disposal fees and other costs Director determines to be reasonably related to removal of such TENANT Facilities which invoice TENANT agrees to pay within thirty (30) days of receipt.

**19. DISPOSITION OF ABANDONED PERSONAL PROPERTY (PMGE21.2 S)**

If TENANT abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to and left on the Premises and/or the License Area fifteen (15) days after such event shall, at DISTRICT'S option, be deemed to have been transferred to DISTRICT. DISTRICT shall have the right to remove and to dispose of such property without liability therefor to TENANT or to any person claiming under TENANT, and shall have no need to account therefor.

**20. QUITCLAIM OF TENANT'S INTEREST UPON TERMINATION (PMGE22.2 S)**

Upon termination of this Lease for any reason, including but not limited to termination because of default by TENANT, TENANT shall execute, acknowledge, and deliver to DISTRICT, within thirty (30) days after receipt of written demand therefor, a good and sufficient deed whereby all right, title, and interest of TENANT in the Premises is quitclaimed to DISTRICT. Should TENANT fail or refuse to deliver the required deed to DISTRICT, DISTRICT may prepare and record a notice reciting the failure of TENANT to execute, acknowledge, and deliver such deed and said notice shall be conclusive evidence of the termination of this Lease and of all rights of TENANT or those claiming under TENANT in and to the Premises.

**21. DISTRICT'S RIGHT TO RE-ENTER (PMGE23.2 S)**

TENANT agrees to yield and peaceably deliver possession of the Premises to DISTRICT on the date of termination of this Lease, whatsoever the reason for such termination. Upon giving written notice of termination to TENANT, DISTRICT shall have the right to re-enter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Lease and re-entry of the Premises by DISTRICT shall in no way alter or diminish any obligation of TENANT under the Lease terms and shall not constitute an acceptance or surrender.

TENANT waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any lawful reason or in the event DISTRICT re-enters and takes possession of the Premises in a lawful manner.

**22. PUBLIC RECORDS (PMGE25.2 S)**

Any and all written information submitted to and/or obtained by DISTRICT from TENANT or any other person or entity having to do with or related to this Lease, the Premises, and/or the License Area, either pursuant to this Lease or otherwise, at the option of DISTRICT, may be treated as a public record open to inspection by the public pursuant to the California Records Act (Government Code Section 6250, etc.) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and TENANT hereby waives, for itself, its agents, employees, subtenants, and any person claiming by, through or under TENANT, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and hereby agrees to indemnify and hold DISTRICT harmless from any and all claims, demands, liabilities, and/or obligations arising out of or resulting from a claim by TENANT or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorneys' fees and costs.

**23. RELATIONSHIP OF PARTIES (PMGE26.2 S)**

The relationship of the Parties hereto is that of DISTRICT and TENANT, and it is expressly understood and agreed that DISTRICT does not in any way or for any purpose become a partner of, or a joint venture with TENANT in the conduct of TENANT'S business or otherwise, and the provisions of this Lease and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained.

**24. ATTORNEYS' FEES (PMGE28.1)**

In any action or proceeding brought to enforce or interpret any provision of this Lease, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees and costs.

**25. VENUE (PMGE29.1)**

The Parties hereto agree that this Lease has been negotiated and executed in the State of California and shall be governed by and construed under the laws of California. In the event of any legal action to enforce or interpret this Lease, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties hereto specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

EXHIBIT 'A'

LEGAL DESCRIPTION

ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE

THAT PORTION OF PARCEL NO. E1-706 IN THE CITY OF FOUNTAIN VALLEY, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS DESCRIBED IN THE GRANT DEED TO THE ORANGE COUNTY FLOOD CONTROL DISTRICT RECORDED FEBRUARY 9, 1961 IN BOOK 5625, PAGE 308, OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL AS DESCRIBED IN SAID GRANT DEED, SAID POINT BEING ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE SANTA ANA RIVER AS SHOWN ON RECORD OF SURVEY 92-1068 FILED IN BOOK 146, PAGES 10 THROUGH 20, INCLUSIVE, OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, SAID POINT ALSO BEING ON A CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 22,743.33 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°30'20.6" EAST; THENCE SOUTHWESTERLY 125.63 FEET ALONG THE SOUTHEASTERLY BOUNDARY LINE OF SAID PARCEL AND SAID CURVE THROUGH A CENTRAL ANGLE OF 0°18'59.4" TO THE NORTHEAST CORNER OF THE EASEMENT TO THE COUNTY OF ORANGE PARCEL 119 AS DESCRIBED IN THE DOCUMENT RECORDED DECEMBER 3, 2012 AS INSTRUMENT NO. 2012000743969, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG THE BOUNDARY LINE OF SAID PARCEL 119 NORTH 89°33'45" WEST 50.63 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 119; THENCE CONTINUING ALONG THE BOUNDARY LINE OF SAID PARCEL 119 SOUTH 0°26'15" WEST 2.00 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF THE 50.00 FOOT WIDE STREET AND HIGHWAY EASEMENT RESERVED TO THE COUNTY OF ORANGE IN SAID GRANT DEED; THENCE LEAVING THE BOUNDARY LINE OF SAID PARCEL 119 AND ALONG THE NORTH BOUNDARY LINE OF SAID STREET AND HIGHWAY EASEMENT NORTH 89°33'45" WEST 41.16 FEET TO A POINT ON A LINE PARALLEL WITH AND DISTANT 25.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY BOUNDARY LINE OF SAID PARCEL NO. E1-706; THENCE ALONG SAID PARALLEL LINE NORTH 0°25'15" EAST 122.00 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF SAID PARCEL NO. E1-706; THENCE ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL NO. E1-706 SOUTH 89°33'45" EAST 129.00 FEET TO THE POINT OF BEGINNING.

EXHIBIT 'A'

LEGAL DESCRIPTION

ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE

THE AREA OF THE ABOVE DESCRIBED PARCEL IS 13,336 SQUARE FEET, MORE OR LESS.

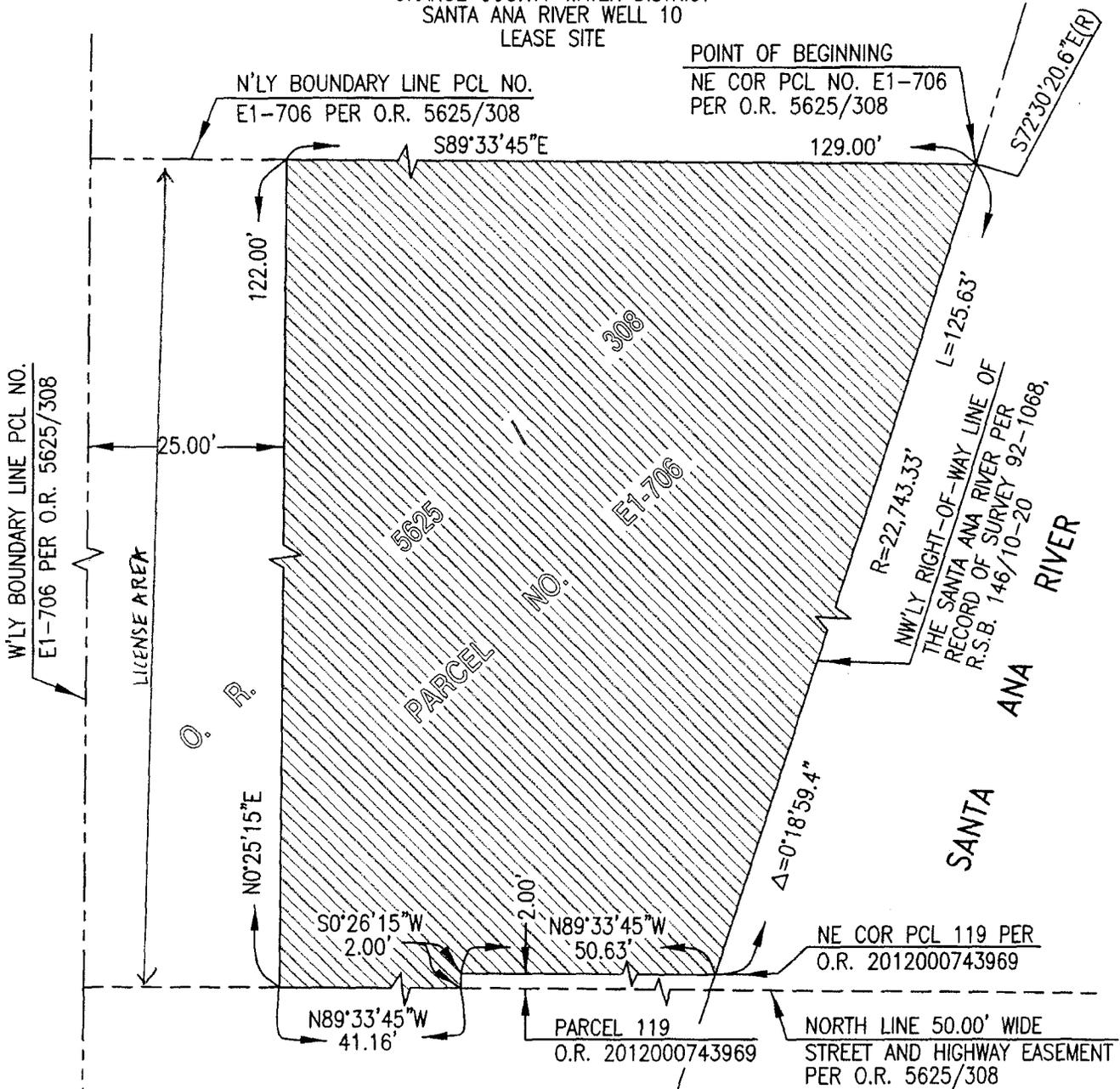
ALL AS SHOWN ON EXHIBIT 'B' ATTACHED HERETO AND MADE A PART HEREOF.



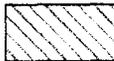
*David A. Bush*  
4-09-13

# EXHIBIT 'B'

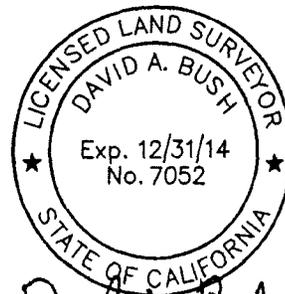
ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE



SCALE: 1"=20'



AREA = 13,336± SQ. FT.



*David A. Bush*

# Appraisal Report

## **MID-BASIN INJECTION WELL SITE**

Santa Ana River Well 10 Lease Site  
Fountain Valley, California 92708

Prepared for: Orange County Water District  
Date of Report: July 8, 2024  
CBRE File No.: CB24US030299-1  
Client Reference No.: Santa Ana River Well 10 Lease Site



4301 La Jolla Village Dr. Ste. 3000  
San Diego, CA 92122

T (858) 546-4300  
F (858) 546-3985

[www.cbre.com/valuation](http://www.cbre.com/valuation)

Date of Report: July 8, 2024

Mr. Daniel Park  
Property Manager  
ORANGE COUNTY WATER DISTRICT  
18700 Ward St  
Fountain Valley, California 92708

RE: Appraisal of: Mid-Basin Injection Well site  
Fountain Valley, Orange County, California  
CBRE File No.: CB24US030299-1  
Client Reference No.: Santa Ana River Well 10 Lease Site

Dear Mr. Park:

At your request and authorization, CBRE, Inc. has prepared the following appraisal. The purpose of the appraisal is to form opinions of the market value of the fee simple estate, "as if vacant," and the market rent of the leased premises in association with the ground rent reset provision, which states that the ground rent will be determined by applying a 10% return to the underlying fee value. The date of value is June 18, 2024, as per the existing lease. The appraisal will be used for rent renegotiation purposes. Our analysis is presented in the following Appraisal Report.

The subject property is comprised of a single parcel totaling approximately 13,336 square feet and is currently improved with a well referred to as the Mid-Basin Injection Well site. It is located at the northwest corner of Edinger Avenue and the Santa Ana River within the City of Fountain Valley. The site is zoned R1 (Single-Family Residential). It is currently owned by The Orange County Flood Control District (OCFCD) and is leased by Orange County Water District. The initial lease commenced on 06/18/2013 and expires on 06/17/2043. The initial term is thirty (30) years. Per the lease agreement, the annual rental rate is to be reset every ten (10) years and the first date of rent reset is 06/18/2024.

The lease indicates that effective on the first day of the first full month of the 11<sup>th</sup> year anniversary of the Effective Date of lease and at 120-month intervals thereafter, the monthly rental shall be adjusted to equal ten percent (10%) of the then current appraised value of the Premises using the following formula:

$$\text{Monthly Rent} = (\text{Appraised Value of Premises} \times 10\%) \div 12$$

In no event shall the monthly rent be reduced by reason of any such appraisal rent adjustment.

Annual escalations are subject to adjustments in proportion to changes in the Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County, CA [All Urban Consumers-All Items, Not Seasonally adjusted (Based Period 1982-84=100)] promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor ("CPI").

Based on the analysis contained in the following report, the market value of the subject land and the monthly rental rate based on the terms of the lease are concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Conclusion
Market Value Conclusion - (Land Only)	Fee Simple Estate	June 18, 2024	\$700,000
Market Rent (based on terms in existing lease)	Market Rent to Property Owner	June 18, 2024	\$5,833 Per Month

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Kyle Nelson  
 Vice President  
 California No. 3007858  
 Expiration Date: August 24, 2024  
 Phone: (858) 546-2646  
 Email: kyle.p.nelson@cbre.com



Beth Finestone, MAI, AI-GRS, FRICS, CRE  
 Executive Vice President  
 California No. AG004030  
 Expiration Date: August 27, 2026  
 Phone: (818) 290-5455  
 Email: beth.finestone@cbre.com

# Certification

## We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Kyle Nelson and Beth Finestone, MAI, AI-GRS, FRICS, CRE, have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the 2024 Uniform Standards of Professional Appraisal Practice.
9. Kyle Nelson has made a personal inspection of the property that is the subject of this report. Beth Finestone, MAI, AI-GRS, FRICS, CRE, has not made a personal inspection of the property that is the subject of this report.
10. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Kyle Nelson has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
13. As of the date of this report, Beth Finestone, MAI, AI-GRS, FRICS, CRE, has completed the continuing education program for Designated Members of the Appraisal Institute.
14. No one provided significant real property appraisal assistance to the persons signing this report.

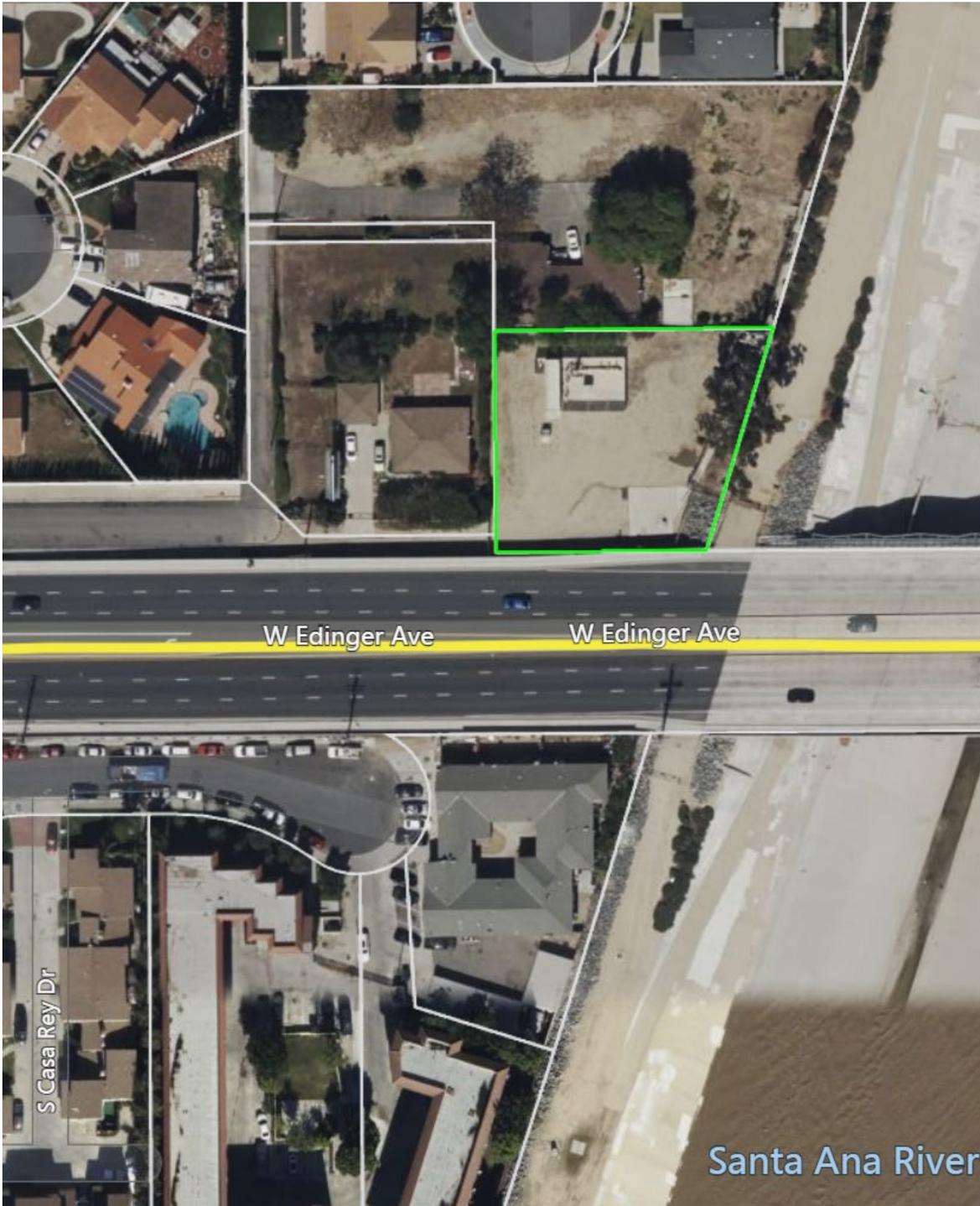
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Kyle Nelson  
California Certification No. 3007858  
Expiration Date: August 24, 2024

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Beth Finestone, MAI, AI-GRS, FRICS, CRE  
California Certification No. AG004030  
Expiration Date: August 27, 2026

# Subject Photographs



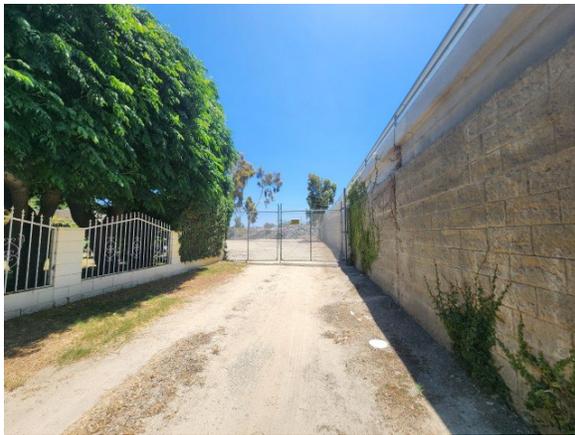
Aerial View



Street View of Edinger Ave (East)



Street View of Edinger Ave (West)



Front Entrance



Interior View



Interior View



Entrance to Secondary Street



Street View of West Edinger Avenue (East)



Street View of West Edinger Avenue (West)



Interior View



Interior View

# Executive Summary

<b>Property Name</b>	Mid-Basin Injection Well site	
<b>Location</b>	Santa Ana River Well 10 Lease Site Fountain Valley, Orange County, CA 92708	
<b>Parcel Number(s)</b>	144-531-36	
<b>Client</b>	Orange County Water District	
<b>Highest and Best Use</b>	As If Vacant	
	Not Applicable	
<b>Property Rights Appraised</b>	Fee Simple Estate	
<b>Date of Inspection</b>	June 18, 2024	
<b>Primary Land Area</b>	0.31 AC	13,336 SF
<b>Zoning</b>	R1 (Single-Family Residential)	

## CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Conclusions
Market Value Conclusion - (Land Only)	Fee Simple Estate	June 18, 2024	\$700,000
Market Rent (based on terms in existing lease)	Annual Rent to Property Owner	June 18, 2024	\$5,833 Per Month

Compiled by CBRE

Our conclusions are based on the lease agreement provided, which is included in the addenda to this report. Our concluded market rent is based on conditions of the lease, where annual rental rate is 10% of the “appraised value”. Annual escalations are subject to adjustments in proportion to changes in the Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County, CA [All Urban Consumers-All Items, Not Seasonally adjusted (Based Period 1982-84=100)] promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor (“CPI”).

## Strengths, Weaknesses, Opportunities and Threats (SWOT)

### Weaknesses/ Threats

- Commercial real estate market conditions have deteriorated at the macro level. The significant recent increase in the cost of capital and reduced volume of transaction activity is impacting price discovery and creating an increase in uncertainty. Increasing interest rates and subdued economic growth will continue to weigh on commercial real estate fundamentals and investment transaction volumes. This creates a higher degree of uncertainty in general, though the impacts may vary by market and asset class/type.

## Market Volatility

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as of the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

## Extraordinary Assumptions

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup>

- The value conclusions provided in this appraisal are based on the terms of the existing lease.

## Hypothetical Conditions

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis.”<sup>2</sup>

- Based on the terms of the existing lease, we have valued the subject site “as if vacant.” The subject is currently improved with groundwater injection well system, which has not been considered in our appraisal. Therefore, the following appraisal is subject to the hypothetical condition that the subject is free and clear of any installed groundwater injection well system and is vacant and available for development to its highest and best use. The use of this hypothetical condition may have influenced assignment results.

## Ownership and Property History

The subject property is owned by Orange County Flood Control District. It is not clear from public records when the subject was initially acquired.

CBRE is unaware of any arm’s length ownership transfers of the subject property or the adjacent parcel within three years of the date of appraisal. Further, neither of the properties are reportedly being offered for sale as of the current date.

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<sup>1</sup> The Appraisal Foundation, *USPAP, 2024 Edition* (Effective January 1, 2024)

<sup>2</sup> The Appraisal Foundation, *USPAP, 2024 Edition* (Effective January 1, 2024)

## Ground Lease – Lease Abstract

Below is a brief description of the subjects current ground lease, lease abstract.

<b>Brief Lease Abstract</b>	
Lessor:	Orange County Flood Control District
Lessee:	Orange County Water District
Lease Commencement Date:	6/18/2013
Lease End Date:	6/17/2043
Lease Term:	30 years
Leased Area:	13,336 square feet
Use:	Groundwater Injection Well System
Tenant's Option to Terminate:	Any time, any reason upon 30 days written notice
Starting Rent (in 2013):	\$1,500 per month
Current Rent:	OCPWAcctg to Confirm; Estimated +/- \$1,957/mo.
Rent Escalations:	Annual CPI & Appraisal Adjustment (See Lease)
Date of 1st Rent Reset By Appraisal:	6/18/2024
Expense Basis of Lease:	Net

B. Appraisal Adjustment. DISTRICT and TENANT agree that in lieu of a CPI rent adjustment due on the first full month of the eleventh-year anniversary of the Effective Date of this Lease and at each ten-year interval thereafter, so long as this Lease remains in effect, the rental payable pursuant to Section 6 (Rent) shall be subject to an adjustment by appraisal. .

No less than 150 days prior to each scheduled appraisal rent adjustment effective date, the value of the Premises shall be determined by an appraisal prepared by an independent State-certified general real estate appraiser selected by TENANT from a list of appraisers provided by DISTRICT'S OC Public Works/Real Estate Services (OCPW/Real Estate), or designee, and shall be prepared in accordance with a scope of work provided by OCPW/Real Estate. TENANT shall have the right to review and comment on the proposed scope of work and OCPW/Real Estate shall give due consideration to such comments prior to TENANT'S delivery of the final scope of work to the appraiser. The scope of work shall not include in the valuation the value of any Tenant Facilities or improvements located on the Premises. The appraiser shall be retained by TENANT, at TENANT'S cost and TENANT shall provide a copy of the appraisal to Director.

Effective on the first day of the first full month of the 11th year anniversary of the Effective Date of this Lease and at 120-month intervals thereafter, the monthly rental shall be adjusted to equal ten percent (10%) of the then current appraised value of the Premises using the following formula:

$$\text{Monthly Rent} = (\text{Appraised Value of Premises} \times 10\%) \div 12$$

In no event shall the monthly rent be reduced by reason of any such appraisal rent adjustment.

## Exposure/Marketing Time

An estimate of exposure and marketing time are not pertinent to this appraisal as we are determining market rent for a rent increase in an existing lease.

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**ADDENDA**

A Land Sale Data Sheets

B Lease Contract Information

C Qualifications

# Scope of Work

This Appraisal Report is intended to comply with the real property appraisal development and reporting requirements set forth under Standards Rule 1 and 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

We have reviewed the lease, including Section B of the ground lease. We have completed a thorough inspection of the subject property and reviewed available information about its history. We have conducted an independent investigation of market factors, including investigations into comparable land sales that would be relevant in the valuation of the underlying land. We have analyzed this data and developed an opinion of the market value of the underlying land associated with the larger parcel. As instructed by the lease, we have determined the market rent of the property by applying a 10% return to the underlying land value to determine the adjusted rent.

Based on our preliminary review of the existing lease, our date of value is June 18, 2024, which corresponds to the rent reset date in the lease.

## Intended Use Of Report

The intended use of the appraisal is to satisfy Section 7B (Revision of Rent – Appraisal Adjustment) of the that certain ground lease agreement between OCFCD and OCWD, dated June 18, 2013, entitled “Lease Agreement (Mid-Basin Injection Well Project).”

## Client

The client is Orange County Water District.

## Intended User Of Report

The client is the Orange County Water District (OCWD), and the intended users are OCFCD, Orange County CEO Real Estate, and such other parties and entities (if any) expressly recognized by CBRE as intended users (each an “Intended User” and collectively the “Intended Users”) provided that any Intended User’s use of, and reliance upon, any report produced by CBRE under this Agreement shall be subject to the Terms and Conditions attached hereto and incorporated herein (including, without limitation, any limitations of liability set forth in the attached Terms and Conditions).

Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser’s primary responsibility regarding the use of the report’s opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is responsible for communicating the findings in a clear and understandable manner. They are the audience.<sup>3</sup>

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<sup>3</sup> Appraisal Institute, *The Appraisal of Real Estate*, 15<sup>th</sup> ed. (Chicago: Appraisal Institute, 2020), 40.

## Reliance Language

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

## Purpose of the Appraisal

The purpose of the appraisal is to form opinions of the market value of the fee simple estate, “as if vacant,” and the market rent of the leased premises in association with the ground rent reset provision, which states that the ground rent will be determined by applying a 10% return to the underlying fee value of the site. The date of value is June 18, 2024, as per the existing lease. The appraisal will be used for rent renegotiation purposes.

## Definition of Value

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>4</sup>

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<sup>4</sup> 12 CFR, Part 34, Subpart C-Appraisals, 34.42(h).

## Interest Appraised

The value estimated represents Fee Simple Estate as defined below. Additionally, we have provided a value of market rent as defined by the terms outlined within the subjects current lease. These value estimates are defined below:

*Fee Simple Estate* - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.<sup>5</sup>

*Lease* - A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.<sup>6</sup>

## Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

## Extent to Which the Property is Inspected

Kyle Nelson inspected the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal. This inspection was considered adequate and is the basis for our findings.

## Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

## Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. For vacant land, the sales comparison approach has been employed for this assignment.

## Statement of Competency

The appraisers have the appropriate knowledge, education, and experience to complete this assignment competently.

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<sup>5</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), 73.

<sup>6</sup> *Dictionary of Real Estate Appraisal*, 83.

## Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. In the valuation of the subject site, we have relied on the following valuation methods to determine the market value of the fee simple interest of land:

- Sales Comparison Approach

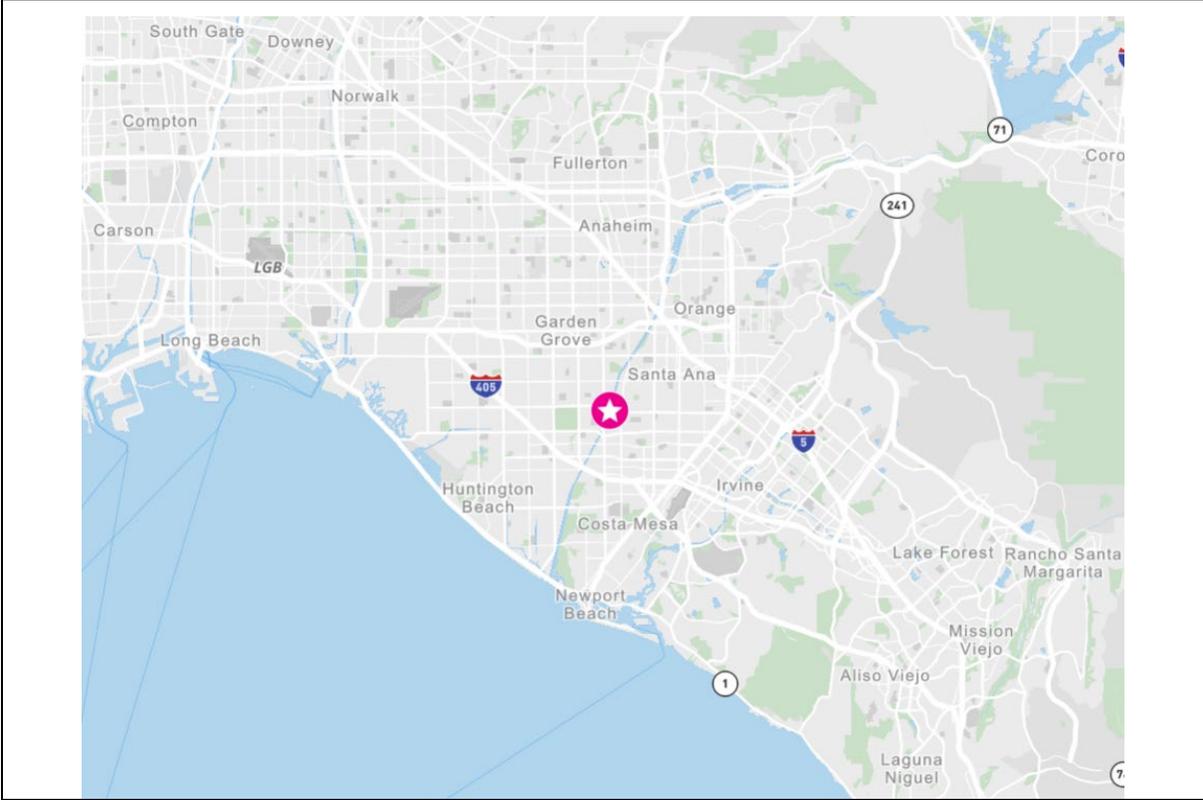
The following is a summary of the Sales Comparison Approach method.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

For the purposes of this analysis, we have utilized the sales comparison approach as this methodology is typically used for residential sites that are feasible for immediate development.

Our determination of the adjusted rent for the subject is based on the terms of the existing lease, which instructs us to apply a 10% rate of return to the value of the site as if vacant.

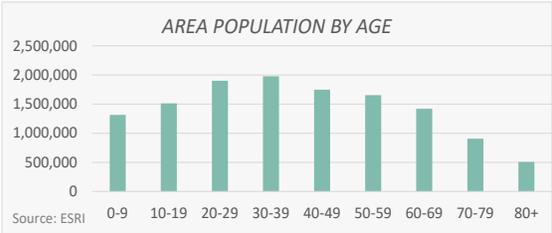
# Area Analysis



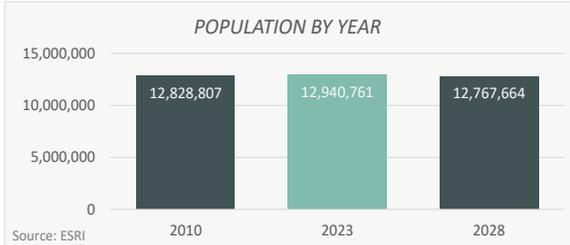
The subject is located in the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area. Key information about the area is provided in the following tables.

## Population

The area has a population of 12,940,761 and a median age of 39, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.



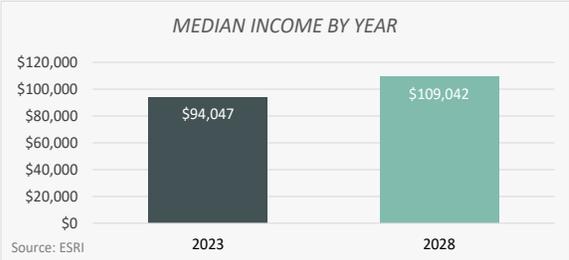
Population has increased by 111,954 since 2010, reflecting an annual increase of 0.1%. Population is projected to decrease by 173,097 between 2023 and 2028, reflecting a 0.3% annual population decline.



Source: ESRI, downloaded on Jul, 1 2024

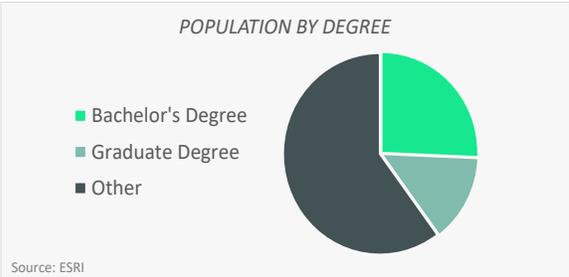
## Income

The area features an average household income of \$134,733 and a median household income of \$94,047. Over the next five years, median household income is expected to increase by 15.9%, or \$2,999 per annum.

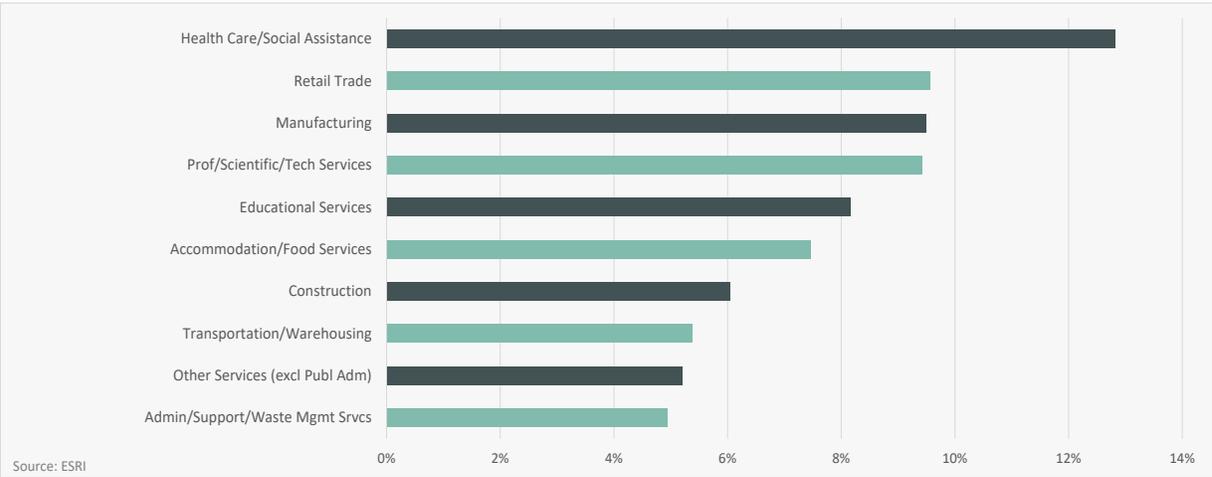


## Education

A total of 39.9% of individuals over the age of 24 have a college degree, with 25.7% holding a bachelor's degree and 14.2% holding a graduate degree.



## Employment

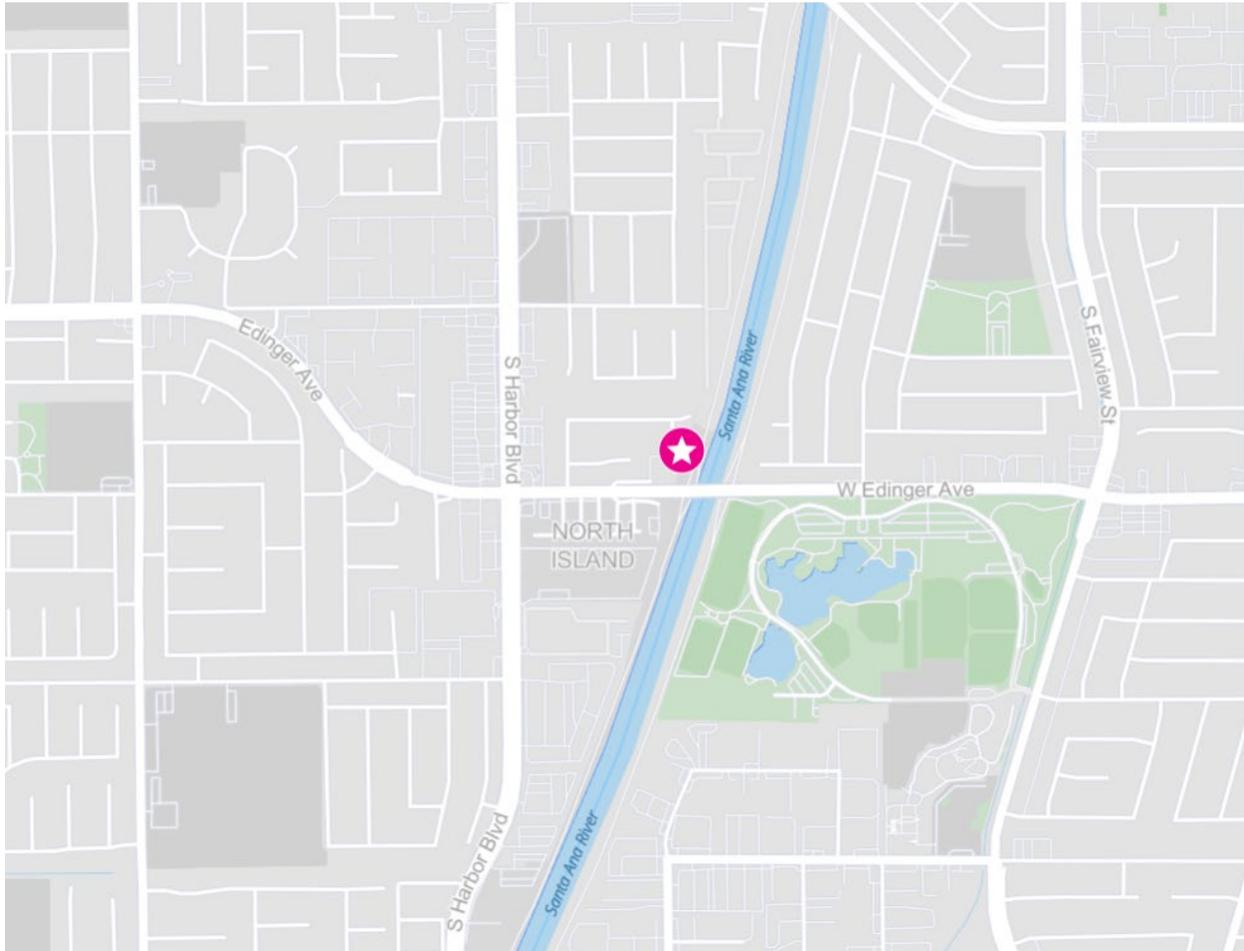


The area includes a total of 6,400,980 employees and has a 4.3% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Retail Trade and Manufacturing, which represent a combined total of 32% of the workforce.

Source: ESRI, downloaded on Jul 1, 2024; BLS.gov dated Apr 1, 2024 (preliminary)

In summary, the area is forecasted to experience a decrease in population and an increase in household income.

# Neighborhood Analysis



## Location

The subject is located in the city of Fountain Valley in central Orange County, California. The site is considered a suburban location.

## Land Use

The area consists of a mix of single-family residential uses and institutional uses. The subject site is bordered on the north and east by single family development. Immediately south of the subject is West Edinger Avenue, a six (6) lane commercial thoroughfare. To the east of the subject is Santa Ana River. Los Amigos High School is within 1/2 mile to the southwest. Approximately one mile southwest of the subject, on the southeast corner of Warner Avenue and Euclid Street is Fountain Valley Regional Hospital. Adjacent from this corner is Mile Square Regional Park, the predominant land use in the area. The park includes two lakes, three 18-hole golf courses, archery range, baseball and softball fields, picnic shelters, a 20-acre urban nature area planted with California native plants, and a 55-acre recreation center with tennis courts, basketball courts, racquetball courts, a gymnasium, the Kingston Boys & Girls Club, and a community center.

## Access

Primary access to the subject is available via the San Diego (405) Freeway, with on- and offramps available South Harbor Boulevard, two (2) miles south of the subject. The San Diego (405) Freeway is a major north-east-south trending arterial serving Orange and Los Angeles Counties. Secondary access is available via the Interstate 5 (I-5) within three miles to the north.

Primary north-south trending thoroughfares serving the subject site include South Harbor Boulevard, South Fairview Street and South Bristol Street. Primary east-west trending thoroughfares include Edinger Avenue, West McFadden Avenue and Warner Avenue.

## Growth and Trends

The subject's area has experienced limited growth over the past several years and is reflective of a mature, mostly built-out neighborhood. Projected growth is also low and will come from underutilized sites such as the subject.

## Conclusion

The subject is an infill site in the built-out city of Fountain Valley, a bedroom community in central Orange County. Surrounding land uses consist of older single family residential and institutional uses including a large regional park. The area has good proximity to shopping, schools, freeways, and employment centers. Overall, the subject has a good location for residential development and should be characterized by adequate demand for new for-sale and for-rent housing.



## Aerial Photo



# Flood Map

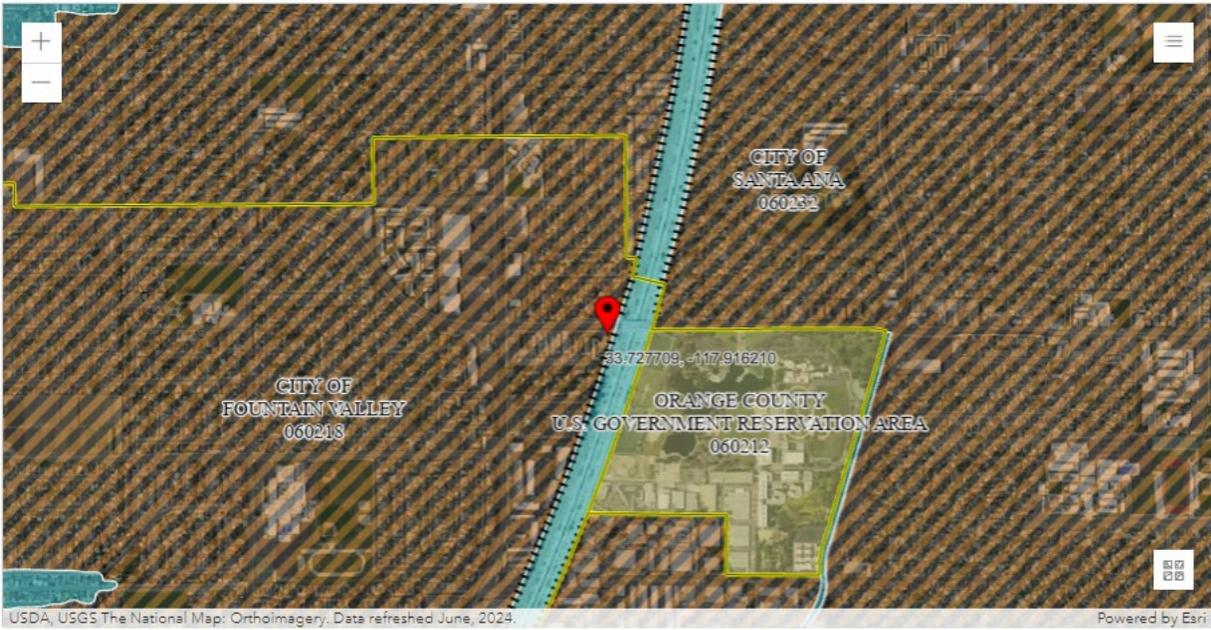
Enter an address, place, or coordinates: ?

-117.95069, 33.710926 Search



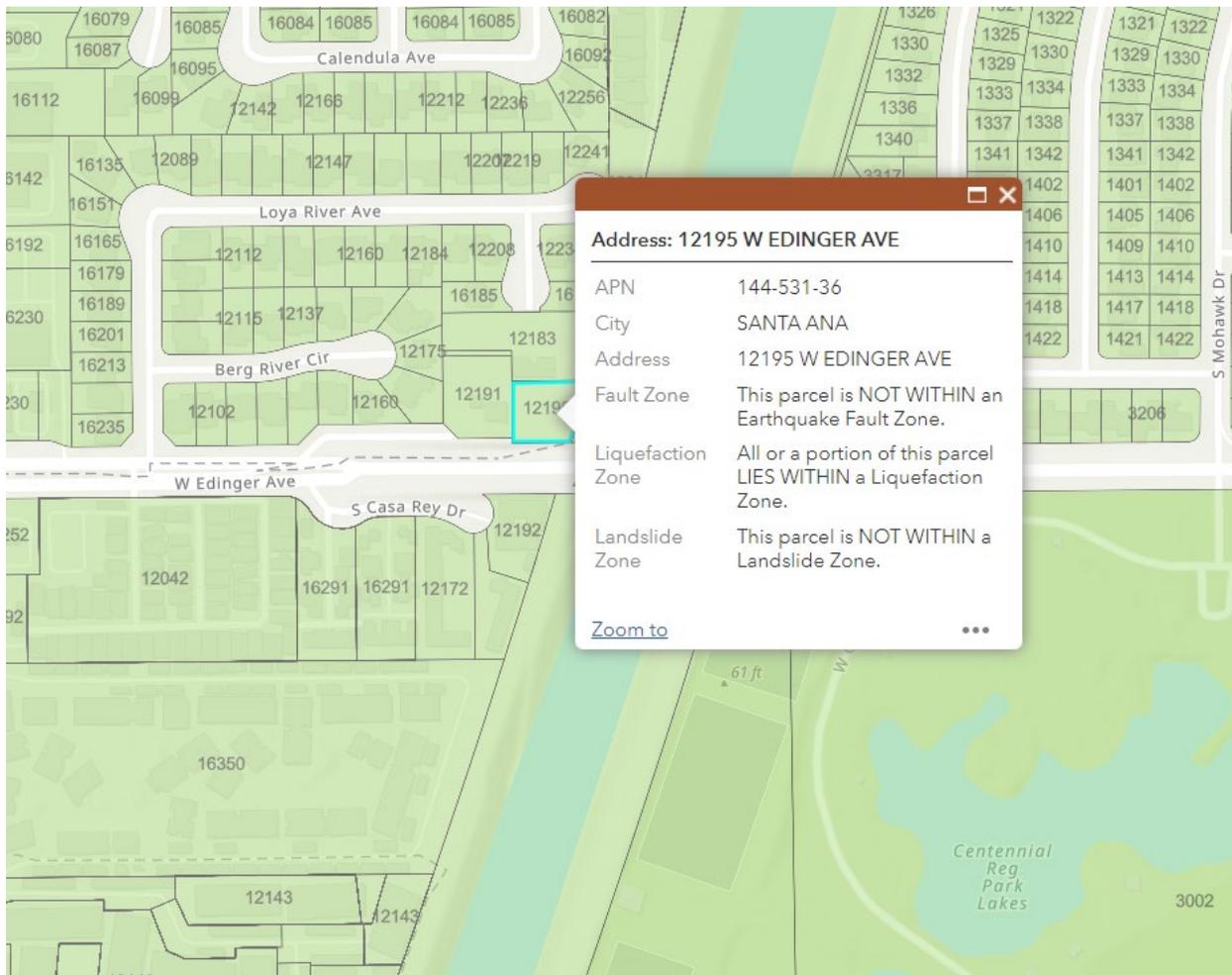
Whether you are in a high risk zone or not, you may need [flood insurance](#) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than \$400 per year. Call your insurance agent today and protect what you've built.

Learn more about [steps you can take](#) to reduce flood risk damage.



<p><b>PIN</b></p> <ul style="list-style-type: none"> <li> Approximate location based on user input and does not represent an authoritative property location</li> </ul> <p><b>MAP PANELS</b></p> <ul style="list-style-type: none"> <li> Selected FloodMap Boundary</li> <li> Digital Data Available</li> <li> No Digital Data Available</li> <li> Unmapped</li> </ul> <p><b>OTHER AREAS</b></p> <ul style="list-style-type: none"> <li> Area of Minimal Flood Hazard Zone X</li> <li> Effective LOMRs</li> <li> Area of Undetermined Flood Hazard Zone D</li> <li> Otherwise Protected Area</li> <li> Coastal Barrier Resource System Area</li> </ul>	<p><b>SPECIAL FLOOD HAZARD AREAS</b></p> <ul style="list-style-type: none"> <li> Without Base Flood Elevation (BFE) Zone A, X, A99</li> <li> With BFE or Depth</li> <li> Regulatory Floodway Zone AE, AO, AH, VE, AR</li> </ul> <p><b>OTHER AREAS OF FLOOD HAZARD</b></p> <ul style="list-style-type: none"> <li> 0.2% Annual Chance Flood Hazard. Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X</li> <li> Future Conditions 1% Annual Chance Flood Hazard Zone X</li> <li> Area with Reduced Flood Risk due to Levee. See Notes. Zone X</li> <li> Area with Flood Risk due to Levee Zone D</li> </ul>	<p><b>OTHER FEATURES</b></p> <ul style="list-style-type: none"> <li> Cross Sections with 1% Annual Chance Water Surface Elevation</li> <li> Coastal Transect</li> <li> Base Flood Elevation Line (BFE)</li> <li> Limit of Study</li> <li> Jurisdiction Boundary</li> <li> Coastal Transect Baseline</li> <li> Profile Baseline</li> <li> Hydrographic Feature</li> </ul> <p><b>GENERAL STRUCTURES</b></p> <ul style="list-style-type: none"> <li> Channel, Culvert, or Storm Sewer</li> <li> Levee, Dike, or Floodwall</li> </ul>
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## Earthquake Map



## Legal Description

### EXHIBIT 'A'

#### LEGAL DESCRIPTION

#### ORANGE COUNTY WATER DISTRICT SANTA ANA RIVER WELL 10 LEASE SITE

THAT PORTION OF PARCEL NO. E1-706 IN THE CITY OF FOUNTAIN VALLEY, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS DESCRIBED IN THE GRANT DEED TO THE ORANGE COUNTY FLOOD CONTROL DISTRICT RECORDED FEBRUARY 9, 1961 IN BOOK 5625, PAGE 308, OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL AS DESCRIBED IN SAID GRANT DEED, SAID POINT BEING ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE SANTA ANA RIVER AS SHOWN ON RECORD OF SURVEY 92-1068 FILED IN BOOK 146, PAGES 10 THROUGH 20, INCLUSIVE, OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, SAID POINT ALSO BEING ON A CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 22,743.33 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°30'20.6" EAST; THENCE SOUTHWESTERLY 125.63 FEET ALONG THE SOUTHEASTERLY BOUNDARY LINE OF SAID PARCEL AND SAID CURVE THROUGH A CENTRAL ANGLE OF 0°18'59.4" TO THE NORTHEAST CORNER OF THE EASEMENT TO THE COUNTY OF ORANGE PARCEL 119 AS DESCRIBED IN THE DOCUMENT RECORDED DECEMBER 3, 2012 AS INSTRUMENT NO. 2012000743969, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG THE BOUNDARY LINE OF SAID PARCEL 119 NORTH 89°33'45" WEST 50.63 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 119; THENCE CONTINUING ALONG THE BOUNDARY LINE OF SAID PARCEL 119 SOUTH 0°26'15" WEST 2.00 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF THE 50.00 FOOT WIDE STREET AND HIGHWAY EASEMENT RESERVED TO THE COUNTY OF ORANGE IN SAID GRANT DEED; THENCE LEAVING THE BOUNDARY LINE OF SAID PARCEL 119 AND ALONG THE NORTH BOUNDARY LINE OF SAID STREET AND HIGHWAY EASEMENT NORTH 89°33'45" WEST 41.16 FEET TO A POINT ON A LINE PARALLEL WITH AND DISTANT 25.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY BOUNDARY LINE OF SAID PARCEL NO. E1-706; THENCE ALONG SAID PARALLEL LINE NORTH 0°25'15" EAST 122.00 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF SAID PARCEL NO. E1-706; THENCE ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL NO. E1-706 SOUTH 89°33'45" EAST 129.00 FEET TO THE POINT OF BEGINNING.

EXHIBIT 'A'

LEGAL DESCRIPTION

ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE

THE AREA OF THE ABOVE DESCRIBED PARCEL IS 13,336 SQUARE FEET, MORE OR LESS.

ALL AS SHOWN ON EXHIBIT 'B' ATTACHED HERETO AND MADE A PART HEREOF.



*David A. Bush*  
4-09-13

## Site Analysis

The following chart summarizes the salient characteristics of the subject site.

<b>SITE SUMMARY AND ANALYSIS</b>			
<b>Physical Description</b>			
Gross Site Area	0.31 Acres	13,336 Sq. Ft.	
Net Site Area	0.31 Acres	13,336 Sq. Ft.	
Primary Road Frontage	West Edinger Avenue	100 Feet	
Shape	Rectangular		
Topography	Generally Level		
Primary Traffic Counts (24 hrs.)	West Edinger Avenue	23,070	Date: 2022
Parcel Number(s)	144-531-36		
Zoning District	R1 (Single-Family Residential)		
Flood Map Panel No. & Date	06059C0254J	3-Dec-09	
Flood Zone	Zone X (Shaded)		
Adjacent Land Uses	Residential Development		
Earthquake Zone	The subject is not located within an Earthquake Zone.		
<b>Comparative Analysis</b>		<b>Rating</b>	
Visibility		Average	
Functional Utility		Average	
Traffic Volume		Average	
Adequacy of Utilities		Average	
Landscaping		Average	
Drainage		Average	
<b>Utilities</b>	<b>Availability</b>	<b>Comments</b>	
Water	Yes	City of Fountain Valley	
Sewer	Yes	City of Fountain Valley	
Natural Gas	Yes	Southern California Gas Co.	
Electricity	Yes	Southern California Edison	
<b>Other</b>	<b>Yes</b>	<b>No</b>	<b>Unknown</b>
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights			X
Various sources compiled by CBRE			

## Location

The subject is located on the north side of Edinger Avenue. Access to the property is limited by a secondary street, off of Edinger Avenue within the City of Fountain Valley. Please refer to the exhibit below.

## Physical Condition

The site is used for stormwater drainage system by tenant (Orange County Water District).

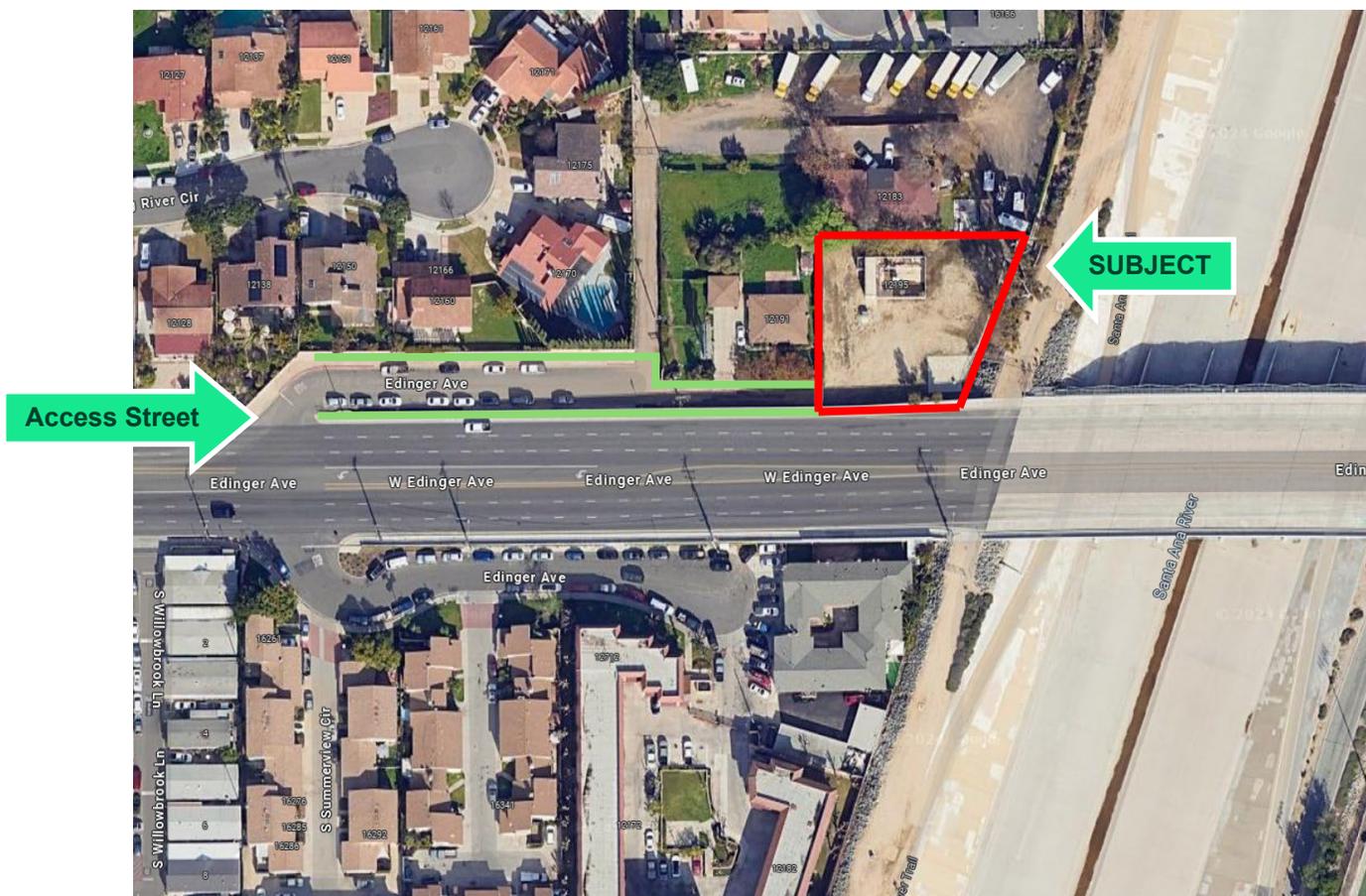
## LAND AREA

The total site area based on the Orange County Assessor's plat map and lease contract is 0.31 acres or 13,336 SF.

## Assessor's Parcel Number

The Orange County Assessor's parcel number is 144-531-36.

## Access and Exposure



## TOPOGRAPHY AND DRAINAGE

The site is generally level and is below grade of Edinger Avenue. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

## SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

## Easements and Encroachments

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

## Covenants, Conditions and Restrictions

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

## Earthquake

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate earthquake fault zones along known active faults in California. Cities and Counties affected by the identified zones must limit certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting.

According to "Fault-Rupture Hazard Zones in California" published in 1992 by the State of California Department of Conservation, Department of Mines and Geology, the subject is not within an area affected by the Alquist-Priolo Special Studies Zone Act. Related development limitations, therefore, do not apply.

## Environmental Issues

We were not provided with a recent Environmental Site Assessment for review. The value estimates rendered in this report are predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value. No evidence of hazardous waste or toxic materials was visible. CBRE has no knowledge of the existence of these substances on, or in, the subject. However, CBRE is not qualified to detect hazardous waste or toxic materials.

## Conclusion

The subject property is an 0.31-acre site in the city of Fountain Valley in Orange County, California. The site is currently leased to Orange County Water District for groundwater injection well system. The site is below the grade of Edinger Avenue but has direct access from a secondary street that parallels Edinger Avenue. Overall, the site is functional for development of its highest and best use.

# Zoning

The following chart summarizes the subject's zoning requirements.

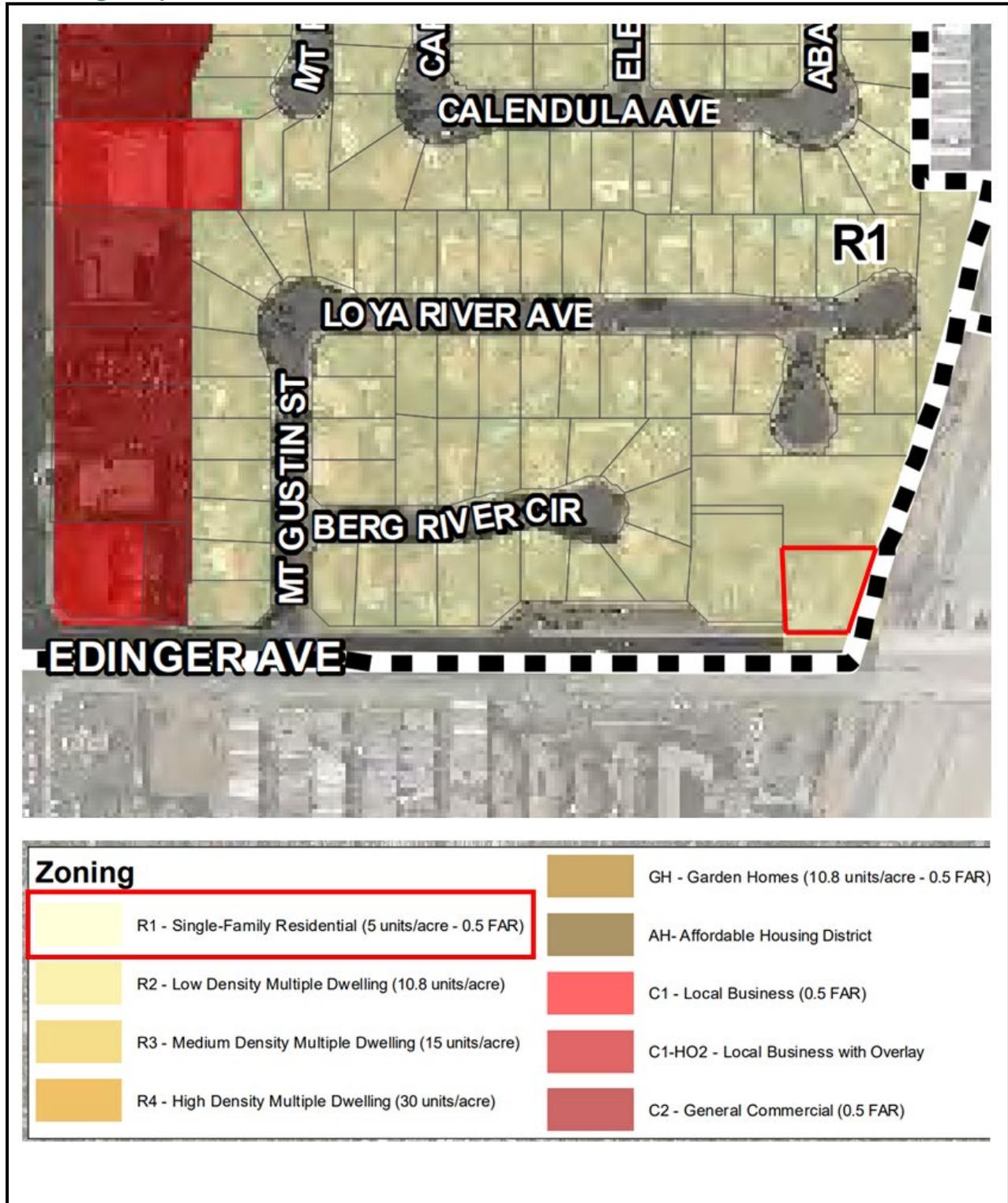
<b>ZONING SUMMARY</b>	
Current Zoning	R1 (Single-Family Residential)
Legally Conforming	Yes
Uses Permitted	Single-Family Residential
Zoning Change	Not likely
<b>Category</b>	<b>Zoning Requirement</b>
Minimum Lot Size	Five (5) dwelling units per 43,560 SF or (1) dwelling unit per 8,712 SF.
Maximum Height	35 Feet
Minimum Setbacks	
Front Yard	20 Feet
Street Side Yard	10 Feet
Interior Side Yard	5 Feet
Rear Yard	25 Feet
Parking (spaces)	SFR: 1 to 4 beds - 2 enclosed; 5 or more beds or 4,000 SF gross - 3 enclosed spaces.
Source: Orange County Planning and Zoning Dept.	

## Analysis and Conclusion

The subject is zoned R1, which allows for five (5) dwelling units per 43,560 SF or (1) dwelling unit per 8,712 SF. The subject contains 0.31 acres or 13,336 SF. Therefore, the subject's site is not able to be split due to minimum lot size requirements. Furthermore, the subject site is able to accommodate one (1) dwelling unit. Per discussion with local city planners a lot of this size is allowed to have one (1) attached junior ADU of no more than 500 SF. Per the California Department of Housing and Community Development (HCD), a property of R1 zone, is able to accommodate one (1) detached unit, separate from the primary structure.

Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

## Zoning Map



# Tax and Assessment Data

Real estate tax assessments are administered by the Assessor of Orange County and are estimated by jurisdiction on a county basis for the subject. The property is subject to the property tax rules of the State of California, which control the activities and policies of local assessment jurisdictions. These laws were significantly modified on June 7, 1978, when the State's voters passed Proposition 13, amending Article XIII of the State Constitution.

Proposition 13 abolished the practice of periodic reassessment of properties based on market value appraisals. Instead, real property is subject to reassessment (i.e., revaluation at full or partial current market value) only when changes in ownership or new construction take place. Otherwise, increases in assessed value are limited to a general rate of 2%, plus the rates needed to service any bonded indebtedness. Special assessments can also be added, and are often related to the installation of infrastructure. Generally speaking, property taxes in Los Angeles County tend to range from 1.1% to 1.4% of a property's assessed value. Due to California's tax laws, most properties within Los Angeles County have very similar effective tax rates.

The subject is owned by Orange County and therefore is not subject to real estate taxes. It is located in Tax Rate Area 021-006 which is currently tax exempt. Real estate taxes would be adjusted upon sale of the subject if the subject were to be sold to a non-government entity.

# Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

The purpose of this appraisal is to set a rental rate for the subject. As discussed in the Hypothetical Condition, this appraisal assumes that the subject is free and clear of any installed groundwater injection well system.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

## As If Vacant

### Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

### Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development). Existing structures on similar sites provide additional evidence for the physical possibility of development. The subject is located within residential neighborhood, surrounded by similar single-family residential homes. The most probable use of the subject is residential use.

### Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. The general residential market has remained stable in recent quarters. Sale prices have trended upward over the past three (3) years, as the supply of available homes for sale and rent have remained limited. Overall market conditions have remained stable. Given the limited available developable R1 zoned land within the City of Fountain Valley, there is a limited amount of new supply. Based on our analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is financially feasible.

### Maximum Productivity – Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that a new residential development is likely. Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be the development of one single-family residence.

## Most Probable Buyer

Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would-be developer or owner/user.

## As improved

The report is limited to the underlying land. Therefore, a highest and best use, as improved analysis is not applicable.

# Market Analysis

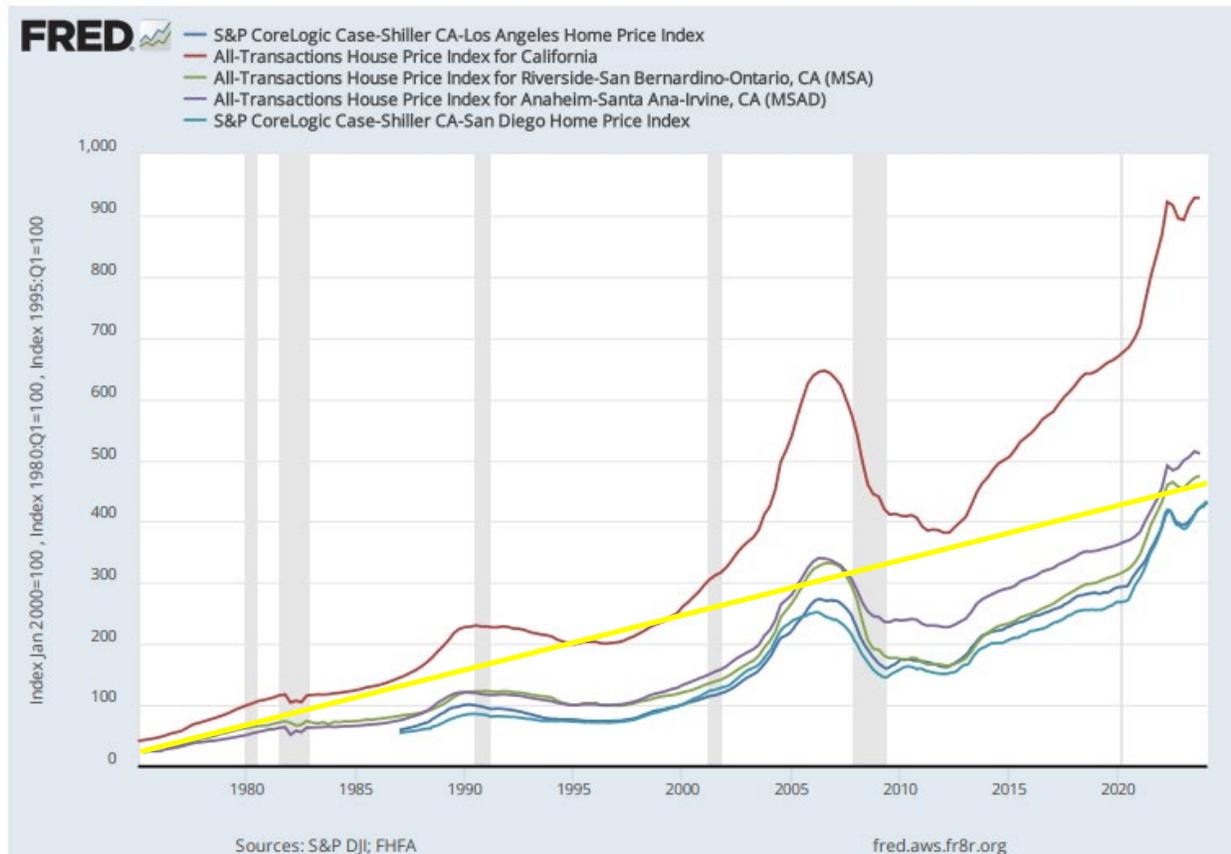
The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The neighborhood boundaries were summarized previously in this report. The following market analysis focuses on single-family residences within the subject's city of Fountain Valley. We have included a residential market analysis as we have concluded that the highest and best use as if vacant is for single family residential development. We relied on data obtained from Federal Reserve Bank (FRED) report and Pacific west Association of Realtors (PWR) multiple listing service (MLS).

## Market Overview

The following pages summarize data obtained from FRED and PWR MLS.

### S&P CoreLogic Case-Shiller Home Price Indices

The below graph summarizes home prices since 1980:



<https://fred.stlouisfed.org>

The above chart summarizes all transactions in the state of California and four markets within Southern California (Inland Empire, Orange County, Los Angeles, San Diego). We've included our own trend line indicated as a yellow line in the above image. The index is summarized by S&P Dow Jones on the following page.

The following is an excerpt from S&P Dow Jones Indices and is a discussion on how the Home Price Index is developed for this study:

**S&P CoreLogic Case-Shiller  
Home Price Indices  
Methodology**

The S&P CoreLogic Case-Shiller Home Price Indices are based on observed changes in home prices. They are designed to measure increases or decreases in the market value of residential real estate in 20 defined MSAs and three price tiers – low, middle, and high (see Tables 1 and 1a on the following pages). In contrast, the indices are, specifically, not intended to measure recovery costs after disasters, construction or repair costs, or other such related items.

The indices are calculated monthly, using a three-month moving average algorithm. Home sales pairs are accumulated in rolling three-month periods, on which the repeat sales methodology is applied. The index point for each reporting month is based on sales pairs found for that month and the preceding two months. For example, the December 2005 index point is based on repeat sales data for October, November, and December of 2005. This averaging methodology is used to offset delays that can occur in the flow of sales price data from county deed recorders and to keep sample sizes large enough to create meaningful price change averages.

**Index Calculations**

To calculate the indices, data are collected on transactions of all residential properties during the months in question. The main variable used for index calculation is the price change between two arms-length sales of the same single-family home. Home price data are gathered after that information becomes publicly available at local recording offices across the country. Available data usually consist of the address for a particular property, the sale date, the sale price, the type of property, and in some cases, the name of the seller, the name of the purchaser, and the mortgage amount.

For each home sale transaction, a search is conducted to find information regarding any previous sale for the same home. If an earlier transaction is found, the two transactions are paired and are considered a "repeat sale." Sales pairs are designed to yield the price change for the same house, while holding the quality and size of each house constant.

All available arms-length transactions for single-family homes are candidates for sale pairs. When they can be identified, transactions with prices that do not reflect market value are excluded from sale pairs. This includes: 1) non-arms-length transactions (e.g., property transfers between family members); 2) transactions where the property type designation is changed (e.g., properties originally recorded as single-family homes are subsequently recorded as condominiums); and 3) suspected data errors where the order of magnitude in values appears unrealistic.

Each sales pair is aggregated with all other sales pairs found in a particular MSA to create the MSA-level index. The 10 and 20 Metro Area Indices are then combined, using a market-weighted average, to create the Composite of 10 and the Composite of 20.

Moreover, each sales pair in each metro area is also allocated to one of three price tiers – low, middle and high – depending on the position of the first price of the pair among all prices occurring during the period of the first sale. Separate data sets of low-price-tier houses, medium-price-tier houses and high-price tier repeat sales pairs are assembled for each metro area. The same repeat sale procedures used to produce the Metro Area Indices are applied to these data sets. The resulting indices are the Low-Tier, Medium-Tier and High-Tier Indices.

The graph indicates the overall trend in home values of the market. The increases and decreases for the state and the individual markets are fairly consistent, except that Orange County was less volatile than the other market in 2010 to 2020. The main takeaway is that there was a boom and bust cycle in 1990 and 2006. It took about nine or ten years to recover to the peak in 1990/1991 by 2000; and it took about eleven years to recover to the peak in 2006 by 2017/2018. The shows an increase from 2012/2013 to 2022 with a brief decline in 2023. Home values have either stabilized back to 2022 levels or could be increasing in 2024.

The greater trend is that home values increased from 1980 to 2024 with at least two boom/bust cycles. It is uncertain if prices will continue to increase in 2025 and for how long, based the FRED data. It does seem most likely that values will continue to increase based on the greater trend, but it is unclear if we are at the top of a boom/bust cycle in 2024. We've relied on PWR MLS for greater insight, which is discussed on the following pages.

## Summary of Regional PWR Data

The following pages summarize statistical data obtained from the PWR MLS system. PWR's most recent monthly update of the market is presented below:

### Market update for May 2024

U.S. existing-home sales fell for the second month in a row, sliding 1.9% month-over-month and 1.9% year-over-year, according to the National Association of REALTORS® (NAR), with sales down in all four regions of the country. Higher borrowing costs and accelerating home prices continue to weigh on demand, pushing some prospective buyers to the sidelines and causing market activity to slump ahead of summer

New Listings increased 0.5 percent for Single Family homes and 4.8 percent for Townhouse-Condo homes. Pending Sales decreased 33.0 percent for Single Family homes and 39.0 percent for Townhouse-Condo homes. Inventory increased 6.9 percent for Single Family homes and 27.5 percent for Townhouse-Condo homes.

Median Sales Price increased 15.2 percent to \$1,210,000 for Single Family homes and 10.5 percent to \$718,000 for Townhouse-Condo homes. Days on Market decreased 22.2 percent for Single Family homes and 17.9 percent for Townhouse-Condo homes. Months Supply of Inventory increased 21.1 percent for Single Family homes and 33.3 percent for Townhouse-Condo homes.

Home prices have continued to climb nationwide, despite an uptick in inventory this year. Nationally, the median existing-home price reached \$407,600 as of last measure, a 5.7% increase from the same period last year and a record high for the month, according to NAR. Meanwhile, total inventory heading into May stood at 1.21 million units, a 9% increase month-over-month and a 16.3% increase year-over-year, for a 3.5 month's supply at the current sales pace.

The following pages summarize the residential market and includes datapoints for all areas (Southern California) within the PWR MLS system for the past 19 years (2005 to 2023). Data for the 2024 year was not available as we have just completed the first quarter for 2024. It includes market trends for:

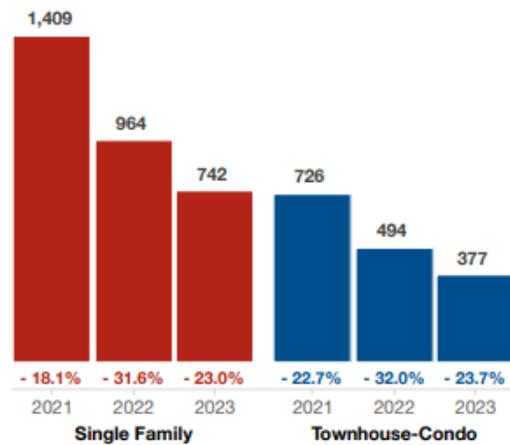
- Number of new listings and closed sales (Activity)
- Days on Market (Marketing Time)
- Median and Average Sale Prices
- Percent of List Price Received
- Housing Affordability index

# New Listings

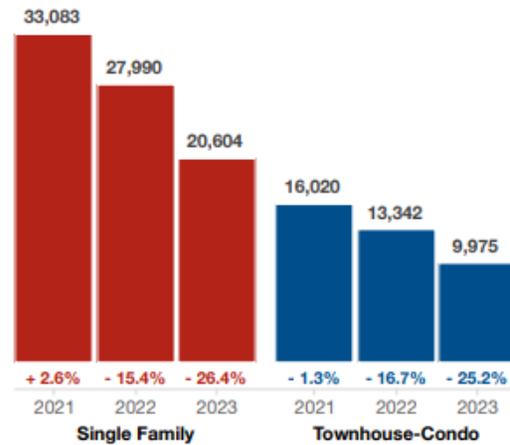
A count of the properties that have been newly listed on the market in a given month.



## December

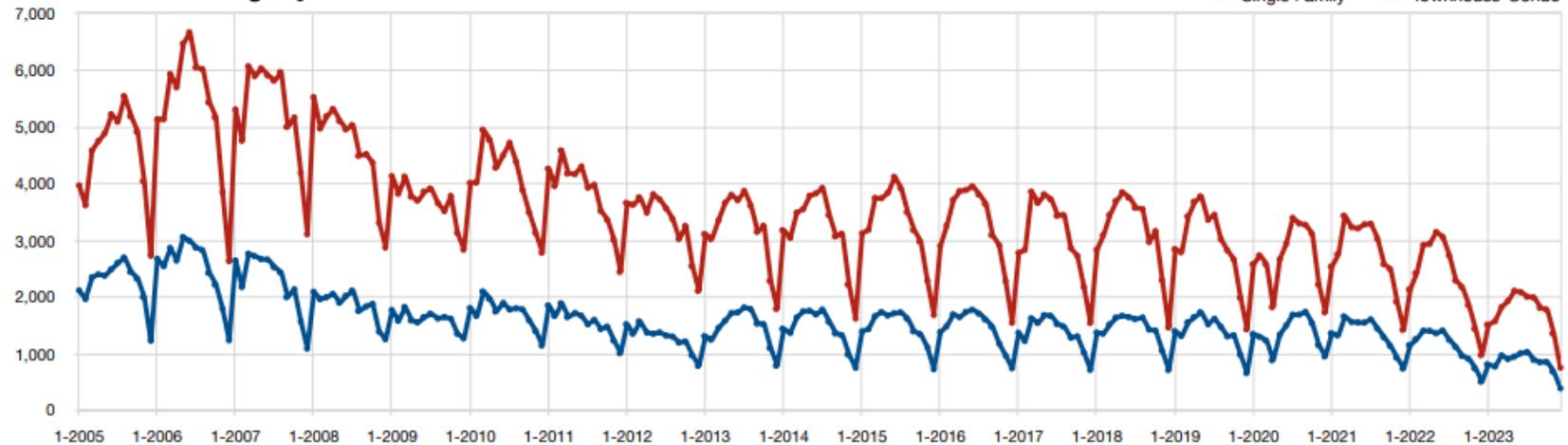


## Year to Date



New Listings	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	1,501	- 29.3%	800	- 29.8%
Feb-2023	1,563	- 35.2%	760	- 38.9%
Mar-2023	1,813	- 37.7%	958	- 31.3%
Apr-2023	1,919	- 34.5%	895	- 35.7%
May-2023	2,100	- 33.1%	938	- 30.5%
Jun-2023	2,076	- 32.0%	997	- 28.7%
Jul-2023	1,995	- 26.8%	1,018	- 17.7%
Aug-2023	1,983	- 13.2%	879	- 20.8%
Sep-2023	1,797	- 17.0%	838	- 11.8%
Oct-2023	1,768	- 4.4%	843	- 6.4%
Nov-2023	1,347	- 5.8%	672	- 8.1%
<b>Dec-2023</b>	<b>742</b>	<b>- 23.0%</b>	<b>377</b>	<b>- 23.7%</b>
12-Month Avg	1,717	- 26.4%	831	- 25.3%

## Historical New Listings by Month

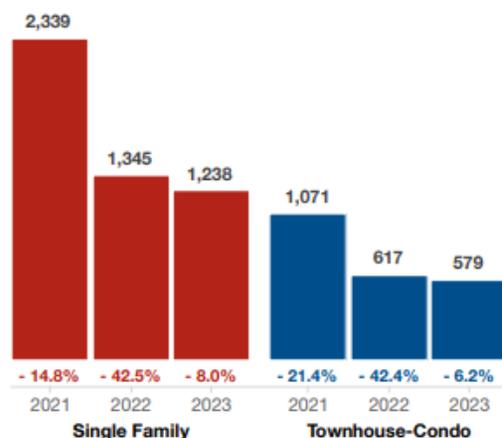


# Closed Sales

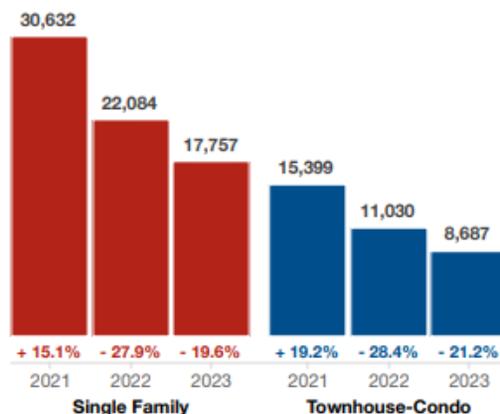
A count of the actual sales that closed in a given month.



## December

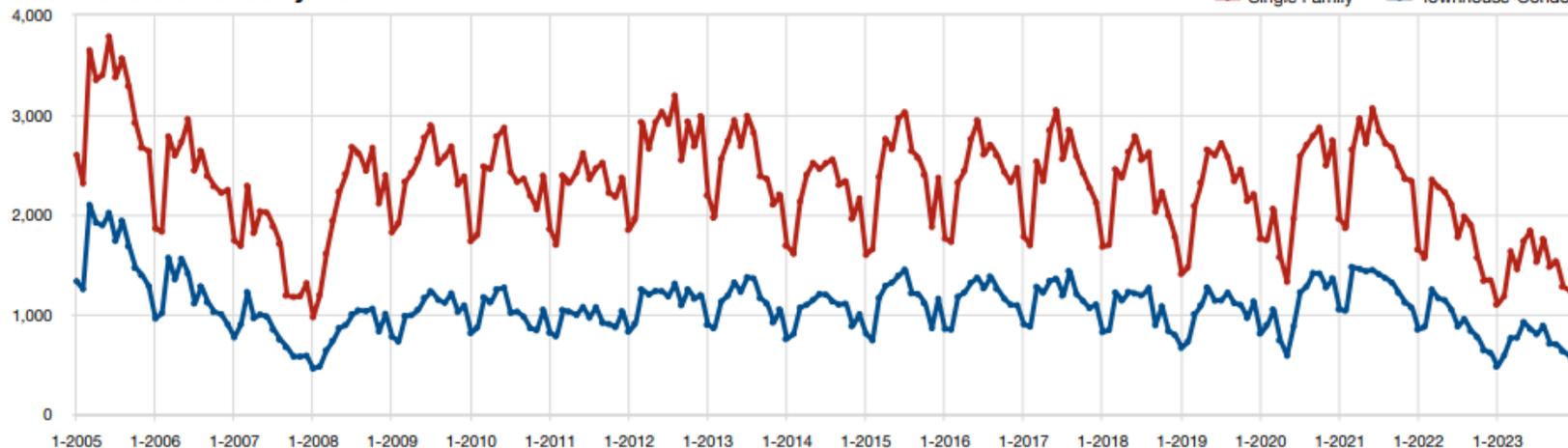


## Year to Date



Closed Sales	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	1,099	- 33.4%	477	- 43.8%
Feb-2023	1,185	- 24.3%	591	- 32.5%
Mar-2023	1,634	- 30.5%	764	- 38.9%
Apr-2023	1,454	- 36.2%	768	- 33.9%
May-2023	1,736	- 22.0%	924	- 19.2%
Jun-2023	1,840	- 12.6%	855	- 18.5%
Jul-2023	1,527	- 14.0%	802	- 8.9%
Aug-2023	1,756	- 11.4%	887	- 7.0%
Sep-2023	1,477	- 22.1%	707	- 15.4%
Oct-2023	1,533	- 2.4%	701	- 9.3%
Nov-2023	1,278	- 4.4%	632	- 1.4%
<b>Dec-2023</b>	<b>1,238</b>	<b>- 8.0%</b>	<b>579</b>	<b>- 6.2%</b>
12-Month Avg	1,480	- 19.6%	724	- 21.2%

## Historical Closed Sales by Month

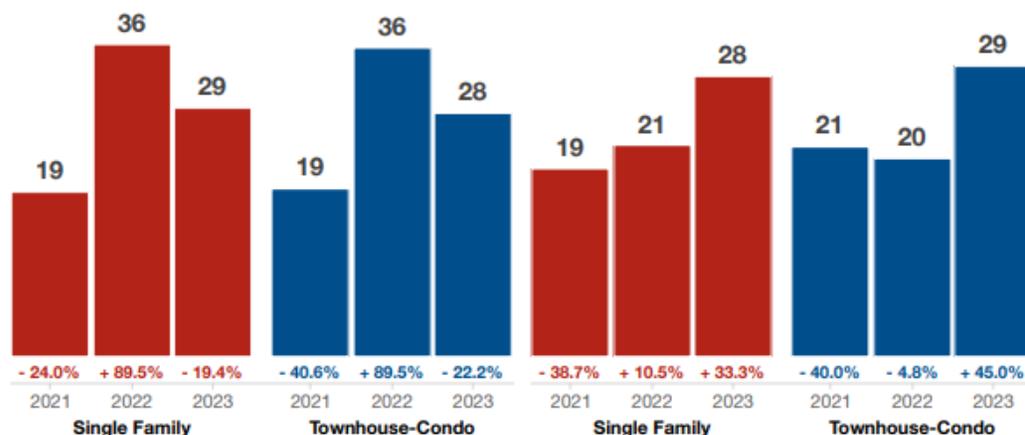


# Days on Market Until Sale

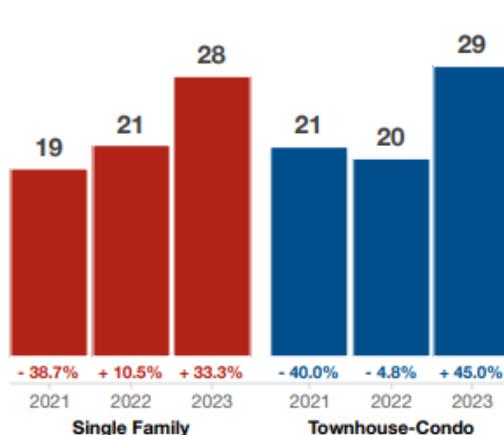
Average number of days between when a property is listed and when an offer is accepted in a given month.



## December



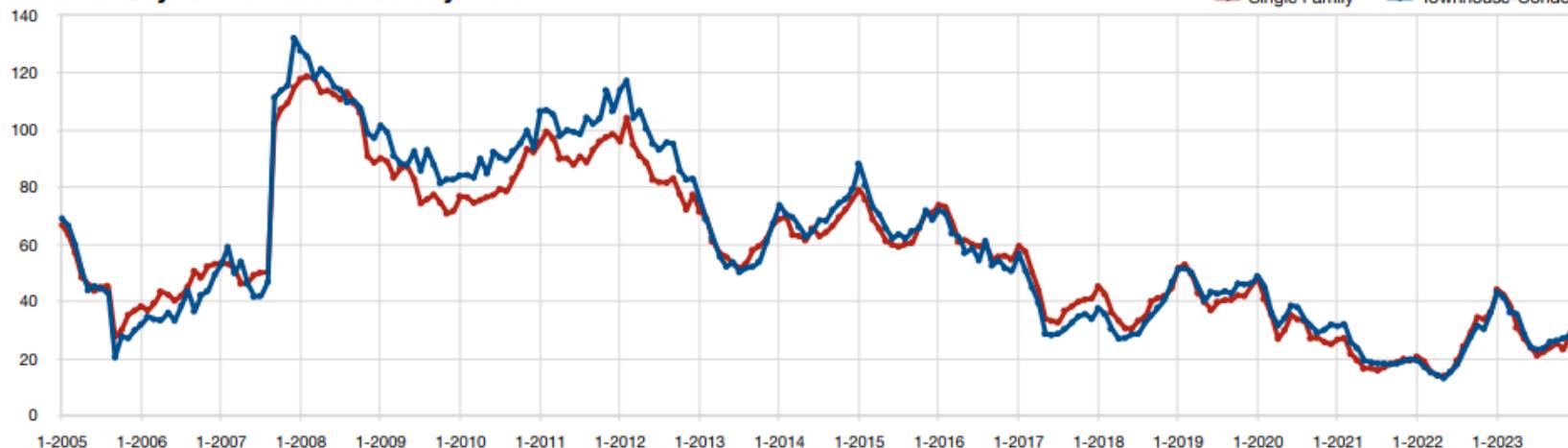
## Year to Date



Days on Market	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	44	+ 120.0%	43	+ 126.3%
Feb-2023	42	+ 121.1%	41	+ 141.2%
Mar-2023	38	+ 153.3%	36	+ 140.0%
Apr-2023	31	+ 121.4%	35	+ 150.0%
May-2023	27	+ 92.9%	28	+ 115.4%
Jun-2023	24	+ 60.0%	24	+ 60.0%
Jul-2023	21	+ 10.5%	23	+ 27.8%
Aug-2023	22	- 8.3%	23	0.0%
Sep-2023	24	- 17.2%	26	- 3.7%
Oct-2023	25	- 26.5%	26	- 16.1%
Nov-2023	23	- 30.3%	27	- 10.0%
<b>Dec-2023</b>	<b>29</b>	<b>- 19.4%</b>	<b>28</b>	<b>- 22.2%</b>
12-Month Avg*	28	+ 31.8%	29	+ 46.1%

\* Days on Market for all properties from January 2023 through December 2023. This is not the average of the individual figures above.

## Historical Days on Market Until Sale by Month

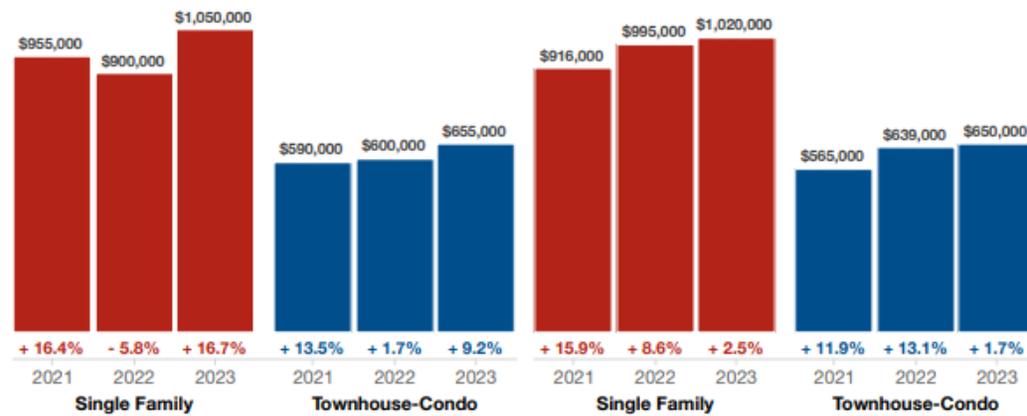


# Median Sales Price

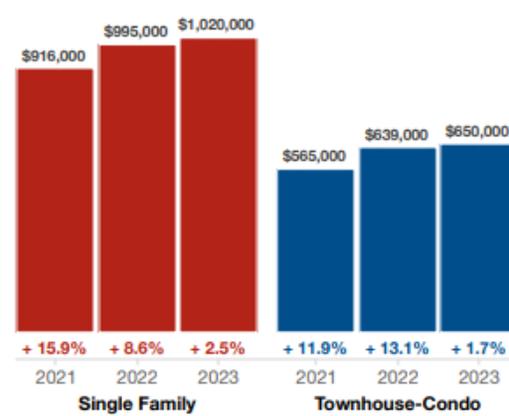
Point at which half of the sales sold for more and half sold for less, not accounting for seller concessions, in a given month.



## December



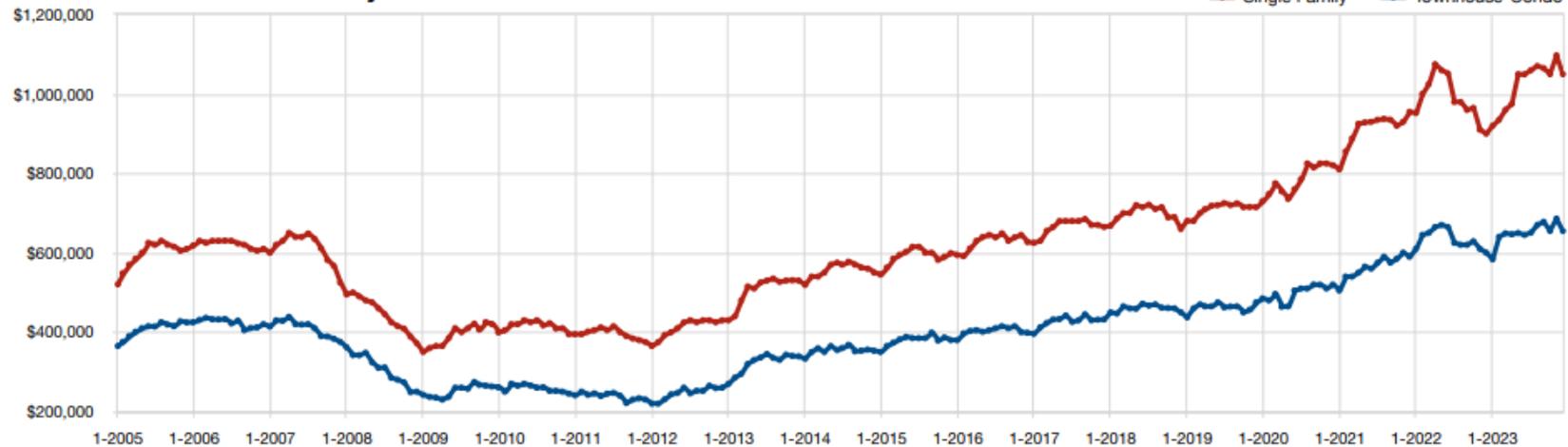
## Year to Date



Median Sales Price	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	\$920,000	- 3.4%	\$583,500	- 4.3%
Feb-2023	\$935,000	- 6.5%	\$640,000	- 0.8%
Mar-2023	\$960,000	- 6.3%	\$649,000	- 0.2%
Apr-2023	\$975,000	- 9.3%	\$646,500	- 2.8%
May-2023	\$1,050,000	- 0.9%	\$649,750	- 3.0%
Jun-2023	\$1,049,500	- 0.2%	\$645,000	- 3.0%
Jul-2023	\$1,060,000	+ 8.2%	\$650,500	+ 4.1%
Aug-2023	\$1,070,500	+ 9.2%	\$670,000	+ 8.1%
Sep-2023	\$1,065,000	+ 10.9%	\$678,000	+ 9.4%
Oct-2023	\$1,050,000	+ 8.8%	\$655,000	+ 4.1%
Nov-2023	\$1,097,500	+ 20.6%	\$686,000	+ 12.5%
<b>Dec-2023</b>	<b>\$1,050,000</b>	<b>+ 16.7%</b>	<b>\$655,000</b>	<b>+ 9.2%</b>
12-Month Avg*	\$1,020,000	+ 2.5%	\$650,000	+ 1.7%

\* Median Sales Price for all properties from January 2023 through December 2023. This is not the average of the individual figures above.

## Historical Median Sales Price by Month

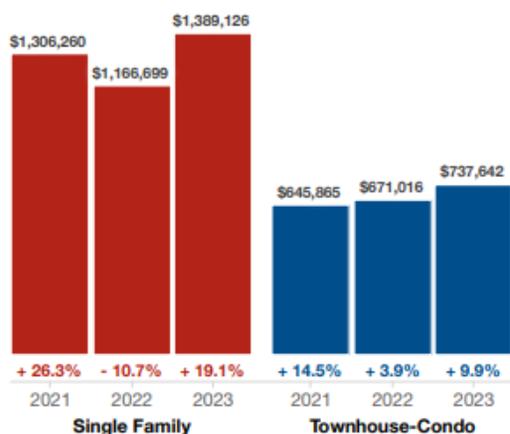


# Average Sales Price

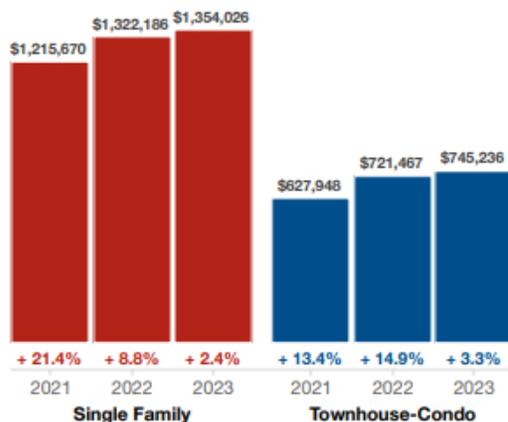
Average sales price for all closed sales, not accounting for seller concessions, in a given month.



## December



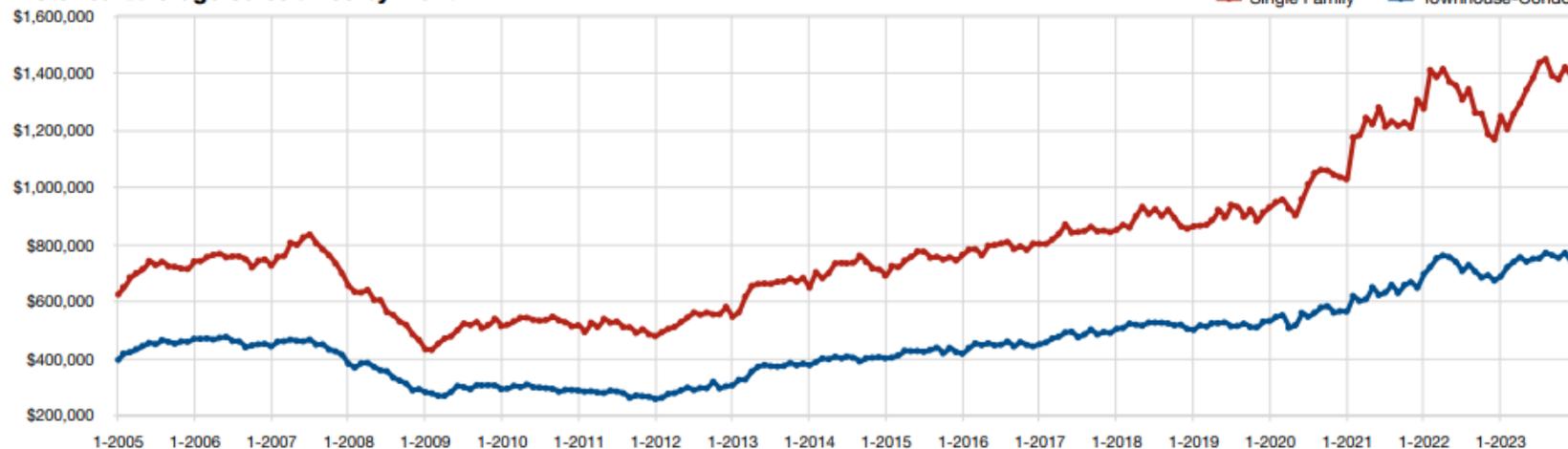
## Year to Date



Avg. Sales Price	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	\$1,248,345	- 2.1%	\$686,114	- 1.2%
Feb-2023	\$1,202,771	- 14.7%	\$718,491	- 0.1%
Mar-2023	\$1,256,986	- 9.3%	\$737,019	- 1.7%
Apr-2023	\$1,293,788	- 8.5%	\$753,528	- 0.8%
May-2023	\$1,341,894	- 2.0%	\$737,387	- 2.1%
Jun-2023	\$1,382,272	+ 1.9%	\$747,600	+ 1.4%
Jul-2023	\$1,436,226	+ 9.9%	\$748,918	+ 6.3%
Aug-2023	\$1,449,034	+ 7.9%	\$768,997	+ 6.0%
Sep-2023	\$1,390,446	+ 10.3%	\$760,398	+ 8.1%
Oct-2023	\$1,377,324	+ 9.5%	\$751,074	+ 10.1%
Nov-2023	\$1,420,758	+ 19.9%	\$768,572	+ 11.4%
<b>Dec-2023</b>	<b>\$1,389,126</b>	<b>+ 19.1%</b>	<b>\$737,642</b>	<b>+ 9.9%</b>
12-Month Avg*	\$1,354,026	+ 2.4%	\$745,236	+ 3.3%

\* Avg. Sales Price for all properties from January 2023 through December 2023. This is not the average of the individual figures above.

## Historical Average Sales Price by Month

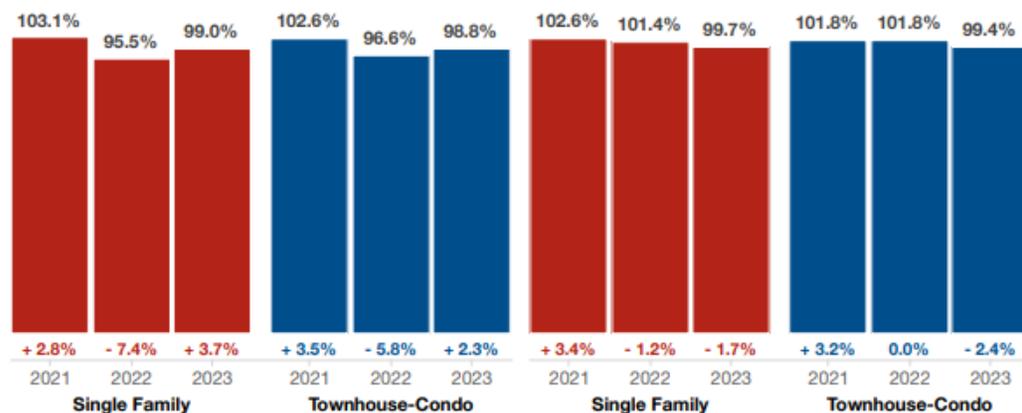


# Percent of Original List Price Received

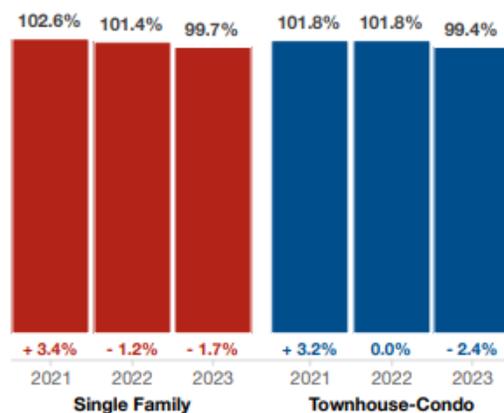
Percentage found when dividing a property's sales price by its original list price, then taking the average for all properties sold in a given month, not accounting for seller concessions.



## December



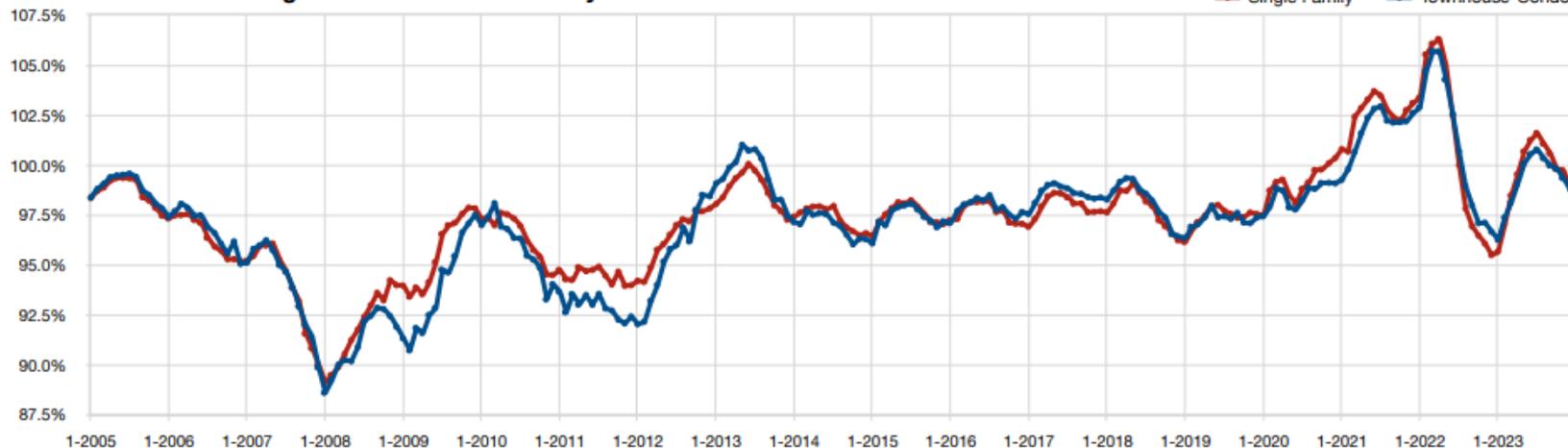
## Year to Date



Pct. of Orig. Price Received	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	95.6%	- 7.5%	96.2%	- 6.5%
Feb-2023	97.0%	- 8.1%	97.4%	- 7.0%
Mar-2023	98.5%	- 7.2%	98.1%	- 7.2%
Apr-2023	99.5%	- 6.4%	99.0%	- 6.3%
May-2023	100.7%	- 4.1%	100.1%	- 4.0%
Jun-2023	101.2%	- 1.3%	100.5%	- 2.0%
Jul-2023	101.6%	+ 1.6%	100.8%	+ 0.1%
Aug-2023	101.1%	+ 3.4%	100.3%	+ 1.4%
Sep-2023	100.6%	+ 3.8%	100.0%	+ 2.0%
Oct-2023	99.8%	+ 3.4%	99.8%	+ 2.8%
Nov-2023	99.7%	+ 3.7%	99.3%	+ 2.3%
<b>Dec-2023</b>	<b>99.0%</b>	<b>+ 3.7%</b>	<b>98.8%</b>	<b>+ 2.3%</b>
12-Month Avg*	99.7%	- 1.7%	99.4%	- 2.3%

\* Pct. of Orig. Price Received for all properties from January 2023 through December 2023. This is not the average of the individual figures above.

## Historical Percent of Original List Price Received by Month



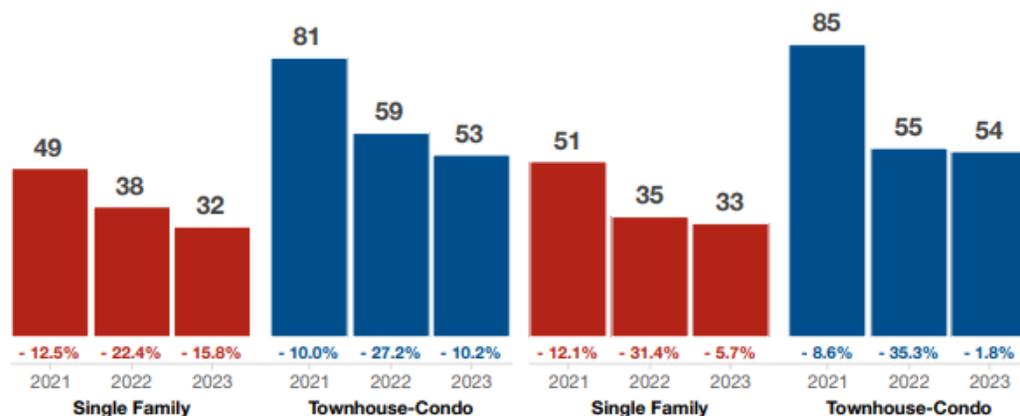
# Housing Affordability Index

This index measures housing affordability for the region. For example, an index of 120 means the median household income is 120% of what is necessary to qualify for the median-priced home under prevailing interest rates. A higher number means greater affordability.



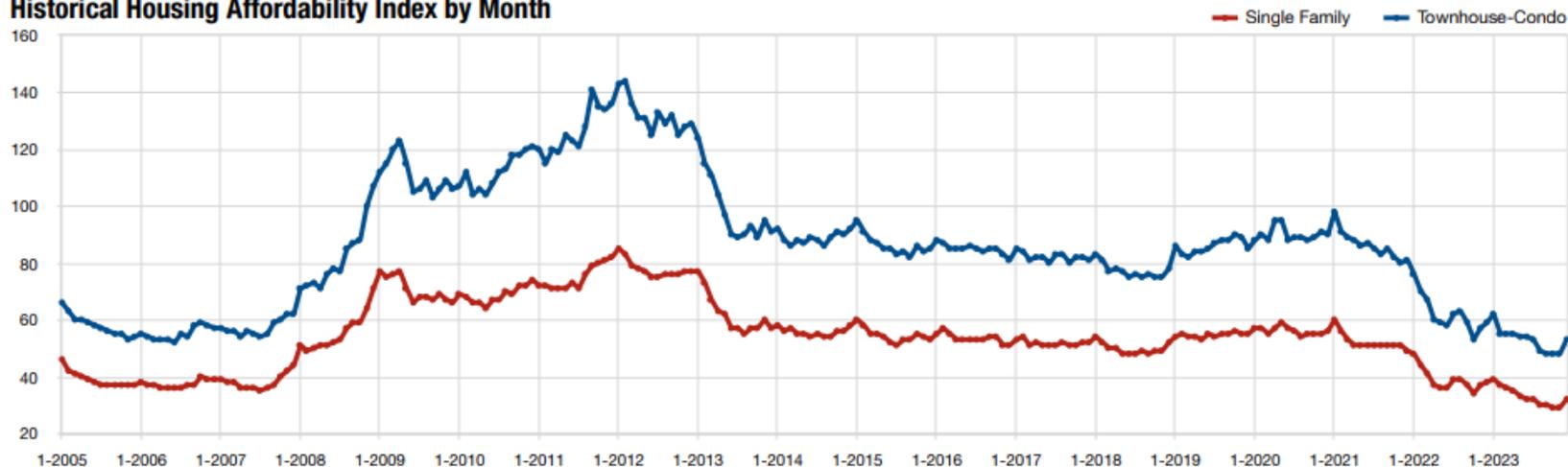
## December

## Year to Date



Affordability Index	Single Family	Year-Over-Year Change	Townhouse-Condo	Year-Over-Year Change
Jan-2023	39	- 18.8%	62	- 18.4%
Feb-2023	37	- 15.9%	55	- 21.4%
Mar-2023	36	- 12.2%	55	- 17.9%
Apr-2023	35	- 5.4%	55	- 8.3%
May-2023	33	- 8.3%	54	- 8.5%
Jun-2023	32	- 11.1%	54	- 6.9%
Jul-2023	32	- 17.9%	53	- 14.5%
Aug-2023	30	- 23.1%	49	- 22.2%
Sep-2023	30	- 18.9%	48	- 18.6%
Oct-2023	29	- 14.7%	48	- 9.4%
Nov-2023	29	- 21.6%	48	- 15.8%
<b>Dec-2023</b>	<b>32</b>	<b>- 15.8%</b>	<b>53</b>	<b>- 10.2%</b>
12-Month Avg	33	- 15.4%	53	- 14.5%

## Historical Housing Affordability Index by Month



## Summary of Regional PWR Data

Activity is decreasing in 2023/2024 due to a limited supply of homes being made available for purchase though demand is high. PWR indicated that “experts believe home prices will likely remain elevated for some time to come” in their most recent Monthly Indicator Report (December 2023; a 2024 report is not available from PWR). Southern California is mostly built out and there’s a limited of new product being developed due to the lack of available vacant acreage. Homeowners of existing homes are not motivated to sell due to increasing rates (mortgage rates, mortgage interest rates etc.) in the financial markets. They could sell their home at market rates but it is very likely that they would endure a higher interest rate when they purchase another home to move into. This has caused the supply of homes to be constrained. With the limited supply and high demand, PWR has indicated a 10.6% increase in median homes sales price for all properties from December 2022 to December 2023.

The number of new listings has been declining every year since 2016 with 2023 indicating a significant decline in listings. Closed sales have also had a decline since 2021. Marketing time has been under three months since 2013. Prices have been increasing since 2011 as activity decreases. PWR indicates a temporary drop in home prices in early 2023 with a quick recovery at 2022 levels by the end of the year. This is consistent with MLS statistics we’ve been able to obtain for various markets in 2024. Most markets are showing a price recovery at or above the 2023 average/median. List to sales price ratio is typically around 100% which indicates a market where brokers typically can obtain a contract at the asking (list) price.

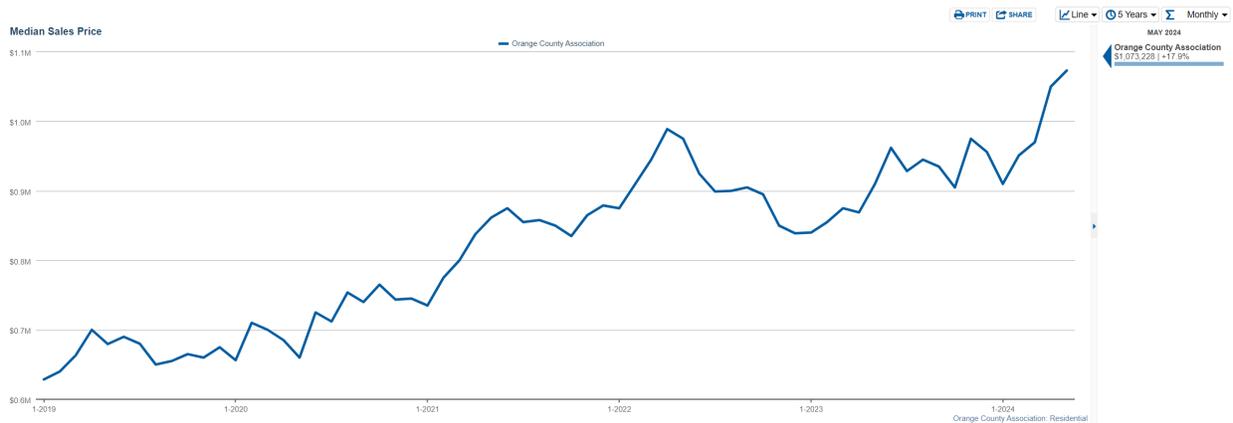
The Housing Affordability Index measures housing affordability for the region. For example, an index of 120 means the median household income is 120% of what is necessary to qualify for the median-priced home under prevailing interest rates. A higher number means greater affordability. The affordability index decreased significantly in 2013. It was somewhat stable from 2014 to 2021, but affordability decreases significantly again in 2022/2023 as prices increased in the market. This could put downward pressure on home values, but increasing home values is most likely until the supply is increased, based upon PWR’s statement and data. We foresee that home values will continue to increase or stabilize in the next three years, based upon the information from PWR MLS.

### Local PWR Data

The following pages summarize the MLS statistical data for the subject’s city and zip code.

The following chart summarizes recent sales actively for single-family residences in the county:

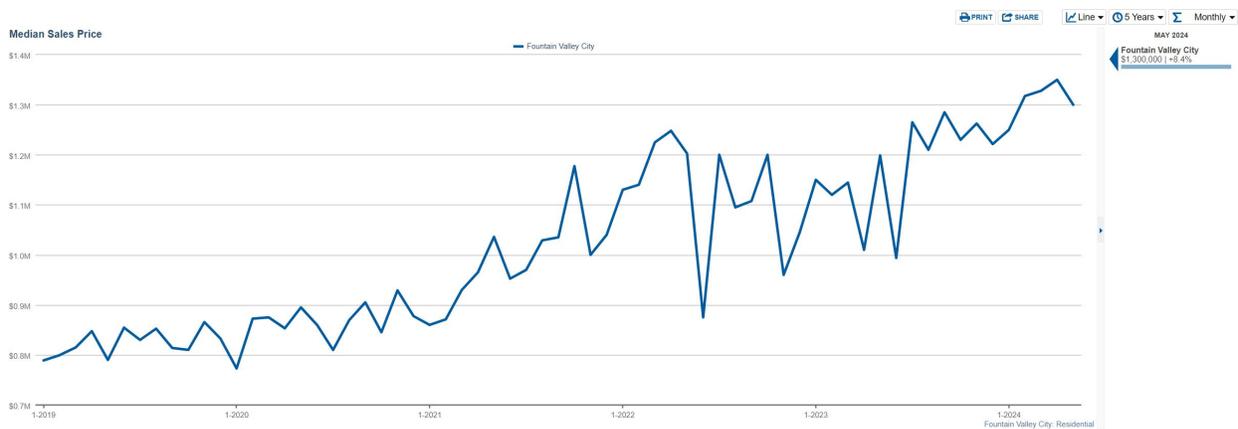
#### Orange County



The above chart summarizes the Orange County single-family market and indicates that sale prices increased from 2020 to 2024 with a temporary rise in 2024 due to constrained supply of available single-family homes. Please note that due to increased interest rates in the financial market has also limited buying power. Marketing time is under three months. The dataset included approximately 1,935 listings in the county, which is slightly below the 5-year average.

The following chart summarizes the past five years for single-family residences in the city of Fountain Valley:

#### City of Fountain Valley



The above data included 43 listings for the city, which is considered a small number of transactions. The data indicates that sale prices have steadily increased over the past five (5) years. However, due to current interests and global economic factors, recent data shows a slight decline from its peak in April of 2024. Marketing time is under three months.

We've also included additional statistics for the neighborhood. The below chart includes all single-family homes with lots ranging from 5,000 SF to 25,000 SF within the city of Fountain Valley within the local MLS system:

**Standard Status: Coming Soon (1)**

	List Price	ADOM	Close Price	SP/LP %	BR	BA	Lot Sqft	SqFt	\$/SqFt	Built	Carport Spaces
Min	1,499,999	0	-	-	4	3	6,000	1,946	770.81	1970	-
Max	1,499,999	0	-	-	4	3	6,000	1,946	770.81	1970	-
Avg	1,499,999	0	-	-	4	3	6,000	1,946	770.81	1970	-
Median	1,499,999	0	-	-	4	3	6,000	1,946	770.81	1970	-
Sum	1,499,999		-						770.81		

**Standard Status: Active (19)**

	List Price	ADOM	Close Price	SP/LP %	BR	BA	Lot Sqft	SqFt	\$/SqFt	Built	Carport Spaces
Min	1,199,000	0	-	-	3	2	5,989	1,426	537.13	1963	3
Max	3,300,000	124	-	-	7	6	10,712	3,685	895.52	2024	3
Avg	1,624,862	22	-	-	4	3	7,240	2,350	701.15	1974	3
Median	1,479,500	10	-	-	4	3	7,222	2,232	696.08	1968	3
Sum	30,872,377		-						13,321.88		

**Standard Status: Active Under Contract (4)**

	List Price	ADOM	Close Price	SP/LP %	BR	BA	Lot Sqft	SqFt	\$/SqFt	Built	Carport Spaces
Min	1,199,999	8	-	-	4	2	7,125	1,998	520.16	1964	2
Max	1,699,800	41	-	-	5	4	7,526	2,307	769.84	1976	2
Avg	1,406,700	20	-	-	4	3	7,328	2,142	659.03	1968	2
Median	1,363,500	16	-	-	4	3	7,331	2,131	673.06	1965	2
Sum	5,626,799		-						2,636.12		

**Standard Status: Pending (10)**

	List Price	ADOM	Close Price	SP/LP %	BR	BA	Lot Sqft	SqFt	\$/SqFt	Built	Carport Spaces
Min	1,229,000	3	-	-	3	2	5,207	1,336	566.97	1964	-
Max	1,700,000	60	-	-	4	4	7,770	2,799	935.63	2024	-
Avg	1,418,589	12	-	-	4	3	6,757	2,036	725.88	1973	-
Median	1,337,000	7	-	-	4	2	6,921	2,016	680.68	1967	-
Sum	14,185,887		-						7,258.83		

**Standard Status: Closed (232)**

	List Price	ADOM	Close Price	SP/LP %	BR	BA	Lot Sqft	SqFt	\$/SqFt	Built	Carport Spaces
Min	440,000	0	435,000	77.3 %	1	1	5,000	692	431.32	1963	
Max	2,298,000	259	2,175,000	133.8 %	7	5	24,000	4,027	1,055.43	2023	
Avg	1,362,349	16	1,397,583	103.0 %	4	3	7,354	2,074	692.60	1970	
Median	1,319,000	7	1,376,000	101.6 %	4	3	7,200	2,026	683.09	1969	
Sum	316,064,886		324,239,231						160,682.13		

**Standard Status: All (266)**

	List Price	ADOM	Close Price	SP/LP %	BR	BA	Lot Sqft	SqFt	\$/SqFt	Built	Carport Spaces
Min	440,000	0	435,000	77.3 %	1	1	5,000	692	431.32	1963	
Max	3,300,000	259	2,175,000	133.8 %	7	6	24,000	4,027	1,055.43	2024	3
Avg	1,384,398	16	1,397,583	103.0 %	4	3	7,318	2,093	694.25	1970	2
Median	1,331,000	8	1,376,000	101.6 %	4	3	7,200	2,039	684.92	1969	2
Sum	368,249,948		324,239,231						184,669.77		

Criteria: Property Type is 'Residential'

Standard Status is one of 'Coming Soon', 'Active', 'Act Under Contract', 'Pending'

Standard Status is 'Closed'

Contract Status Change Date is 06/29/2024 to 06/30/2023

City is 'Fountain Valley'

Lot Size Searchable is 5000 to 25000

## Conclusion

The subject is towards the upper end of average lot sizes in the City of Fountain Valley. The above data included 43 listings for the city, which is considered a small number of transactions. The data indicates that sale prices have steadily increased over the past five (5) years. However, due to current interests and global economic factors, recent data shows a slight decline from its peak in April of 2024. Marketing time is under three months. The following was considered in our opinion of home values in the next few years:

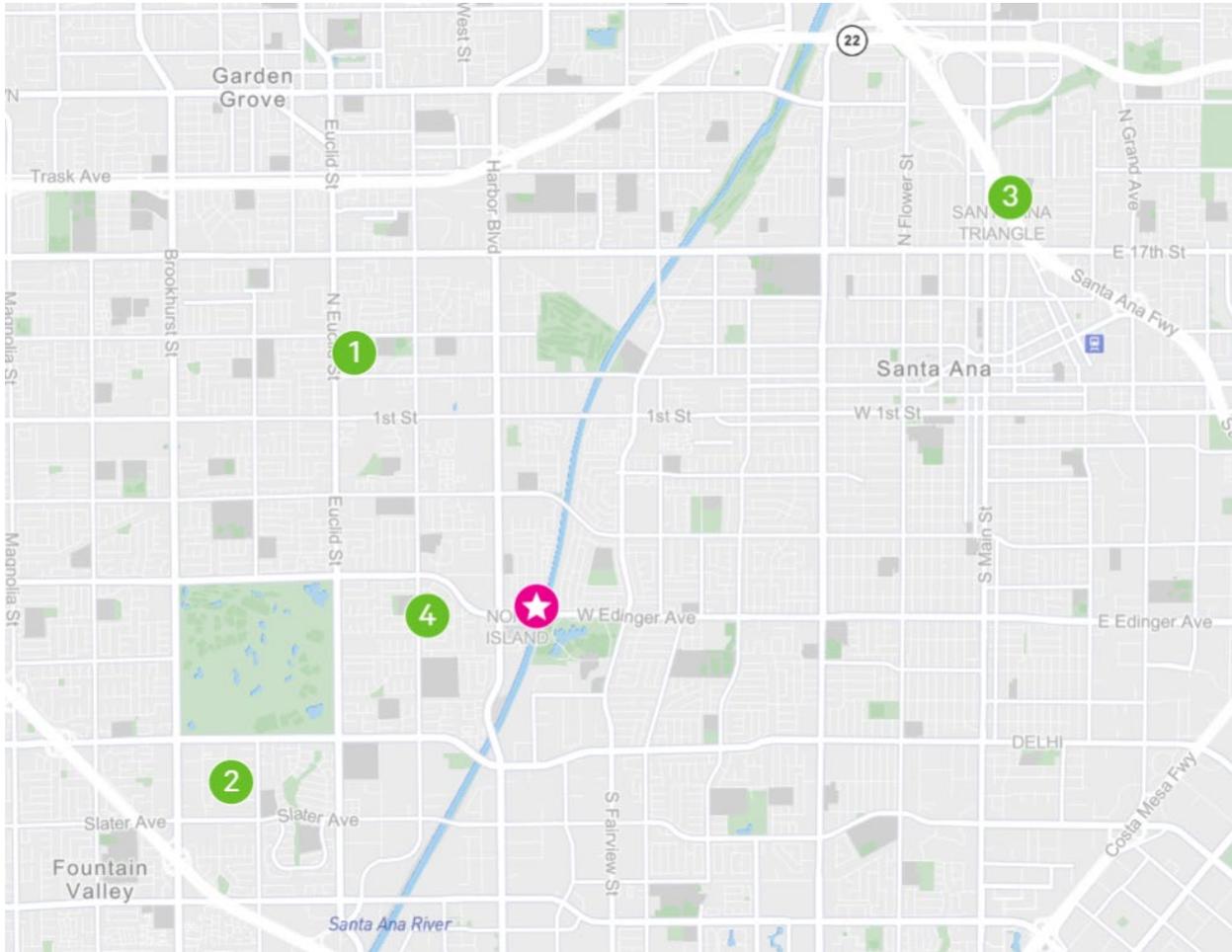
- Data from Case-Shiller price index data was uncertain for the near future, but indicated that home prices will likely be much higher in the following decades.
- PWR indicates that property values recovered in 2024 (but is based on only four months of data).
- Market participants indicated that marketing time is under three months and that there is a limited supply of homes available for purchase.

We have concluded that values will either increase or stabilize in the next three years. However, based on the boom/bust cycles indicated from the FRED data, it seems likely that we are in a boom cycle and a decline in home values is likely to occur in the coming years.

Overall, the subject is located within a good residential neighborhood and is within an area of strong demand due to location to employment. A home buyer will typically obtain significant equity if the property is held for multiple decades.

# Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES									
No.	Property Location	Transaction Type	Date	Interest Transferred	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Size (Acres)	Size (SF)	Price Per SF
1	Pending Sale (Land) 5009 W 7th Street (Land) Santa Ana, CA 92703	Available/Listing	Jun-24	Fee Simple/Freehold	\$1,200,000	\$1,200,000	0.44	18,990	\$63.19
2	Entitled Vacant Land (Residential) 10322 Avenida Cinco De Mayo Fountain Valley, CA 92708	Sale	Apr-24	Fee Simple/Freehold	\$1,120,000	\$1,120,000	0.16	6,875	\$162.91
3	Vacant Residential Land 301 22nd Street Santa Ana, CA 92706	Sale	Jul-23	Fee Simple/Freehold	\$359,000	\$359,000	0.11	4,770	\$75.26
4	Vacant Residential Land 11560 Iris Avenue Fountain Valley, CA 92708	Sale	Mar-23	Fee Simple/Freehold	\$760,000	\$760,000	0.17	7,200	\$105.56
Subject	Santa Ana River Well 10 Lease Site Fountain Valley, CA 92708	---	---	---	---	---	0.31	13,336	---

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)  
Compiled by CBRE

## Discussion/Analysis of Land Sales

### Land Sale One

This is a currently pending sale of a previously developed plot of land that is being sold for land value. Appraisers confirmed with listing broker Patrick Owens of Owens Realty the pending sale price of \$1,200,000 (\$63.18/SF of land). Broker stated that the property was listed on the open market for approximately 20 days, prior to going into escrow. Broker further stated that there were 27 offers within this time frame. Broker could not disclose to exact pending sale price. However, he did state that it is within \$10,000 (less than 1%) of current listing price. Sale is set to close by July, 2024. Appraisers also spoke with Matthew Killrow, Senior Planner with the City of Santa Ana. Mr. Killrow confirmed the zoning of the property (R1), allowing 1 dwelling unit per lot size. An attached junior ADU of 1,000 SF is permitted, if dominate building is owner/occupied. Furthermore, Mr. Killrow stated that state manages also allow a detached ADU.

### Land Sale Two

This is the sale of a vacant plot of land within the City of Fountain Valley. Property sold in May 2024 at \$1,120,000 (\$162.91/SF). All data was confirmed with listing broker, Rick Leung of First Team RE. Property was listed on the open market for approximately 36 days. Broker confirmed the subject received several offers near its recent purchase price within this time frame. Furthermore, Broker confirmed that the property sold fully entitled, including demo, grading and main house blueprints for approximately 3,700 SF structure. Building will contain 7-bedrooms, 6-bathrooms, while an additional 747 SF ADU boasting 2-bed/2-bath. Broker stated that entitlements were approximately 25% of sale price. The property rests along Avenida Cinco De Mayo, a two (2) lane residential secondary street. It rests approximately four (4) blocks south of Mile Square Golf Course. Surrounding development consists of similar single-family residential development.

### Land Sale Three

This is the sale of a vacant plot of R1 (Residential) zoned land. The lot sold in July of 2023 at \$359,000 (\$75.26/SF). Per discussion with listing broker, Dave George of Redfin, the property was listed on the open market for approximately 1-month. Within this time frame, the property received several offers. Buyer purchased the subject with the intent to develop a 1,200 SF SFR. Entitlements were not in-place at the time of sale. Please note that the property rests adjacent from Interstate 5 (I-5).

### Land Sale Four

This is the sale of a vacant plot of residential land. The property is zoned R1 (Residential). It rests along Iris Avenue, a residential two (2) lane secondary street. Surrounding development consists of single-family homes. The sale was verified by listing broker Henry Pham of Pham Realty. Mr. Pham stated that the property was listed on the open-market for approximately 23 days. Within this time frame, it received approximately ten (10) offers near its recent purchase price of \$760,000 (\$105/SF). Property was unentitled at the time of sale.

## Conditions of Sale

Sale No. 1 is a current listing. We have applied a downward adjustment to this comparable to account for sale negotiations.

Appraisers spoke to owner/developer Garret Vita of Vinture Developers. Mr. Vista stated that entitlement costs can vary significantly by city and by project. Mr. Vista estimated that an entitlement cost for the subject's location within the City of Fountain Valley would range within the 20% to 30% of land acquisition costs. Furthermore, appraisers spoke to local listing broker, Rick Leung of First Team RE. Mr. Leung is the listing broker of Sale No. 2, who stated that entitlement cost was approximately 25% of sale price. Therefore, we have applied a downward adjustment for this comparable.

## Size Adjustment

Considers the inverse relationship that often exists between parcel size and value. While smaller sites often command a higher overall unit value, larger residential sites are desirable. This is in part because of the limited available land available for residential development in the subject area. Based on our analysis of the market and discussions with market participants sites that are 0.10 to 0.25 acres in size would be viewed differently than lots of larger size. Similarly, lots of 0.10 acres greater than the subjects 0.31 acres would be viewed differently than that of the subjects' size.

We have applied downward adjustment to Comparables 2, 3 and 4 (to varying degrees) for their smaller size. Additionally, we have applied an upward adjustment to Comparable 1 for its larger size compared to the subject.

## Access

As previously mentioned, the subject is located on the north side of West Edinger Avenue. Access to the subject is bound by a secondary street on the north side of the six (6) lane thoroughfare. This limited access point along a six (6) lane thoroughfare is inferior compared to the sales two (2) lane residential secondary street. Therefore, we have applied a downward adjustment to these comparable to account for superior accessibility.

## Shape

Sale No. 3 is a corner lot and was reported to be in irregular shape. We have applied an upward adjustment to this comparable to account for difference in shape.

## Location Adjustments

Appraisers spoke to local listing broker, Dave George of Redfin. Mr. George recently sold a plot of land within close proximity to Interstate 5 (I-5). Broker stated that vehicle traffic noise and wind direction both play a factor as to if proximity to a thoroughfare will have a negative influence on land. During inspection, appraisers did note that there was a fair amount of vehicle traffic noise from West Edinger Avenue.

All sale comparable are located within typical residential neighborhoods surrounding the subject. As noted, surrounding development of the subject is a single-family lot to the west and a struck storage to the north, and Santa Ana River to the east. To the south of the subject is Edinger Avenue, a six (6) lane thoroughfare. Therefore, we have applied a downward adjustment to Sale Nos. 1, 2 and 4 to account for superior location characteristics (noise associated with subject's proximity to Edinger Avenue). Sale No. 3 is similar in location characteristics (proximity to thoroughfare) compared to the subject. Therefore, a location adjustment was withheld.

## Summary of Adjustments

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID					
Comparable Number	1	2	3	4	Subject
Transaction Type	Available/Listing	Sale	Sale	Sale	---
Transaction Date	Jun-24	Apr-24	Jul-23	Mar-23	---
Interest Transferred	Fee	Fee	Fee	Fee	
	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	
Actual Sale Price	\$1,200,000	\$1,120,000	\$359,000	\$760,000	---
Adjusted Sale Price <sup>1</sup>	\$1,200,000	\$1,120,000	\$359,000	\$760,000	---
Size (Acres)	0.44	0.16	0.11	0.17	0.31
Size (SF)	18,990	6,875	4,770	7,200	13,336
Price (\$ PSF)	\$63.19	\$162.91	\$75.26	\$105.56	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	0%	0%	
Conditions of Sale	-10%	-25%	0%	0%	
<i>...due to:</i>	Current Listing	Entitled Land			
Market Conditions (Time)	0%	0%	0%	0%	
Subtotal	\$56.87	\$122.18	\$75.26	\$105.56	
Size	10%	-25%	-30%	-25%	
<i>...with respect to:</i>	economies of scale regarding parcel size				
Shape	0%	0%	5%	0%	
<i>...due to:</i>	an irregular shape		Irregular		
Corner	0%	0%	0%	0%	
<i>...due to:</i>	its interior location				
Access/Corner	-5%	-5%	-5%	-5%	
<i>...based upon:</i>	Superior Accessibility	Superior Accessibility	Superior Accessibility	Superior Accessibility	
Topography	0%	0%	0%	0%	
Location	-20%	-20%	0%	-20%	
<i>...due to:</i>	Superior Location Characteristics	Superior Location Characteristics		Superior Location Characteristics	
Total Other Adjustments	-15%	-50%	-30%	-50%	
<b>Value Indication for Subject</b>	<b>\$48.34</b>	<b>\$61.09</b>	<b>\$52.68</b>	<b>\$52.78</b>	
<i>Absolute Adjustment</i>	45%	75%	40%	50%	

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

## Conclusion

<b>Land Price/SF Conclusion</b>		
	<b>Unadjusted</b>	<b>Adjusted</b>
Minimum	\$56.87	\$48.34
Maximum	\$122.18	\$61.09
Mean	\$89.97	\$53.72
Median	\$90.41	\$52.73

The preceding analysis indicates a value within a range of \$48.34 to \$61.09 per square foot. We have bracketed the value of the parcel Comparable 1, 3 and 4. These sales required the least amount of net/gross adjustments, reflecting an adjusted price/SF range of \$48.34 to \$52.78. We have therefore bracketed the subjects lot value between \$50.00/SF to \$55.00/SF.

<b>CONCLUDED LAND VALUE</b>				
<b>\$ PSF</b>		<b>Subject SF</b>		<b>Total</b>
\$50	x	13,336	=	\$666,800
\$55	x	13,336	=	\$733,480
<b>Indicated Value:</b>				<b>\$700,000</b>
(Rounded \$ PSF)				\$52.49
Compiled by CBRE				

## Market Participants

Appraisers spoke to local listing brokers of Sale Comp Nos. 1, 2, 3 and 4. Below is a brief description of conversion with brokers.

Pat Owen of Pat Owen Realty – Mr. Owen is a current listing broker for Sale No. 1. Mr. Owen recently placed a similar zoned R1 lot, of similar size to the subject on the open market. Broker confirmed that his lot received nearly 27 offers within a 36-day marketing period. A driving factor for the relatively high attention this sale received was due to the lot size, ability to develop and location along a two (2) lane secondary street. Mr. Owen stated that demand for residential land has remained strong, during the current economic period of rising interest rates and construction cost. Broker indicated that if the subject were to go to market, it would likely sell within the \$700,000 - \$750,000 range.

Rick Leung of First Team Real Estate – Mr. Leung is the listing broker of Sale No. 2. Mr. Leung is a local residential broker and residential appraisers. Broker stated that due to the limited supply of available land within the City of Fountain Valley, demand has remained strong. Although the subject is limited in access through a six (6) lane thoroughfare, Mr. Leung stated that demand would remain strong for a lot of 13,000+ SF. Overall, Mr. Leung stated that a typical investor would view analyze the subject first on a whole dollar amount and secondarily on a price/SF. Broker indicated that a typical sale price would fall within the \$700,000 range.

Dave George of Redfin – Mr. George is the listing broker of Sale No. 3. This sale transferred in Q3 of 2023, representing a similar plot of land with similar location characteristics, with limited access and proximity to a major thoroughfare. Mr. George indicated that a typical sale price would fall within the \$650,000 to \$700,000 range.

Henry Pham of Pham Realty – Mr. Pham is the listing broker of Sale No. 4. Broker is a local residential broker with past experience selling residential vacant plots of land near the subject. Mr. Pham confirmed that a typical sale price would be within the \$700,000 range.

Market Participants		
No.	Broker	Range
Comp 1	Pat Owen of Pat Owen Realty	\$700,000 - \$750,000
Comp 2	Rick Leung of First Team Real Estate	\$700,000
Comp 3	Dave George of Redfin	\$650,000 - \$750,000
Comp 4	Henry Pham of Pham Realty	\$700,000

## Check of Reasonableness

As a check of reasonableness, we have analyzed the subject on a whole dollar amount. Please see below for analysis

LAND SALES ADJUSTMENT GRID					
Comparable Number	1	2	3	4	Subject
Transaction Type	Available/Listing	Sale	Sale	Sale	---
Transaction Date	Jun-24	Apr-24	Jul-23	Mar-23	---
Interest Transferred	Fee	Fee	Fee	Fee	
	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	
Actual Sale Price	\$1,200,000	\$1,120,000	\$359,000	\$760,000	---
Adjusted Sale Price <sup>1</sup>	\$1,200,000	\$1,120,000	\$359,000	\$760,000	---
Size (Acres)	0.44	0.16	0.11	0.17	0.31
Size (SF)	18,990	6,875	4,770	7,200	13,336
Price	\$1,200,000	\$1,120,000	\$359,000	\$760,000	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	0%	0%	
Conditions of Sale	-10%	-25%	0%	0%	
	<i>...due to:</i> Listing	Entitled Land			
Market Conditions (Time)	0%	0%	0%	0%	
Subtotal	\$1,080,000	\$840,000	\$359,000	\$760,000	
Size	-10%	25%	30%	25%	
	<i>...with respect to:</i> economies of scale regarding parcel size				
Shape	0%	0%	5%	0%	
	<i>...due to:</i> an irregular shape		Irregular Shape		
Corner	0%	0%	0%	0%	
Access/Corner	-5%	-5%	-5%	-5%	
	<i>...based upon:</i> Superior Accessibility	Superior Accessibility	Superior Accessibility	Superior Accessibility	
Topography	0%	0%	0%	0%	
Location	-20%	-20%	0%	-20%	
	<i>...due to:</i> Superior Location Characteristics	Superior Location Characteristics		Superior Location Characteristics	
Total Other Adjustments	-35%	0%	30%	0%	
<b>Value Indication for Subject</b>	<b>\$702,000</b>	<b>\$840,000</b>	<b>\$466,700</b>	<b>\$760,000</b>	
<i>Absolute Adjustment</i>	45%	75%	40%	50%	

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

## Conclusion

Land Price Conclusion		
	Unadjusted	Adjusted
Minimum	\$359,000	\$466,700
Maximum	\$1,200,000	\$840,000
Mean	\$859,750	\$692,175
Median	\$940,000	\$731,000

The adjustments produced a dataset with a mean of \$692,175, a median of \$731,000, and indicate a range of \$466,700 to \$840,000. Given the level of adjustments required, the mean and median were given primary consideration. The following chart presents the valuation conclusion:

CONCLUDED LAND VALUE			
Price			Total
\$692,175	x	=	\$692,175
\$731,000	x	=	\$731,000
<b>Indicated Value:</b>			<b>\$710,000</b>
			\$53.24
Compiled by CBRE			

# Reconciliation of Value

In the sales comparison approach, the subject is compared to similar vacant plots of land that have been sold recently to derive an indication of the most probable price (or value) of the property being appraised. Per discussion with local listing brokers, investors typically analyzes sites similar to the subject on both a price per site and price/SF basis. Therefore, we have analyzed the subject from both approaches. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on similar properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication.

The purpose of the appraisal is to form opinions of the market value of the fee simple estate, “as if vacant,” and the market rent of the leased premises in association with the ground rent reset provision, which states that the ground rent will be determined by applying a 10% return to the underlying fee value. The date of value is June 18, 2024, as per the existing lease.

Based on the foregoing, the fee simple market value and market rent for the subject has been concluded as follows. This is based on the terms in the existing lease.

<b>Reconciliation of Valuation Approaches</b>	
Land Value (Price/SF)	\$700,000
Land Value (Price/Lot)	\$710,000
<b>Overall Final Valuation Conclusion</b>	<b>\$700,000</b>
Annual Rate of Rent	10%
Annual Rental Rate	\$70,000
<i>Compiled by CBRE</i>	

Based on the foregoing, the market value of the subject has been concluded as follows:

<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Conclusion
Market Value Conclusion - (Land Only)	Fee Simple Estate	June 18, 2024	\$700,000
Market Rent (based on terms in existing lease)	Market Rent to Property Owner	June 18, 2024	\$5,833 Per Month
<i>Compiled by CBRE</i>			

# Assumptions and Limiting Conditions

CBRE, Inc. through its appraiser (collectively, “CBRE”) has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.

1. The report, including its conclusions and any portion of such report (the “Report”), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
2. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently, nor super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property’s compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property, nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report and any conclusions stated therein. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

3. CBRE has assumed that all documents, data and information furnished by or on behalf of the client, property owner or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report and any conclusions stated therein. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
4. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including, without limitation, any termite inspection, survey or occupancy permit.
5. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
6. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. This Report has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this Report, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections. Further, other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later change or be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.
7. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
8. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge including, but not limited to, environmental, social, and governance principles ("ESG"), beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
9. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

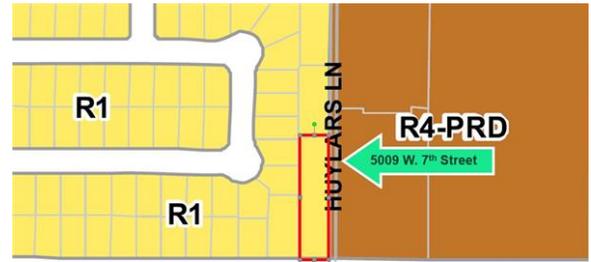
10. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
11. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
12. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
13. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
14. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

# Addenda

# Addendum A

## Land Sale Data Sheets

Property Name	Pending Sale (Land)
Address	5009 W 7th Street (Land) Santa Ana, CA 92703
County	Orange
Govt./Tax ID	N/A
Area Measurement(NRA)	
Land Area Net	0.436 ac/ 18,990 sf
Land Area Gross	N/A/ N/A
Site Development Status	Finished
Utilities	Adequate
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Primary Frontage	25 ft on West 7th Street
Secondary Frontage	N/A ft
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R1 (Single-Family Residential)
Entitlement Status	N/A
Proposed Use or Development	N/A



**Transaction Details**

Type	Available/Listing	Primary Verification	Patrick Owen of Pat Owen Realty (800) 919-7356
Interest Transferred	Fee Simple	Transaction Date	06/01/2024
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$1,200,000
Buyer Type	N/A	Financing	N/A
Recorded Seller	N/A	Cash Equivalent	\$1,200,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Patrick Owen of Pat Owen Realty (800) 919-7356	% Interest Purchased	100%
Doc #	N/A	Adjusted Price	\$1,200,000
		<b>Adjusted Price / ac and / sf</b>	<b>\$2,752,294 / \$63.19</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

**Comments**

This is a currently pending sale of a previously developed plot of land that is being sold for land value. Appraisers confirmed with listing broker Patrick Owens of Owens Realty the pending sale price of \$1,200,000 (\$63.18/SF of land). Broker stated that the property was listed on the open market for approximately 20 days, prior to going into escrow. Broker further stated that there was 27 offers within this time frame. Broker could not disclose to exact pending sale price. However, he did state that it is within \$10,000 (less than 1%) of current listing price. Sale is set to close by July, 2024. Appraisers also spoke with Matthew Killrow, Senior Planner with the City of Santa Ana. Mr. Killrow confirmed the zoning of the property (R1), allowing 1 dwelling unit per lot size. An attached junior ADU of 1,000 SF is permitted, if dominate building is owner/occupied. Furthermore, Mr. Killrow stated that state manages also allow a detached ADU.

Property Name	Entitled Vacant Land (Residential)
Address	10322 Avenida Cinco De Mayo Fountain Valley, CA 92708
County	Orange
Govt./Tax ID	169-083-15-00
Area Measurement(NRA)	
Land Area Net	0.158 ac/ 6,875 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	N/A
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Primary Frontage	25 ft on Avenida Cinco De Mayo
Secondary Frontage	N/A ft
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R1 (Residential)
Entitlement Status	N/A
Proposed Use or Development	N/A



### Transaction Details

Type	Sale	Primary Verification	Rick Leung of First Team RE (562) 596-9911
Interest Transferred	Fee Simple	Transaction Date	04/24/2024
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$1,120,000
Buyer Type	N/A	Financing	Market Rate Financing
Recorded Seller	N/A	Cash Equivalent	\$1,120,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Rick Leung of First Team RE (562) 596-9911	% Interest Purchased	100%
Doc #	N/A	Adjusted Price	\$1,120,000
		<b>Adjusted Price / ac and / sf</b>	<b>\$7,097,592 / \$162.91</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This is the sale of a vacant plot of land within the City of Fountain Valley. Property sold in May 2024 at \$1,120,000 (\$162.91/SF). All data was confirmed with listing broker, Rick Leung of First Team RE. Property was listed on the open market for approximately 36 days. Broker confirmed the subject received several offers near its recent purchase price within this time frame. Furthermore, Broker confirmed that the property sold fully entitled, including demo, grading and main house blueprints for approximately 3,700 SF structure. Building will contain 7-bedrooms, 6-bathrooms, while an additional 747 SF ADU boasting 2-bed/2-bath. Broker stated that entitlements were approximately 25% of sale price. The property rests along Avenida Cinco De Mayo, a two (2) lane residential secondary street. It rests approximately four (4) blocks south of Mile Square Golf Course. Surrounding development consists of similar single-family residential development.

Property Name	Vacant Residential Land
Address	301 22nd Street Santa Ana, CA 92706
County	Orange
Govt./Tax ID	N/A
Area Measurement(NRA)	
Land Area Net	0.110 ac/ 4,770 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	Adequate
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Other(See Comments)
Primary Frontage	25 ft on 22nd Street
Secondary Frontage	N/A ft
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R1 (Residential)
Entitlement Status	N/A
Proposed Use or Development	N/A



### Transaction Details

Type	Sale	Primary Verification	Dave George of Redfin (877) 973-3346
Interest Transferred	Fee Simple	Transaction Date	07/06/2023
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$359,000
Buyer Type	N/A	Financing	Market Rate Financing
Recorded Seller	N/A	Cash Equivalent	\$359,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Dave George of Redfin (877) 973-3346	% Interest Purchased	100%
Doc #	N/A	Adjusted Price	\$359,000
		<b>Adjusted Price / ac and / sf</b>	<b>\$3,278,539 / \$75.26</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This is the sale of a vacant plot of R1 (Residential) zoned land. The lot sold in July of 2023 at \$359,000 (\$75.26/SF). Per discussion with listing broker, Dave George of Redfin, the property was listed on the open market for approximately 1-month. Within this time frame, the property received several offers. Buyer purchased the subject with the intent to develop a 1,200 SF SFR. Entitlements were not in-place at the time of sale. Please note that the property rests adjacent from Interstate 5 (I-5).

Property Name	Vacant Residential Land
Address	11560 Iris Avenue Fountain Valley, CA 92708
County	Orange
Govt./Tax ID	144-393-02
Area Measurement(NRA)	
Land Area Net	0.165 ac/ 7,200 sf
Land Area Gross	0.165 ac/ 7,200 sf
Site Development Status	Raw
Utilities	N/A
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Primary Frontage	60 ft on Iris Avenue
Secondary Frontage	N/A ft
Topography	Generally Level
Flood Zone Class	Zone X (Shaded)
Flood Panel No./ Date	06059C0256J/ Dec 2009
Zoning	R-1/ Single-Family Residential
Entitlement Status	N/A
Proposed Use or Development	N/A



### Transaction Details

Type	Sale	Primary Verification	N/A
Interest Transferred	Fee Simple	Transaction Date	03/09/2023
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$760,000
Buyer Type	N/A	Financing	Market Rate Financing
Recorded Seller	N/A	Cash Equivalent	\$760,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	N/A	% Interest Purchased	100%
Doc #	N/A	Adjusted Price	\$760,000
		<b>Adjusted Price / ac and</b>	<b>\$4,597,701 / \$105.56</b>
		<b>/ sf</b>	
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This is the sale of a vacant plot of residential land. The property is zoned R1 (Residential). It rests along Iris Avenue, a residential two (2) lane secondary street. Surrounding development consists of single-family homes. The sale was verified by listing broker Henry Pham of Pham Realty. Mr. Pham stated that the property was listed on the open-market for approximately 23 days. Within this time frame, it received approximately ten (10) offers near its recent purchase price of \$760,000 (\$105/SF). Property was unentitled at the time of sale.

# Addendum B

## Lease Contract Information

**LEASE AGREEMENT**  
(Mid-Basin Injection Well Project)

THIS LEASE AGREEMENT ("**Lease**") is made JUNE 18, 2013, ("**Effective Date**") by and between ORANGE COUNTY FLOOD CONTROL DISTRICT, a body politic and corporate, hereinafter referred to as "**DISTRICT**," and ORANGE COUNTY WATER DISTRICT, subdivision of the State of California organized under Chapter 924 of the Statutes of 1933, as amended, , hereinafter referred to as "**TENANT**," without regard to number and gender. DISTRICT and TENANT may sometimes hereinafter individually be referred to as "**Party**," or jointly as "**Parties**."

1. DEFINITIONS (PMA2.1 S)

The following words in this Lease have the significance attached to them in this Section unless otherwise apparent from context:

"**Board of Supervisors**" means the Board of Supervisors of the Orange County Flood Control District.

"**Director**" means the County of Orange, OC Public Works Director, or designee.

"**Auditor-Controller**" means the County of Orange, Auditor-Controller, or designee.

"**County**" means the County of Orange.

2. PREMISES (PMA3.1 S)

DISTRICT leases to TENANT that certain property hereinafter referred to as "**Premises**," described in "**Exhibit A**" and shown on "**Exhibit B**," which exhibits are attached hereto and by reference made a part hereof.

TENANT shall also have a non-exclusive license ("**License**") to utilize DISTRICT'S property labeled "**License Area**" on said Exhibit B for ingress and egress purposes subject to the terms and conditions set forth hereunder. The License may be revoked or otherwise revised at the sole discretion of the Director.

3. USE (PMB1.1 N)

Except as provided hereinbelow in Section 4 (Interruption of Use), TENANT'S use of the Premises shall be exclusive and shall be limited to the construction, installation, operation, maintenance, repair and replacement of a groundwater injection well system consisting of an injection water supply pump, a monitoring well, utility metering device(s), sub-surface pipelines, groundwater injection well system appurtenances, fencing, gates and locks ("**TENANT Facilities**"). TENANT shall not park any vehicle on the Premises without Tenant being physically present on the Premises and at no time shall TENANT be permitted to park any vehicle within the License Area. TENANT agrees not to use the Premises for any other purpose nor to engage in or permit any other activity within or from the Premises. TENANT further agrees not to conduct or

permit to be conducted any public or private nuisance in, on, or from the Premises, or to commit or permit to be committed any waste within the Premises or License Area.

#### 4. INTERRUPTION OF USE

DISTRICT reserves the right to use the Premises surface for the operation and maintenance of its flood control system, including use of the Premises for construction staging purposes, and as reasonably necessary therefor, Director, in Director's sole and absolute discretion, shall have the right to temporarily prohibit TENANT'S use of vehicles or equipment on, over or across the Premises.

TENANT agrees that its sole remedy for such prohibited access and/or use of the Premises shall be an abatement of rent due under Section 6 (Rent) of this Lease. Such rent abatement shall be based upon the proportionate area of the Premises over which TENANT is restricted from using and the number of days of such restricted use. DISTRICT shall not be liable for any other claim, including but not limited to loss of business or interruption of service.

Except in an emergency situation, Director shall endeavor to provide TENANT reasonable advance notice of planned activities which may restrict TENANT'S use of the Premises.

#### 5. TERM (PMB2.1 N)

The term of this Lease shall be thirty (30) years commencing the Effective Date of this Lease. However, TENANT may terminate this Lease at any time for any reason upon thirty (30) days written notice to Director. In no event shall such termination become effective until TENANT has fully complied with the provisions of Section 18 (Condition of Premises Upon Termination) of the General Conditions attached to this Lease. Unless otherwise sooner terminated as provided for herein, TENANT'S License shall expire upon the termination of this Lease.

#### 6. RENT (PMCI.1 S)

TENANT agrees to pay as rent for the Premises the sum of One Thousand, Five Hundred Dollars (\$1,500) per month, payable monthly in advance on or before the first day of each month so long as tenancy continues.

In the event the obligation to pay rent commences or terminates on some date other than the first or last day of the month, the first or last month's rent shall be prorated based upon a thirty (30) day month to reflect the actual period of tenancy.

#### 7. REVISION OF RENT (PMC4.2 N)

A. Periodic Rent Adjustment. The rent specified in Section 6 (Rent) shall be subject to automatic annual adjustments in proportion to changes in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA [All Urban Consumers-All Items, Not Seasonally adjusted (Base Period 1982-84=100)] promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor ("CPI").

The automatic adjustment shall be effective on each anniversary of the Effective Date of this Lease (if the Effective Date of this Lease falls on a day other than the first day of the month, the automatic adjustment shall be effective on the first day of the month following the anniversary of the Effective Date of this Lease) and shall be calculated by means of the following formula, rounded up to the nearest dollar.

$$A = \$1,500 \times \frac{B}{C}$$

A = Adjusted Rent

B = CPI for the month prior to the month in which each rental rate adjustment is to become effective

C = CPI for the month in which the lease becomes effective

Notwithstanding the foregoing, in no event shall the rent be reduced by reason of any such adjustment. In the event that the CPI is not issued or published for the period for which such rent is to be adjusted and computed hereunder, or in the event that the Bureau of Labor Statistics of the U.S. Department of Labor should cease to publish said CPI figures, then any similar index published by any other branch or department of the U.S. Government shall be used and if none is so published, then another index generally recognized and authoritative shall be substituted by Director.

**B. Appraisal Adjustment.** DISTRICT and TENANT agree that in lieu of a CPI rent adjustment due on the first full month of the eleventh-year anniversary of the Effective Date of this Lease and at each ten-year interval thereafter, so long as this Lease remains in effect, the rental payable pursuant to Section 6 (Rent) shall be subject to an adjustment by appraisal. .

No less than 150 days prior to each scheduled appraisal rent adjustment effective date, the value of the Premises shall be determined by an appraisal prepared by an independent State-certified general real estate appraiser selected by TENANT from a list of appraisers provided by DISTRICT'S OC Public Works/Real Estate Services (OCPW/Real Estate), or designee, and shall be prepared in accordance with a scope of work provided by OCPW/Real Estate. TENANT shall have the right to review and comment on the proposed scope of work and OCPW/Real Estate shall give due consideration to such comments prior to TENANT'S delivery of the final scope of work to the appraiser. The scope of work shall not include in the valuation the value of any Tenant Facilities or improvements located on the Premises. The appraiser shall be retained by TENANT, at TENANT'S cost and TENANT shall provide a copy of the appraisal to Director.

Effective on the first day of the first full month of the 11th year anniversary of the Effective Date of this Lease and at 120-month intervals thereafter, the monthly rental shall be adjusted to equal ten percent (10%) of the then current appraised value of the Premises using the following formula:

$$\text{Monthly Rent} = (\text{Appraised Value of Premises} \times 10\%) \div 12$$

In no event shall the monthly rent be reduced by reason of any such appraisal rent adjustment.

#### 8. RENT PAYMENT PROCEDURE (PMC6.4 S)

Rent payments shall be delivered to the Orange County Treasurer-Tax Collector, Revenue Recovery/Accounts Receivable Unit, P. O. Box 4005, Santa Ana, California 92702-4005 (or may be delivered to 11 Civic Center Plaza, Room G58, Santa Ana 92702). The designated place of payment may be changed at any time by Director upon ten (10) days' written notice to TENANT. Rent payments may be made by check payable to the Orange County Flood Control District with a notation that payment is for the Santa Ana River – Water Injection Lease. TENANT assumes all risk of loss if payments are made by mail.

All sums due under this Lease shall be paid in lawful money of the United States of America, without offset or deduction or prior notice or demand. No payment by TENANT or receipt by DISTRICT of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and DISTRICT shall accept such check or payment without prejudice to DISTRICT'S right to recover the balance of the amount due or pursue any other remedy in this Lease.

#### 9. CHARGE FOR LATE PAYMENT (PMC7.1 S)

TENANT hereby acknowledges that the late payment of rent or any other sums due hereunder will cause DISTRICT 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 costs such as administrative processing of delinquent notices, increased accounting costs, etc.

Accordingly, if any payment of rent as specified in Section 6 (Rent) or of any other sum due DISTRICT is not received by DISTRICT by the due date, a late charge of one and one-half percent (1.5%) of the payment due and unpaid plus \$100 shall be added to the payment, and the total sum shall become immediately due and payable to DISTRICT. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

TENANT and DISTRICT hereby agree that such late charges represent a fair and reasonable estimate of the costs that DISTRICT will incur by reason of TENANT'S late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by DISTRICT shall in no event constitute a waiver of TENANT'S default with respect to such overdue payment, or prevent DISTRICT from exercising any of the other rights and remedies granted hereunder.

#### 10. MAINTENANCE OBLIGATIONS OF TENANT (PME2.1 N)

TENANT shall, to the satisfaction of Director, keep and maintain the Premises, TENANT Facilities, and all improvements of any kind which may be erected, installed, or made thereon by or on behalf of TENANT in good condition and in substantial repair. It shall be TENANT'S responsibility to take all steps necessary or appropriate to maintain such a standard of condition and repair at no cost to DISTRICT.

TENANT expressly agrees to maintain the License Area, the gate and fence within the License Area, the Premises, and TENANT Facilities in a safe, clean, wholesome, sanitary condition, to the complete satisfaction of Director, and in compliance with all applicable laws. TENANT further agrees to provide approved containers for trash and garbage and to keep the Premises free and clear of rubbish and litter. Director shall have the right to enter upon and inspect the Premises at any time for cleanliness and safety.

If TENANT fails to maintain or make repairs or replacements as required herein, Director shall notify TENANT in writing of said failure. Should TENANT fail to correct the situation within three days after receipt of written notice, Director may make the necessary correction or cause it to be made and the cost thereof, including but not limited to the cost of labor, materials, equipment, and an administrative fee equal to fifteen percent (15%) of the sum of such items, shall be paid by TENANT within 10 days of receipt of a statement of said cost from Director. Director may, at his/her option, choose other remedies available herein, or by law.

#### 11. CONSTRUCTION AND MAINTENANCE (PMES2.2 N)

TENANT shall have all construction and/or maintenance plans approved in writing by Director prior to commencement of any work in, on or about the Premises; and upon completion of any such work, TENANT shall immediately notify Director in writing of such completion.

Director's approval of TENANT'S construction and/or maintenance plans shall not be deemed approval from the standpoint of structural safety, suitability for purpose or conformance with building or other codes or other governmental requirements. DISTRICT is not responsible for permitting of any construction and/or maintenance, design, assumptions or accuracy of TENANT'S construction and/or maintenance plans. Director will rely on the professional expertise of the Engineer of Record when approving TENANT'S construction and/or maintenance plans.

TENANT shall perform all construction and/or maintenance in such a manner that will not worsen flooding condition or shift flooding elsewhere and allow for unobstructed flood control operations and maintenance of the Channel by DISTRICT.

Should it be necessary for TENANT to conduct any construction or excavation activities or otherwise disturb the surface of the Premises subsequent to the completion of the initial installation of TENANT'S Facilities, TENANT agrees to notify Director in writing sixty no less than (60) days in advance of such planned activities, obtain Director's written approval of all plans, and prior to commencement of any such activities, obtain a permit for construction from the County with payment of normal processing fees. Said approval shall not be withheld unreasonably, nor shall said approval be necessary in any emergency situation or in conducting routine maintenance activities which do not involve disturbance of the surface area of the Premises.

Except in areas in which such activities require regulatory agency approval, or are otherwise designated as environmentally sensitive, TENANT shall have the right to cut such roots as may endanger or interfere with TENANT'S Facilities provided, however, that any excavation shall be made in such a manner as will cause the least injury to the surface of the ground and any

improvements and/or landscaping around such excavation, and that the earth so removed shall be replaced and the surface of the ground and any improvements and/or landscaping around such excavation, damaged shall be promptly restored by TENANT at its expense to the same condition as existed prior to excavation, to Director's satisfaction.

## 12. UTILITIES (PME 1.1N)

All utilities supplied to Premises for the purposes of conducting TENANT operations shall be separately metered. TENANT shall be responsible for and pay, prior to the delinquency date, all utility charges related to TENANT'S operations.

## 13. INSURANCE (PML10.1N)

A. General Requirements. TENANT agrees to purchase all required insurance at TENANT'S expense and to deposit with Director certificates of insurance, including all endorsements required herein, necessary to satisfy Director that the insurance provisions of this Lease have been complied with and to keep such insurance coverage and the certificates and endorsements therefor on deposit with the Director during the entire term of this Lease.

TENANT may self-insure for their insurance coverage provided such self-insurance meets or exceeds all provisions of the insurance requirements as stated herein throughout the term of this Lease. TENANT shall provide a Certificate of Self-Insurance verifying all the stated coverage minimums and comparable terms to Director.

This Lease shall automatically terminate at the same time TENANT'S insurance coverage is terminated. If within ten (10) business days after termination under this Section, TENANT obtains and provides evidence of the required insurance coverage acceptable to Director, this Lease may be reinstated at the sole discretion of Director. TENANT shall pay DISTRICT One Thousand Five Hundred Dollars (\$1,500.00) for processing the reinstatement of this Lease.

TENANT agrees that TENANT shall not operate on the Premises and/or use the License Area at any time the required insurance is not in full force and effect as evidenced by a certificate of insurance and necessary endorsements or, in the interim, an official binder being in the possession of Director. In no cases shall assurances by TENANT, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Director will only accept valid certificates of insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. TENANT also agrees that upon cancellation, termination, or expiration of TENANT'S insurance, Director may take whatever steps are necessary to interrupt any operation from or on the Premises and/or use of the License Area until such time as the Director reinstates the Lease.

If TENANT fails to provide Director with a valid certificate of insurance and endorsements, or binder at any time during the term of the Lease, DISTRICT and TENANT agree that this shall constitute a material breach of the Lease. Whether or not a notice of default has been sent to TENANT, said material breach shall permit Director to take whatever steps necessary to interrupt any operation from or on the Premises and/or use of the License Area, and to prevent any persons, including, but not limited to, members of the general public, and TENANT'S

employees and agents, from entering the Premises until such time Director is provided with adequate evidence of insurance required herein. TENANT further agrees to hold DISTRICT and/or County harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from actions performed by or on behalf of DISTRICT.

All contractors performing work on behalf of TENANT pursuant to this Lease shall obtain insurance subject to the same terms and conditions as set forth herein for TENANT. TENANT shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by DISTRICT from the TENANT under this Lease. It is the obligation of the TENANT to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Premises and/or upon the License Area. Such proof of insurance must be maintained by TENANT through the entirety of this Lease and be available for inspection by Director at any reasonable time.

All self-insured retentions (**SIRs**) and deductibles shall be clearly stated on the Certificate of Insurance. If no SIRs or deductibles apply, indicate this on the Certificate of Insurance with a "0" by the appropriate line of coverage. Any self-insured retention (SIR) or deductible in excess of \$25,000 (\$5,000 for automobile liability), shall specifically be approved by County Executive Office of Risk Management ("**CEO/Risk Management**").

If the TENANT fails to maintain insurance acceptable to DISTRICT for the full term of this Lease, DISTRICT may terminate this Lease.

B. Qualified Insurer. The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier) or have a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category) as determined by the most current edition of the Best's key Rating Guide/Property-Casualty/United States or ambest.com-

If the insurance carrier is not an admitted carrier in the state of California and does not have an A.M. Best rating of A-/VIII, the CEO/Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

C. Minimum Limits. The policy or policies of insurance maintained by the TENANT shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability including coverage for Pollution Liability	\$5,000,000 per occurrence \$5,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 limit per occurrence
Workers' Compensation	Statutory

Employers' Liability Insurance	\$1,000,000 per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all buildings, contents and any Tenant Facilities or improvements including Business Interruption/Loss of Rents with a 12 month limit.	100% of the Replacement Cost Value and no coinsurance provision

D. Coverage Forms. The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

E. Endorsements.

i. The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:

a. an Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the Orange County Flood Control District and County of Orange, its elected and appointed officials, officers, employees, and agents as Additional Insureds; and

b. primary non-contributing endorsement evidencing that the TENANT'S insurance is primary and any insurance or self-insurance maintained by DISTRICT and/or County shall be excess and non-contributing.

ii. All insurance policies required by this contract shall waive all rights of subrogation against the Orange County Flood Control District, County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

iii. The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the Orange County Flood Control District, County of Orange, and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees.

iv. The Commercial Property policy shall be endorsed to include the County of Orange as a Loss Payee as respects its financial interest in the property. A Loss Payee endorsement shall be submitted with the Certificate of Insurance as evidence of this requirement.

v. All insurance policies required by this contract shall give DISTRICT thirty (30) days' notice in the event of cancellation and ten (10) days for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

vi. The Commercial General Liability policy shall contain a severability of interests clause, also known as a "separation of insureds" clause (standard in the ISO CG 001 policy)

F. Delivery. Insurance certificates should be forwarded to DISTRICT address provided in the Section 18 (Notices) below or to an address provided by Director. TENANT has ten (10) business days to provide adequate evidence of insurance or this Lease may be cancelled.

G. Insurance Requirement Changes. DISTRICT expressly retains the right to require TENANT to increase or decrease insurance of any of the above insurance types throughout the term of this Lease. Any increase or decrease in insurance will be as deemed by CEO/Risk Management as appropriate to adequately protect DISTRICT.

Director shall notify TENANT in writing of changes in the insurance requirements. If TENANT does not deposit copies of acceptable certificates of insurance and endorsements with Director incorporating such changes within thirty (30) days of receipt of such notice, this Lease may be in breach without further notice to TENANT, and DISTRICT shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit TENANT'S liability hereunder nor to fulfill the indemnification provisions and requirements of this Lease, nor in any way to reduce the policy coverage and limits available from the insurer.

#### 14. ASSIGNING, SUBLETTING, AND ENCUMBERING (PME7.2N)

Any mortgage, pledge, hypothecation, encumbrance, transfer, or assignment (hereinafter in this section referred to collectively as "**Encumbrance**") of TENANT'S interest in the Premises or the License Area, or any part or portion thereof, shall first be approved in writing by DISTRICT, unless otherwise provided herein. Failure to obtain DISTRICT'S required written approval of an Encumbrance will render such Encumbrance void. Occupancy of the Premises by a prospective transferee, or assignee before approval of the transfer, or assignment by DISTRICT shall constitute a breach of this Lease. The entry into subleases is prohibited and shall constitute a breach of this Lease.

If TENANT hereunder is a corporation or an unincorporated association or partnership, the Encumbrance of any stock or interest in said corporation, association or partnership in the aggregate exceeding 50% or that result in a change in control of such entity shall be deemed an assignment within the meaning of this Lease.

Should DISTRICT consent to any Encumbrance, such consent shall not constitute a waiver of any of the terms, covenants, or conditions of this Lease or be construed as DISTRICT'S consent to any further Encumbrance. Such terms, covenants or conditions shall apply to each and every Encumbrance hereunder and shall be severally binding upon each and every party thereto. Any document to mortgage, pledge, hypothecate, encumber, transfer, or assign the Premises or any part thereof shall not be inconsistent with the provisions of this Lease and in the event of any such inconsistency, the provisions of this Lease shall control.

DISTRICT agrees that it will not arbitrarily withhold consent to any Encumbrance, but DISTRICT may withhold consent at its sole discretion if any of the following conditions exist:

- A. TENANT or any of TENANT'S successors or assigns is in default of any term, covenant or condition of this Lease, whether notice of default has or has not been given by DISTRICT.
- B. The prospective Encumbrancer has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this Lease.
- C. All the terms, covenants, and conditions of Encumbrance, including the consideration therefor of any and every kind, have not been revealed in writing to Director.
- D. TENANT has not provided Director with a copy of all documents relating thereto including, but not limited to, appraisals if any.
- E. Any construction required of TENANT as a condition of this Lease has not been completed to the satisfaction of DISTRICT.
- F. The processing fee required by DISTRICT and set out below has not been paid to DISTRICT.

A processing fee of Two Thousand Five Hundred Dollars (\$2,500.00) shall be paid to DISTRICT for processing each consent to assignment, transfer, hypothecation, or sublease submitted to DISTRICT as required by this Lease. This processing fee shall be deemed earned by DISTRICT when paid and shall not be refundable.

The processing fee specified above shall be automatically adjusted for all consents required or requested subsequent to the second year of this Lease. Said adjustment shall be in proportion to the change in the CPI [as defined in Section 6 (Rent)], or any replacement index thereto. Said automatic adjustment shall be calculated by means of the following formula, then rounded to the nearest ten dollar figure:

$$A = \$2,500 \times \frac{B}{C}$$

Where            A = adjusted processing fee  
                      B = CPI for the month prior to the month in which the request for consent to assignment, transfer or sublease is dated  
                      C = CPI for the month this Lease became effective

Notwithstanding the foregoing, in no event shall the processing fee be reduced by reason of any such adjustment.

#### 15. MECHANICS LIENS OR STOP-NOTICES (PMD4.1 N)

TENANT shall at all times indemnify, defend with counsel approved in writing by DISTRICT, and save DISTRICT and County harmless from all claims, losses, demands, damages, cost, expenses, or liabilities in connection with the use, construction, repair, alteration, or installation

of any TENANT Facilities by TENANT within, upon, or under the Premises and/or the License Area, and from the cost of defending against such claims, including reasonable attorney fees and costs.

In the event a lien or stop-notice is imposed upon the Premises or License Area as a result of such construction, repair, alteration, or installation, TENANT shall either:

- A. Record a valid Release of Lien, or
- B. Procure and record a bond in accordance with Section 3143 or 3196 of the Civil Code, which frees the Premises from the claim of the lien or stop-notice and from any action brought to foreclose the lien.

Should TENANT fail to accomplish one of the two actions above within fifteen (15) days after the filing of such a lien or stop-notice, TENANT shall be deemed to be in default under this Lease and shall be subject to the provisions of Section 15 (Default In Terms of the Lease by Tenant) of the General Conditions attached hereto.

#### 16. HAZARDOUS MATERIAL (PMF9.1 N)

A. Definition of Hazardous Materials. For purposes of this Lease, the term “**Hazardous Materials**” shall mean any hazardous or toxic substance, material, product, byproduct, or waste which is or shall become regulated by any governmental entity, including, without limitation, the County of Orange, the State of California or the United States government.

B. Use of Hazardous Materials. TENANT or TENANT’S employees, agents, independent contractors or invitees (collectively “**TENANT Parties**”) shall not cause or permit any Hazardous Materials to be brought upon, stored, kept, used, generated, released into the environment or disposed of on, under, from or about the Premises or the License Area (which for purposes of this clause shall include the subsurface soil and ground water). Notwithstanding the foregoing, TENANT may keep on or about the Premises small quantities of Hazardous Materials that are used in the ordinary, customary, and lawful cleaning of and business operations or the operation, maintenance or repair of TENANT Facilities on the Premises. Said permitted Hazardous Materials shall be stored in a safe location and shall be disposed of in a manner provided by law.

C. TENANT Obligations. If the presence of any Hazardous Materials on, under or about the Premises or the License Area caused or permitted by TENANT or TENANT Parties, results in (i) injury to any person, (ii) injury to or contamination of the Premises (or a portion thereof), or (iii) injury to or contamination of any real or personal property wherever situated, TENANT, at its sole cost and expense, shall promptly take all actions necessary or appropriate to return the Premises and/or to the License Area to the condition existing prior to the introduction of such Hazardous Materials to the Premises and/or the License Area and to remedy or repair any such injury or contamination. Without limiting any other rights or remedies of DISTRICT under this Lease, TENANT shall pay the cost of any cleanup or remedial work performed on, under, or about the Premises and/or the License Area as required by this Lease or by applicable laws in

connection with the removal, disposal, neutralization or other treatment of such Hazardous Materials caused or permitted by TENANT or TENANT Parties. Notwithstanding the foregoing, TENANT shall not take any remedial action in response to the presence, discharge or release, of any Hazardous Materials on, under or about the Premises and/or the License Area caused or permitted by TENANT or TENANT Parties, or enter into any settlement agreement, consent decree or other compromise with any governmental or quasi-governmental entity without first obtaining the prior written consent of the DISTRICT. All work performed or caused to be performed by TENANT as provided for above shall be done in good and workmanlike manner and in compliance with plans, specifications, permits and other requirements for such work approved by DISTRICT.

D. Indemnification for Hazardous Materials. To the fullest extent permitted by law, TENANT hereby agrees to indemnify, hold harmless, protect and defend (with attorneys acceptable to DISTRICT) DISTRICT and County, its elected officials, officers, employees, agents, independent contractors, and the Premises and/or the License Area, from and against any and all liabilities, losses, damages (including, but not limited, damages for the loss or restriction on use of rentable or usable space or any amenity of the Premises and/or the License Area or damages arising from any adverse impact on marketing and diminution in the value of the Premises), judgments, fines, demands, claims, recoveries, deficiencies, costs and expenses (including, but not limited to, reasonable attorneys' fees, disbursements and court costs and all other professional or consultant's expenses), whether foreseeable or unforeseeable, arising directly or indirectly out of the presence, use, generation, storage, treatment, on or off-site disposal or transportation of Hazardous Materials on, into, from, under or about the Premises by TENANT or TENANT Parties. The foregoing indemnity shall also specifically include the cost of any required or necessary repair, restoration, clean-up or detoxification of the Premises and/or the License Area and the preparation of any closure or other required plans.

#### 17. BEST MANAGEMENT PRACTICES (PML 11.2 N)

TENANT and TENANT Parties shall conduct operations under this Lease so as to assure that pollutants do not enter municipal storm drain systems which systems are comprised of, but are not limited to curbs and gutters that are part of the street systems (“**Stormwater Drainage System**”), and to ensure that pollutants do not directly impact “Receiving Waters” (as used herein, Receiving Waters include, but are not limited to, rivers, creeks, streams, estuaries, lakes, harbors, bays and oceans).

The Santa Ana and San Diego Regional Water Quality Control Boards have issued National Pollutant Discharge Elimination System permits (“**Stormwater Permits**”) to the County of Orange, and to the Orange County Flood Control District and cities within Orange County, as co-permittees (hereinafter collectively referred to as “**County Parties**”) which regulate the discharge of urban runoff from areas within the County of Orange, including the Premises. The County Parties have enacted water quality ordinances that prohibit conditions and activities that may result in polluted runoff being discharged into the Stormwater Drainage System.

To assure compliance with the Stormwater Permits and water quality ordinances, the County Parties have developed a Drainage Area Management Plan (“**DAMP**”) which includes a Local Implementation Plan (“**LIP**”) for each jurisdiction that contains Best Management Practices

("BMPs") that parties using properties within Orange County must adhere to. As used herein, a BMP is defined as a technique, measure, or structural control that is used for a given set of conditions to manage the quantity and improve the quality of stormwater runoff in a cost effective manner. These BMPs are found within the DISTRICT'S LIP in the form of Model Maintenance Procedures and BMP Fact Sheets (the Model Maintenance Procedures and BMP Fact Sheets contained in the DAMP/LIP shall be referred to hereinafter collectively as "BMP Fact Sheets") and contain pollution prevention and source control techniques to eliminate non-stormwater discharges and minimize the impact of pollutants on stormwater runoff.

TENANT, TENANT Parties, and all persons authorized by TENANT to conduct activities on the Premises and/or the License Area shall, throughout the term of this Lease, comply with all applicable BMP Fact Sheets as they exist now or are modified, and shall comply with all other requirements of the Stormwater Permits, as they exist at the time this Lease commences or as the Stormwater Permits may be modified. TENANT agrees to maintain current copies of all applicable BMP Fact Sheets on the Lease Area throughout the term of this Lease. The BMPs applicable to uses authorized under this Lease must be performed as described within all applicable BMP Fact Sheets.

TENANT may propose alternative BMPs that meet or exceed the pollution prevention performance of the BMP Fact Sheets. Any such alternative BMPs shall be submitted to the Director for review and approval prior to implementation.

Director may enter the Premises and/or review TENANT'S records at any time to assure that activities conducted on the Premises or over the License Area comply with the requirements of this section. TENANT may be required to implement a self-evaluation program to demonstrate compliance with the requirements of this section.

#### 18. NOTICES (PMF10.1 S)

All notices, documents, correspondence, and communications concerning this Lease shall be addressed as set forth in this clause, or as the parties may hereafter designate by written notice, and shall be sent through the United States mail, duly registered or certified with postage prepaid. Any such mailing shall be deemed served or delivered twenty four (24) hours after mailing. Each party may change the address for notices by giving the other party at least ten (10) calendar days prior written notice of the new address.

Notwithstanding the above, either party may also provide notices, documents, correspondence, or such other communications to the other by personal delivery, regular mail, or facsimile and, so given, shall be deemed to have been given upon receipt if provided by personal delivery or facsimile, or forty-eight (48) hours after mailing if provided by regular mail.

TO: DISTRICT  
County of Orange  
OC Public Works/Real Estate Services  
RE: E01-706.1 - OCWD Lease  
P. O. Box 4048  
Santa Ana, CA 92702-4048  
Facsimile: 714/834-2870

TO: TENANT  
Orange County Water District  
18700 Ward Street  
P. O. Box 8300  
Fountain Valley, CA 92728-8300  
Facsimile: 714/378-3370  
Attn: Property Management

19. AUTHORITY (PMES20.1S)

The Parties to this Lease represent and warrant that this Lease has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.

20. GENERAL CONDITIONS

This Lease includes the General Conditions attached hereto and by this reference made a part hereof. In the event of any conflict between the provisions of this Lease and the provisions in the General Conditions, the provision of this Lease shall control.

21. COUNTERPARTS

This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGES]

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IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

Approved as to Form  
Office of the County Counsel  
Orange County, California

By: [Signature]  
Deputy

Date: 4/15/2017

**DISTRICT**

ORANGE COUNTY FLOOD  
CONTROL DISTRICT, a body corporate and  
politic

By: [Signature]  
Chairman, Board of Supervisors  
Orange County, California

Signed and certified that a copy of this document  
has been delivered to the  
Chair of the Board per  
G.C. Sec. 25103, Resolution 79-1535

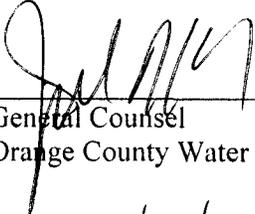
ATTEST:

[Signature]  
Susan Novak  
Clerk of the Board of Supervisors  
Orange County Flood Control District  
Orange County, California



TENANT'S signature on following page

Approved as to Form  
RUTAN & TUCKER, LLP.

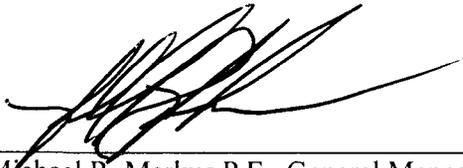
By:   
General Counsel  
Orange County Water District

Date: 4/22/2013

**TENANT**

ORANGE COUNTY WATER DISTRICT,  
subdivision of the State of California organized  
under Chapter 924 of the Statutes of 1933, as  
amended

By:   
Shawn Dewane, President

By:   
Michael R. Markus P.E., General Manager

**GENERAL CONDITIONS (PMGE1.2-29.1)**

**1. TIME (PMGE1.2 S)**

Time is of the essence of this Lease. Failure to comply with any time requirement of this Lease shall constitute a material breach of this Lease.

**2. SIGNS (PMGE2.2 S)**

TENANT agrees not to construct, maintain, or allow any signs, banners, flags, etc., upon the Premises or License Area except as approved by Director. TENANT further agrees not to construct, maintain, or allow billboards or outdoor advertising signs upon the Premises or License Area. Such signs are prohibited on DISTRICT property by Resolutions F60-23 and F60-65 of DISTRICT'S Board of Supervisors.

Unapproved signs, banners, flags, etc., may be removed by Director without prior notice to TENANT.

**3. PERMITS AND LICENSES (PMGE3.2 S)**

TENANT shall be required to obtain any and all approvals, permits and/or licenses which may be required in connection with the operation of the Premises as set out herein. No permit, approval, or consent given hereunder by DISTRICT, in its governmental capacity, shall affect or limit TENANT'S obligations hereunder, nor shall any approvals or consents given by DISTRICT, as a Party to this Lease, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules, or regulations.

**4. LEASE ORGANIZATION (PMGE5.2 S)**

The various headings and numbers herein, the grouping of provisions of this Lease into separate clauses and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

**5. AMENDMENTS (PMGE6.2 S)**

This Lease is the sole and only agreement between the Parties regarding the subject matter hereof; other agreements, either oral or written, are void. Any changes to this Lease shall be in writing and shall be properly executed by both Parties.

**6. UNLAWFUL USE (PMGE7.2 S)**

TENANT agrees no improvements shall be erected, placed upon, operated, nor maintained within the Premises or License Area, nor any business conducted or carried on therein or therefrom, in violation of the terms of this Lease, or of any regulation, order of law, statute, bylaw, or ordinance of a governmental agency having jurisdiction.

**7. NONDISCRIMINATION (PMGE8.2 S)**

TENANT agrees not to discriminate against any person or class of persons by reason of sex, age, race, color, creed, physical handicap, or national origin in employment practices and in the activities conducted pursuant to this Lease. TENANT shall make its accommodations and services available to the public on fair and reasonable terms.

**8. INSPECTION (PMGE9.2 S)**

DISTRICT or its authorized representative shall have the right at all reasonable times to inspect the Premises and License Area to determine if the provisions of this Lease are being complied with.

**9. HOLD HARMLESS (PMGE10.2 N)**

TENANT acknowledges that the Premises and License Area lie in, on or about an area commonly referred to as the Santa Ana River Flood Channel (hereinafter referred to as “**Channel**”) and may be subject to all hazards associated with flood conditions and TENANT agrees to assume all risks, financial or otherwise associated therewith, including, but not limited to any interruption in or restricted use of the Premises and/or the License Area, whether temporary or permanent due to DISTRICT’s use of, or operations conducted in, on, or about the Premises and/or the License Area.

TENANT hereby releases and waives all claims and recourse against DISTRICT, and COUNTY including the right of contribution for loss or damage of persons or property, arising from, growing out of or in any way connected with or related to this Lease except claims arising from the concurrent active or sole negligence of DISTRICT and/or COUNTY, their officers, agents, employees and contractors. TENANT hereby agrees to indemnify, defend (with counsel approved in writing by DISTRICT), and hold harmless, DISTRICT and COUNTY, their elected and appointed officials, officers, agents, employees and contractors against any and all claims, losses, demands, damages, cost, expenses or liability for injury to any persons or property, arising out of the operation or maintenance of the property described herein, and/or TENANT’S exercise of the rights under this Lease, except for liability arising out of the concurrent active or sole negligence of DISTRICT, and/or COUNTY, their elected and appointed officials, officers, agents, employees or contractors including the cost of defense of any lawsuit arising therefrom. If DISTRICT or COUNTY is/are named as co-defendant(s) in a lawsuit, TENANT shall notify DISTRICT of such fact and shall represent DISTRICT/COUNTY in such legal action unless DISTRICT/COUNTY undertakes to represent itself/themselves as co-defendant(s) in such legal action, in which event, TENANT shall pay to DISTRICT/COUNTY its/their litigation costs, expenses, and attorneys’ fees. If judgment is entered against DISTRICT/COUNTY and TENANT by a court of competent jurisdiction because of the concurrent active negligence of DISTRICT/COUNTY and TENANT, DISTRICT and TENANT agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

TENANT acknowledges that it is familiar with the language and provisions of California Civil Code Section 1542 which provides as follows:

*A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known by him or her, must have materially affected his or her settlement with the debtor.*

TENANT, being aware of and understanding the terms of Section 1542, hereby waives all benefit of its provisions to the extent described in this paragraph.

**10. TAXES AND ASSESSMENTS (PMGE11.2 S)**

This Lease may create a possessory interest which is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) which become due and payable upon the Premises or upon fixtures, equipment, or other property installed or constructed thereon, shall be the full responsibility of TENANT, and TENANT shall cause said taxes and assessments to be paid promptly.

**11. SUCCESSORS IN INTEREST (PMGE12.2 S)**

Unless otherwise provided in this Lease, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the Parties hereto, all of whom shall be jointly and severally liable hereunder.

**12. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE (PMGE13.2 S)**

If either Party shall be delayed or prevented from the performance of any act required hereunder by reason of Acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse TENANT from the prompt payment of any rental or other charge required of TENANT except as may be expressly provided elsewhere in this Lease

**13. PARTIAL INVALIDITY (PMGE14.2 S)**

If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

**14. WAIVER OF RIGHTS (PMGE15.2 S)**

The failure of DISTRICT or TENANT to insist upon strict performance of any of the terms, covenants, or conditions of this Lease shall not be deemed a waiver of any right or remedy that DISTRICT or TENANT may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants, and conditions of the Lease thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant, or condition of the Lease. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

**15. EVENTS OF DEFAULT AND REMEDIES (PMGE16.2 S)**

- A. Events of Default. The occurrence of any one or more of the following events shall constitute a default hereunder by TENANT:
1. The abandonment or vacation of the Premises by TENANT.
  2. The failure by TENANT to make any payment of rent or any other sum payable hereunder by TENANT, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from DISTRICT to TENANT; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.
  3. The failure or inability by TENANT to observe or perform any of the provisions of this Lease to be observed or performed by TENANT, other than specified in subparagraphs A.(1) or A.(2) above, where such failure shall continue for a period of ten (10) days after written notice thereof from DISTRICT to TENANT; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.; provided, further, that if the nature of such failure is such that it can be cured by TENANT but that more than ten (10) days are reasonably required for its cure (for any reason other than financial inability), then TENANT shall not be deemed to be in default if TENANT shall commence such cure within said ten (10) days, and thereafter diligently prosecutes such cure to completion.
  4. The making by TENANT of any general assignment for the benefit of creditors.
  5. A case is commenced by or against TENANT under Chapters 7, 11 or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so commenced against TENANT, the same is not dismissed within sixty (60) days of such commencement.

6. The appointment of a trustee or receiver to take possession of substantially all of TENANT'S assets located at the Premises or of TENANT'S interest in this Lease, where such seizure is not discharged within thirty (30) days.
  7. TENANT'S convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts. In the event of any such default, neither this Lease nor any interests of TENANT in and to the Premises shall become an asset in any of such proceedings and, in any such event and in addition to any and all rights or remedies of the DISTRICT hereunder or by law; provided, it shall be lawful for the DISTRICT to declare the term hereof ended and to re-enter the Premises and take possession thereof and remove all persons therefrom, and TENANT and its creditors (other than DISTRICT) shall have no further claim thereon or hereunder.
- B. Remedies. In the event of any default by TENANT, then, in addition to any other remedies available to DISTRICT at law or in equity, DISTRICT may exercise the following remedies:
1. DISTRICT may terminate this Lease and all rights of TENANT hereunder by giving written notice of such termination to TENANT. In the event that DISTRICT shall so elect to terminate this Lease, then DISTRICT may recover from TENANT:
    - (a) The worth at the time of award of the unpaid rent and other charges, which had been earned as of the date of the termination hereof;
    - (b) The worth at the time of award of the amount by which the unpaid rent and other charges which would have been earned after the date of the termination hereof until the time of award exceeds the amount of such rental loss that TENANT proves could have been reasonably avoided;
    - (c) The worth at the time of award of the amount by which the unpaid rent and other charges for the balance of the term hereof after the time of award exceeds the amount of such rental loss that TENANT proves could be reasonably avoided;
    - (d) Any other amount necessary to compensate DISTRICT for all the detriment proximately caused by TENANT'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 repair, renovation and alteration of the Premises, reasonable attorneys' fees, expert witness costs, and any other reasonable costs; and
    - (e) Any other amount which DISTRICT may by law hereafter be permitted to recover from TENANT to compensate DISTRICT for the detriment caused by TENANT'S default.

The term "rent" as used herein shall be deemed to be and to mean the annual rent and all other sums required to be paid by TENANT pursuant to the terms of this Lease. All such sums, other than the annual rent, shall be computed on the basis of the average monthly amount thereof accruing during the 24-month period immediately prior to default, except that if it becomes necessary to compute such rental before such 24-month period has occurred, then such sums shall be computed on the basis of the average monthly amount during such shorter period. As used in subparagraphs B.1.(a) and B.1.(b) above, the "worth at the time of award" shall be computed by allowing interest at the maximum rate permitted by law. As used in subparagraph B.1.(c) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%), but not in excess of ten percent (10%) per annum.

2. Continue this Lease in effect without terminating TENANT'S right to possession even though TENANT has breached this Lease and abandoned the Premises and to enforce all of DISTRICT'S rights and remedies under this Lease, at law or in equity, including the right to recover the rent as it becomes due under this Lease; provided, however, that DISTRICT may at any time thereafter elect to terminate this Lease for such previous breach by notifying TENANT in writing that TENANT'S right to possession of the Premises has been terminated.

Nothing in this Section shall be deemed to affect TENANT'S indemnity of DISTRICT liability or liabilities based upon occurrences prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease.

No delay or omission of DISTRICT to exercise any right or remedy shall be construed as a waiver of such right or remedy or any default by TENANT hereunder. The acceptance by DISTRICT of rent or any other sums hereunder shall not be (a) a waiver of any preceding breach or default by TENANT of any provision thereof, other than the failure of TENANT to pay the particular rent or sum accepted, regardless of DISTRICT'S knowledge of such preceding breach or default at the time of acceptance of such rent or sum, or (b) waiver of DISTRICT'S right to exercise any remedy available to DISTRICT by virtue of such breach or default. No act or thing done by DISTRICT or DISTRICT'S agents during the term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by DISTRICT.

Any installment or rent due under this Lease or any other sums not paid to DISTRICT when due (other than interest) shall bear interest at the maximum rate allowed by law from the date such payment is due until paid, provided, however, that the payment of such interest shall not excuse or cure the default.

All covenants and agreements to be performed by TENANT under any of the terms of this Lease shall be performed by TENANT at TENANT'S sole cost and expenses and without any abatement of rent. If TENANT shall fail to pay any sum of money, other than rent required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, or to provide any insurance or evidence of insurance to be provided by TENANT, then in addition to any other remedies provided herein, DISTRICT may, but shall not be obligated to do so, and without waiving or releasing TENANT from any obligations of TENANT, make any such payment or perform any such act on TENANT'S part to be made or performed as provided in this Lease or to provide such insurance. Any payment or performance of any act or the provision of any such insurance by DISTRICT on TENANT'S behalf shall not give rise to any responsibility of DISTRICT to continue making the same or similar payments or performing the same or similar acts. All costs, expenses, and other sums incurred or paid by DISTRICT in connection therewith, together with interest at the maximum rate permitted by law from the date incurred or paid by DISTRICT shall be deemed to be additional rent hereunder and shall be paid by TENANT with and at the same time as the next monthly installment of rent hereunder, and any default therein shall constitute a breach of the covenants and conditions of this Lease.

#### **16. RESERVATIONS TO DISTRICT (PMGE18.2 S)**

The Premises are accepted "as is" and "where is" by TENANT subject to any and all existing easements, encumbrances. DISTRICT reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, and connections; water, oil, and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. DISTRICT also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises. No right reserved by DISTRICT in this clause shall be so exercised as to interfere unreasonably with TENANT'S operations hereunder or to impair the security of any secured creditor of TENANT.

DISTRICT agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. DISTRICT further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Premises by TENANT, the rental shall be reduced in proportion to the interference with TENANT'S use of the Premises.

**17. HOLDING OVER (PMGE19.2 S)**

In the event TENANT shall continue in possession of the Premises after the term of this Lease, such possession shall not be considered a renewal of this Lease but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Lease.

**18. CONDITION OF PREMISES UPON TERMINATION (PMGE20.2 N)**

A. Unless Director has provided TENANT with written notice that DISTRICT wishes to retain any or all TENANT Facilities, TENANT shall, at TENANT'S sole cost and expense no later than the expiration or sooner termination of this Lease:

1. abandon all water wells on the Premises in place, in accordance with state water well standards (e.g. CA Department of Water Resources Bulletins 74-81 and Bulletins 74-90); and,
2. remove all other TENANT Facilities, both surface and underground, located on or within the Premises and the License Area to Director's satisfaction which shall include, but not be limited to, compaction of filled excavations to ninety percent (90%) compaction as determined by California Test Method No. 216 and delivering the Premises and the License Area in a condition which allows for unrestricted use of the property.

B. Should TENANT fail to satisfy its obligations in the above sub-section 18.A., DISTRICT shall have the right to perform, or cause to be performed, any task necessary for the Premises and the License Area to be returned in conformance therewith at TENANT'S cost, including the cost of labor, materials, equipment, disposal fees and other costs Director determines to be reasonably related to such removal or abandonment, plus an administrative fee equal to fifteen percent (15%) of the sum of those items, without liability therefor to TENANT or to any person claiming under TENANT. Director shall present TENANT with an invoice for labor, materials, equipment, disposal fees and other costs Director determines to be reasonably related to removal of such TENANT Facilities which invoice TENANT agrees to pay within thirty (30) days of receipt.

**19. DISPOSITION OF ABANDONED PERSONAL PROPERTY (PMGE21.2 S)**

If TENANT abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to and left on the Premises and/or the License Area fifteen (15) days after such event shall, at DISTRICT'S option, be deemed to have been transferred to DISTRICT. DISTRICT shall have the right to remove and to dispose of such property without liability therefor to TENANT or to any person claiming under TENANT, and shall have no need to account therefor.

**20. QUITCLAIM OF TENANT'S INTEREST UPON TERMINATION (PMGE22.2 S)**

Upon termination of this Lease for any reason, including but not limited to termination because of default by TENANT, TENANT shall execute, acknowledge, and deliver to DISTRICT, within thirty (30) days after receipt of written demand therefor, a good and sufficient deed whereby all right, title, and interest of TENANT in the Premises is quitclaimed to DISTRICT. Should TENANT fail or refuse to deliver the required deed to DISTRICT, DISTRICT may prepare and record a notice reciting the failure of TENANT to execute, acknowledge, and deliver such deed and said notice shall be conclusive evidence of the termination of this Lease and of all rights of TENANT or those claiming under TENANT in and to the Premises.

**21. DISTRICT'S RIGHT TO RE-ENTER (PMGE23.2 S)**

TENANT agrees to yield and peaceably deliver possession of the Premises to DISTRICT on the date of termination of this Lease, whatsoever the reason for such termination. Upon giving written notice of termination to TENANT, DISTRICT shall have the right to re-enter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Lease and re-entry of the Premises by DISTRICT shall in no way alter or diminish any obligation of TENANT under the Lease terms and shall not constitute an acceptance or surrender.

TENANT waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any lawful reason or in the event DISTRICT re-enters and takes possession of the Premises in a lawful manner.

**22. PUBLIC RECORDS (PMGE25.2 S)**

Any and all written information submitted to and/or obtained by DISTRICT from TENANT or any other person or entity having to do with or related to this Lease, the Premises, and/or the License Area, either pursuant to this Lease or otherwise, at the option of DISTRICT, may be treated as a public record open to inspection by the public pursuant to the California Records Act (Government Code Section 6250, etc.) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and TENANT hereby waives, for itself, its agents, employees, subtenants, and any person claiming by, through or under TENANT, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and hereby agrees to indemnify and hold DISTRICT harmless from any and all claims, demands, liabilities, and/or obligations arising out of or resulting from a claim by TENANT or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorneys' fees and costs.

**23. RELATIONSHIP OF PARTIES (PMGE26.2 S)**

The relationship of the Parties hereto is that of DISTRICT and TENANT, and it is expressly understood and agreed that DISTRICT does not in any way or for any purpose become a partner of, or a joint venture with TENANT in the conduct of TENANT'S business or otherwise, and the provisions of this Lease and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained.

**24. ATTORNEYS' FEES (PMGE28.1)**

In any action or proceeding brought to enforce or interpret any provision of this Lease, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees and costs.

**25. VENUE (PMGE29.1)**

The Parties hereto agree that this Lease has been negotiated and executed in the State of California and shall be governed by and construed under the laws of California. In the event of any legal action to enforce or interpret this Lease, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties hereto specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

EXHIBIT 'A'

LEGAL DESCRIPTION

ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE

THAT PORTION OF PARCEL NO. E1-706 IN THE CITY OF FOUNTAIN VALLEY, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS DESCRIBED IN THE GRANT DEED TO THE ORANGE COUNTY FLOOD CONTROL DISTRICT RECORDED FEBRUARY 9, 1961 IN BOOK 5625, PAGE 308, OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL AS DESCRIBED IN SAID GRANT DEED, SAID POINT BEING ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE SANTA ANA RIVER AS SHOWN ON RECORD OF SURVEY 92-1068 FILED IN BOOK 146, PAGES 10 THROUGH 20, INCLUSIVE, OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, SAID POINT ALSO BEING ON A CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 22,743.33 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 72°30'20.6" EAST; THENCE SOUTHWESTERLY 125.63 FEET ALONG THE SOUTHEASTERLY BOUNDARY LINE OF SAID PARCEL AND SAID CURVE THROUGH A CENTRAL ANGLE OF 0°18'59.4" TO THE NORTHEAST CORNER OF THE EASEMENT TO THE COUNTY OF ORANGE PARCEL 119 AS DESCRIBED IN THE DOCUMENT RECORDED DECEMBER 3, 2012 AS INSTRUMENT NO. 2012000743969, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG THE BOUNDARY LINE OF SAID PARCEL 119 NORTH 89°33'45" WEST 50.63 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 119; THENCE CONTINUING ALONG THE BOUNDARY LINE OF SAID PARCEL 119 SOUTH 0°26'15" WEST 2.00 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF THE 50.00 FOOT WIDE STREET AND HIGHWAY EASEMENT RESERVED TO THE COUNTY OF ORANGE IN SAID GRANT DEED; THENCE LEAVING THE BOUNDARY LINE OF SAID PARCEL 119 AND ALONG THE NORTH BOUNDARY LINE OF SAID STREET AND HIGHWAY EASEMENT NORTH 89°33'45" WEST 41.16 FEET TO A POINT ON A LINE PARALLEL WITH AND DISTANT 25.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY BOUNDARY LINE OF SAID PARCEL NO. E1-706; THENCE ALONG SAID PARALLEL LINE NORTH 0°25'15" EAST 122.00 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF SAID PARCEL NO. E1-706; THENCE ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL NO. E1-706 SOUTH 89°33'45" EAST 129.00 FEET TO THE POINT OF BEGINNING.

EXHIBIT 'A'

LEGAL DESCRIPTION

ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE

THE AREA OF THE ABOVE DESCRIBED PARCEL IS 13,336 SQUARE FEET, MORE OR LESS.

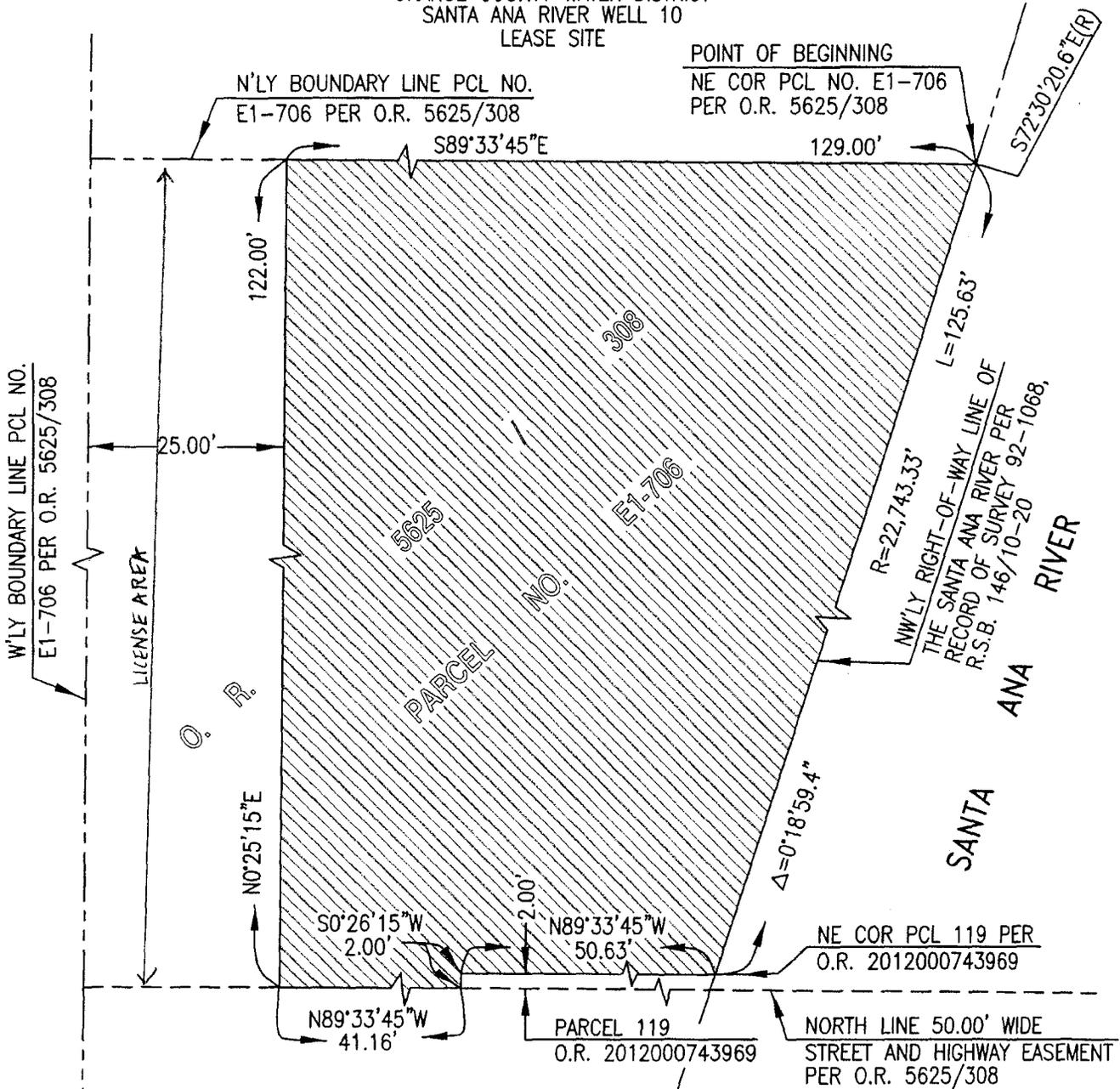
ALL AS SHOWN ON EXHIBIT 'B' ATTACHED HERETO AND MADE A PART HEREOF.



*David A. Bush*  
4-09-13

# EXHIBIT 'B'

ORANGE COUNTY WATER DISTRICT  
SANTA ANA RIVER WELL 10  
LEASE SITE



W'LY BOUNDARY LINE PCL NO. E1-706 PER O.R. 5625/308

N'LY BOUNDARY LINE PCL NO. E1-706 PER O.R. 5625/308

POINT OF BEGINNING  
NE COR PCL NO. E1-706  
PER O.R. 5625/308

LICENSE AREA

PARCEL NO. 5625

PARCEL NO. 308

PARCEL NO. 119

NW'LY RIGHT-OF-WAY LINE OF THE SANTA ANA RIVER PER R.S.B. 146/10-20

SANTA ANA RIVER

SANTA ANA RIVER

EDINGER AVENUE



David A. Bush

SCALE: 1"=20'



AREA = 13,336± SQ. FT.

# Addendum C

## Qualifications



VICE PRESIDENT | VALUATION & ADVISORY SERVICES

# Kyle Nelson

4301 La Jolla Village Drive, Suite 3000  
San Diego, CA  
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E Kyle.p.nelson@cbre.com

## Clients Represented

- Citizens Business Bank
- Live Oak Bank
- Pacific Western Bank
- PNC Bank
- Umpaque Bank
- Western Alliance Bank

## Education

- California State University, San Marcos

## Professional Experience

Kyle Nelson collaborates with a team of appraisers, researchers, and administrators dedicated to completing a diverse range of appraisal and consulting assignments throughout Southern California. His geographical reach extends throughout the Counties of San Diego, Orange, Riverside, Los Angeles, San Bernardino and Ventura.

Mr. Nelson has nearly 10 years of real estate experience specializing in institutional investment grade properties. He has continually cultivated new client relationships, focusing on providing client service. Throughout his career, Mr. Nelson has valued assets of a variety of purposes including mortgage lending, financial reporting, feasibility and fair market rent.

## Professional Affiliation & Accreditations

- Appraisal Institute, Candidate for Designation
- Certified California General Real Estate Appraiser (License No. 3007858)



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kyle E. Nelson**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

**"Certified General Real Estate Appraiser"**

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

**BREA APPRAISER IDENTIFICATION NUMBER: 3007858**

**Effective Date: August 25, 2022**

**Date Expires: August 24, 2024**

**Loretta Dillon, Deputy Bureau Chief, BREA**

**3067144**



VALUATION & ADVISORY SERVICES

# Beth B. Finestone, MAI, AI-GRS, FRICS, CRE

Executive Vice President  
Los Angeles, CA  
**T** +1 818 290 5455  
**E** Beth.Finestone@CBRE.com

## Professional Experience

Beth B. Finestone, MAI, AI-GRS, FRICS, CRE, is an Executive Vice President for CBRE's Valuation & Advisory Services (VAS). She has been appraising in Southern California since 1981, specializing in valuation and consulting services related to public agency and right-of-way clients and for major investment-grade commercial properties and special purpose properties. She also has extensive expertise in valuing large tracts of land for conservation, mitigation and other purposes.

Ms. Finestone's clients include public agencies, right-of-way firms, lenders, institutional investors, major corporations, law firms, and individual property owners. Her services include a wide range of specialized studies including ground lease rent studies, partial interest acquisitions, value diminution (from both internal and external influences), market demand, feasibility, severance damages and project benefits, investment analysis, assessment allocation, reuse analysis, and the valuation of partial interests including leasehold, leased fee, possessory interests, and minority interests.

She is experienced in valuing full and partial acquisitions related to eminent domain actions. These services include the valuation of fee acquisitions, permanent and temporary easements, including the appraisal of railroad and other types of corridors, pipeline easements and transmission line easements.

She has been a featured speaker at Appraisal Institute, International Right of Way, and legal functions. She was the 2019 President of the Southern California Chapter of the Appraisal Institute, the largest chapter in the country.

Beth was previously a Managing Director for and a principal of Integra Realty Resources – Los Angeles. In addition, she was the Executive Director of Integra Realty Resources – Orange County. During her career, she has held senior positions with Finestone & Associates and Cushman & Wakefield.

## Professional Affiliations / Accreditations

- Member: Appraisal Institute
- Designation: Appraisal Institute – General Review Specialist (AI-GRS)
- Fellow: Royal Institution of Chartered Surveyors
- Member: The Counselors of Real Estate
- Member: International Right of Way Association
- License: California State Certified General Real Estate Appraiser
- Certified: Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

## Education

- M.B.A., Pepperdine University
- B.S., Kinesiology, University of California, Los Angeles
- Certified by the Appraisal Institute's program of continuing education for its designated members.

## Recognition

- Los Angeles Business Journal 2009 Nominee for Executive of the Year – Women Making a Difference, May 2009
- Designated one of Real Estate Southern California’s 2006 Women of Influence, October 2006

## Seminar Presentations

- *Corridors, Crops & Condemnation* (IRWA National Conference in San Diego, June 2015)
- *Eminent Domain Appraisals: Pitfalls & Value-Added Services* (RICS – Southern California Chapter, CPD Presentation, April 16, 2015)
- Government Buildings (Appraisal Institute, Special Purposes Seminar, July 15, 2014)
- *The Trouble with Ignoring Building Code Violators* (SCCAI 43<sup>rd</sup> Annual Litigation Seminar, Moderator, November 15, 2013)
- *Conflicting Mandates & Instructions Between USPAP, Yellow Book, & Caltrans Appraisal Guidelines* (IRWA Annual Valuation Seminar, April 24, 2012)
- *Current Issues in Real Estate Appraisal* (Lorman Education Services, live audio conference, March 8, 2012)
- *The Role of the Appraiser in Construction Defect Litigation: Measuring Damages from Construction Defects* (MCLE-approved presentation, January 11, 2012, March 4, 2010, and February 10, 2010)

## Expert Testimony

Ms. Finestone has qualified as an expert witness in real estate matters and has testified before:

- Superior Courts: Los Angeles and Orange Counties
- Arbitration Hearings: Los Angeles County
- Tax Appeal Boards: Los Angeles and San Diego Counties

## Representative Appraisal Assignments

- Appraisal of 50+ single-family residences (SFRs) impacted by the I-405 Widening Project in Costa Mesa. The acquisitions all involve temporary construction easements (TCEs). This assignment required an analysis of temporary severance damages due to impacts to rear yards as well as a valuation of all site improvements in the TCE areas. Appraisal of 50+ commercial properties impacted by various types of partial acquisitions related to the I-405. Some of the appraisals were extremely complex with significant severance damage studies required.
- Multiple appraisal assignments for LACMTA included:
  - Appraisal of a 1.25-acre parcel improved with a Class A, 12-story, medical office building constructed circa 1962, an adjacent one-story bank building and an attached four-story parking structure known as the Westwood Medical Plaza. It is located along the proposed Purple Line Subway Extension Project Corridor, specifically on the northeast corner of Wilshire Boulevard and Westwood Boulevard in the Westwood neighborhood within the City of Los Angeles. As part of this project, LACMTA is seeking acquire various permanent and temporary property interests, and to relocate existing tenants within the subject property. The purpose of this appraisal was to estimate the fair market value of the property interests (Parts Taken) to be acquired from the Larger Parcel and to make a determination as to the impact of the proposed acquisitions on the Remainder Parcel.
  - Appraisal of Wilshire Federal Building: Appraisal of a deep tunnel easement on the Wilshire frontage of the Federal Building as part of LACMTA’s Purple Line extension. Consideration was given to the redevelopment potential of the site and the benefits to the remainder, as well as to the value of the parts taken.
  - Appraisal involving the valuation of partial acquisitions impacting the Westfield Mall in Century City as part of LACMTA’s Purple Line extension. This assignment was challenging with respect to valuing the underlying land associated with the larger parcel. The property is unique due to its location and its size. Complexities involved determining the number of trips allocated to the site as this in part drives land value. Again, consideration was given to damages and benefits, as well as to the value of the parts taken.

- Appraisal of numerous surface and subsurface acquisitions were required on the Veteran's Administration property for the construction of a subway station and tunnel easements for LACMTA's Purple Line. Significant research was required relative to the VA specific plan and the highest and best use of the property. Consideration was given to damages and project benefits as well as the value of the parts acquired.
- Appraisal of 50± miles of pipeline easement running through UPRR and BNSF rail corridors in Urban Los Angeles.
- Multiple appraisal assignments for RCTC included:
  - Appraisal of parcels under more than 50 separate ownerships affected by acquisitions and easements for the SR-91 Corridor Improvement Project through the City of Corona. The complete summary appraisal reports and appraisal summary statements included a valuation of the properties in the before and after condition. Some of the properties had significant severance damage analyses due to loss of building improvements, parking, loading, etc.
  - City of Riverside 69 kV Electrical Transmission Line Project: Initially valued 22 residential and commercial properties in the City of Riverside. These properties all had a three-foot-wide partial taking along their frontage to accommodate the construction of a 69 kV transmission line. This represented Phase One of this assignment. Phase Two involved the partial taking of land over seven properties owned by UCR for the construction of a transmission line. The final phase involved approximately 100 properties of various types which were impacted by partial acquisitions for the construction of a transmission line. The final phase involved approximately 90 properties of various types which will be impacted by partial takes for the construction of a transmission line.
- Appraisal of in excess of 75 private properties on behalf of CHSRA. The property types included agricultural, commercial and residential. Most of the appraisals involved partial acquisitions. In addition, Ms. Finestone completed the appraisal of over 50 railroad corridor properties in conjunction with the high-speed rail project.
- Appraisal of the Del Mar Fairgrounds, Racetrack, and Horsepark (450 acres of land and over 1,000,000 square feet in improvements) for the California Department of General Services.
- Completed an appraisal of a property that represents one of the largest parcels of undeveloped and unprotected coastal property in Southern California (Banning Ranch). Much of the site had been occupied by oil operations since the 1940's. The appraisal of this property was very complex in that the highest and best use of the property was not clear at the onset of the assignment. This property consists of degraded wetlands, open space, and a small area with the potential for residential development. The goal of this project was to prepare an appraisal for acquisition purposes such that the buyer and seller could agree on a purchase price and put the property under contract.
- West Coyote Hills: Appraised Neighborhoods 1 and 3 of Vested Tentative Tract Map (VTTM) 17609. This is commonly referred to as Neighborhoods 1 and 3 of the West Coyotes Hills Property. Neighborhood 1 consists of 10.4± acres and was proposed for development with 16 residential units. Neighborhood 3 is 13.7± acres and was proposed for development with 59 residential units. Neighborhoods 1 and 3 were valued separately. The intended users of the report were the California State Coastal Conservancy, City of Fullerton, Wildlife Conservation Board, Rivers and Mountains Conservancy, California Department of Parks and Recreation, California Natural Resources Agency, and the US Fish and Wildlife Service. This report was prepared to Federal Standards in conformance with Yellow Book guidelines and the acquisition was made based on our appraisal.
- Appraisal in Fresno County for the State Department of Water Resources, which included 22 permanent flowage easements and three partial fee acquisitions. Some of the proposed flowage easements overlapped existing road and utility easements which had to be considered. Due to the nature of the flowage easements, substantial severance damages accrued to the remainder parcels which had to be considered. This assignment also included the consideration of orchard and crop values.
- Multiple appraisal assignments for the U.S. Department of the Interior, Appraisal and Valuation Services Office (AVSO) prepared to Federal Standards in accordance with Yellow Book guidelines. These were for acquisition purposes related to the San Joaquin River Restoration Project and for the acquisition land to be acquired for National Wilderness areas.



Business, Consumer Services & Housing Agency  
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**REAL ESTATE APPRAISER LICENSE**

**Beth I. Berger-Finestone**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

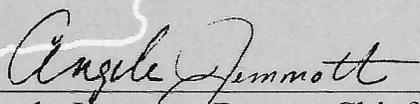
“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 004030

Effective Date: August 28, 2024

Date Expires: August 27, 2026

  
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Angela Jemmott, Bureau Chief, BREA

3076846

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## AGENDA ITEM SUBMITTAL

**Meeting Date:** July 26, 2024

**To:** Property Management Committee/  
Board of Directors

**From:** John Kennedy

**Staff Contact:** K. O'Toole/L. Haney

**Budgeted:** Yes

**Budget Amount:** \$150,000

**Cost Estimate:** \$445,989

**Funding Source:** C18001

**Program/Line Item No.:** N/A

**General Counsel Approval:** N/A

**Engineers/Feasibility Report:** N/A

**CEQA Compliance:** N/A

**Subject: UPDATE SCOPE OF WORK AND BUDGET WITH AECOM TO COMPLETE PLANNING AND CONDUCT REMEDIAL DESIGN OF IN-PLACE REMEDIATION FOR THE PRADO LEAD REMEDIATION PROJECT**

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### SUMMARY

The District is working with the Department of Toxic Substances Control (DTSC) to address soil contamination at former shooting areas at Pigeon Hill and the Former Clay Target Range (FCTR) in Prado Basin. After recently reevaluating an alternative with cost savings, significantly less permitting requirements, and less restrictive access requirements, the Board directed staff to pursue In-Place Remediation. AECOM has prepared an updated scope of work and cost estimate of \$445,989 to complete the planning phases of the project and conduct the design for In-Place Remediation.

Attachment(s):

(1) AECOM scope of work and cost estimate for In-Place Remediation – Proposed Amendment No.9 to Agreement 1321

(2) Presentation

### RECOMMENDATION

Agendize for the August 7 Board meeting: Authorize execution of Amendment #9 to Agreement No.1321 with AECOM in the amount of \$445,989 to complete the Remedial Action Plan, Initial Study and Mitigated Negative Declaration (IS/MND) for CEQA compliance and conduct the remedial design for the In-Place Remediation, including conducting a supporting geotechnical study and vertical profile soil sampling.

### DISCUSSION/ANALYSIS

#### Background

OCWD leases property in Prado Basin for hunting and shooting related activities. Areas formerly used for shooting related activities are known to be contaminated with residual lead shot, lead in soil and polyaromatic hydrocarbons (PAHs) contained in clay targets. Since the Board identified waste consolidation in a CAMU at Pigeon Hill as their preferred remedy in June of 2022, the project has encountered and had to adapt to many unforeseen challenges and changes primarily related to the hauling of material

between the two sites. The Property Committee took notice issue and requested staff evaluate an in-place remediation alternative.

At the April 2024 Property Committee Meeting, staff compared the CAMU consolidation approach with an alternative In-Place remediation approach. The In-Place remediation alternative treats Pigeon Hill and FCTR independently and avoids many of the project constraints related to hauling materials. It also saves the District an estimated \$800,000 in remediation costs. The Committee directed staff to pursue In-Place Remediation with a CAMU at the FCTR and soil capping at Pigeon Hill.

### **Status of Existing Agreements and Planning Reports**

OCWD has existing Agreements 6 and 7 with AECOM totaling \$249,176 to complete the CEQA and Remedial Action Plan (RAP) respectively. Since the execution of these agreements in 2022, unforeseen project modifications and changes resulted in approximately \$120,000 of these funds being used for other project requirements. Delays in the project also required the contract with AECOM to be extended (Amendment 8) which did not add any funding to the agreement but recognized increases in AECOM's billing rates. Below is a status of the two reports and how they will be modified to support In-Place Remediation.

#### **RAP**

Some modifications to figures and descriptions will be required to reflect In-Place Remediation. It is estimated that the RAP is currently approximately 50% complete.

#### **CEQA**

Only the CEQA project description was completed prior to the Boards decision to modify the project to In-Place Remediation. Due to the change in remediation approach, previous CEQA work is mostly not applicable to the modified project and needs to be redone.

### **Updated Scope and Work and Cost Estimate**

To complete the planning phase of the Lead Remediation Project the RAP will need to be modified and completed. Once complete it will undergo DTSC review, public review and ultimately DTSC approval. The CEQA IS/MND will need to be completed and will undergo a public comment period before being included as an appendix to the Final DTSC-approved RAP.

With the Board decision to modify the project to In-Place Remediation, staff have identified two additional studies that will be necessary and beneficial to refine the CAMU sizing and design. Geotechnical studies are required to ensure slope stability and will be necessary for CAMU design. Additionally, refined vertical sampling is proposed to more precisely design the capacity of the CAMU. The proposed vertical sampling is anticipated to reduce construction costs and reduce the area with land-use restrictions.

Lastly, the updated scope of work and budget will include the Final CAMU and Sediment Cap designs. Remediation design work was anticipated but information was

not yet sufficiently available to describe and provide a cost estimate. At the completion of these tasks the planning and design phases of the project will be completed, and OCWD will be able to solicit bids for remediation of the two contaminated sites.

Table 1 contains a summary of the Tasks and associated cost estimate as well as the total cost estimate to complete the planning phase of the project.

Table 1: Amendment No. 9 Itemized Cost Estimate

Description	Cost Estimate
Complete RAP	\$75,506
CEQA (IS/MND)	\$111,855
Geotechnical Survey	\$82,142
Vertical Profiling of Contaminants	\$19,497
CAMU and Sediment Cap Design	\$110,940
Consultant Project Management	\$46,050
Total	\$445,989

AECOMs proposed Scope of Work and Cost Estimate (attached) includes more detailed description of the scope of work and costs. Staff will give a presentation to the committee to provide a project update as well as provide more details on proposed Agreement # 9 with AECOM.

### **PRIOR RELEVANT BOARD ACTIONS**

9/7/2022, R22-9-123 - 1) Authorize the General Manager to negotiate and execute Amendment No. 1 to the District's agreement with the Department of Toxic Substances Control Authorize to update the scope of work for preparation of the Remedial Action Plan, DTSC's Community Participation process, and revise the boundaries of the site; Authorize preparation of a Remedial Action Plan for the remediation of the Former Clay Target Range and Pigeon Hills area; and Approve and authorize execution of Amendment No. 7 to Agreement No. 1321 with AECOM to prepare a Remedial Action Plan for the Former Clay Target Range and Pigeon Hill area for an amount not to exceed \$155,048

6/1/2022, R22-6-67 - 1) Identify Alternative 4 (waste consolidation at Pigeon Hill site) with Land Use Scenario C (unrestricted land use at entire Former Clay Target Range site) as the tentatively identified preferred remedy, subject to completion of environmental documentation; and 2) Approve and authorize execution of Amendment No. 6 to Agreement No. 1321 with AECOM to prepare an Initial Study/Mitigated Negative Declaration for the former Prado shooting areas Pigeon Hill and Former Clay Target Range for an amount not to exceed \$94,128

9/15/2021, R21-9-143 - Approve and authorize execution of Amendment No. 5 to Agreement No. 1321 with AECOM to prepare an updated RI/FS for the former Prado shooting areas for an amount not to exceed \$87,998.

12/16/2020, R20-12-165 - Authorize approval of Amendment No.4 to Agreement No. 1321 with AECOM to conduct additional field sampling for an amount not to exceed \$74,411; authorize reimbursement for Department of Toxic Substances Control oversight expenses for the period from July 1, 2020 to June 30, 2021 for an amount not to exceed \$62,752

5/6/2020, R20-5-55 - Approving Amendment No. 3 to Agreement No. 1321 with AECOM to support a Supplemental Remedial Investigation, Focused Remedial Investigation/Feasibility Study and Remedial Action Plan for the Prado Shooting Areas for an amount not to exceed \$215,937.

9/18/19, M19-122 - Authorize \$67,068 additional funding for finalization of the risk assessment and waste consolidation plan at the Prado Shooting Range to be paid as follows: DTSC \$42,268 and AECOM \$24,800.

10/7/2015, R15-10-141 - Authorize the General Manager to finalize negotiations and execute an Agreement with AECOM Technical Services Inc. for an amount not to exceed \$222,938 for a focused remedial investigation and feasibility study of the Prado shooting areas.

7/1/15, M15-104 - Authorize issuance of a revised Request for Proposals for a Focused Remedial Investigation & Feasibility Study of the Prado Shooting Areas (to include a 20-year and 30-year study period).

02/04/15, M15-22, Authorizing Board President to appoint Property ad hoc Committee to review issues related to Elaine Raahauge d.b.a. Mike Raahauge's Shooting Enterprises.

July 18, 2024

Kevin O'Toole  
Senior Planner  
Orange County Water District  
18700 Ward Street  
Fountain Valley, CA 92708

**Subject: Amendment No. 9 to Agreement No. 1321 – Scope of Work and Fee for Revised Scope for the OCWD Prado Range Remediation**

Dear Mr. O'Toole:

AECOM Technical Services, Inc. (AECOM) provides the Orange County Water District (OCWD) with a revised scope of work and cost estimate for the Prado Range Remediation Project (proposed project) as Amendment 9 to the existing agreement. The following scope and cost estimate are submitted for your review and consideration. This scope and cost estimate are based on information provided by the OCWD, as well as our knowledge of the proposed project. In addition, this amendment addresses proposed changes to existing Tasks 1 through 5, along with a new Task 6 (Remedial Design). This amendment addresses costs associated with studies requested by OCWD as described below, along with design and scope challenges associated with moving the Corrective Action Management Unit (CAMU) from Pigeon Hill to the Former Clay Target Range (FCTR) and changing the remedial alternative at Pigeon Hill from excavation and deposition in a CAMU to capping.

## **I. Project Understanding/Assumptions**

The proposed project includes remediation of the Pigeon Hill and FCTR areas of concern (AOCs), also known as the Former Prado Shooting Areas, which are operated by Raahauge Shooting Enterprises on land leased from the OCWD. The AOCs are located adjacent to the OCWD Prado Flood Control Basin, northwest of Corona, California. The OCWD Prado Flood Control Basin includes restored wetlands and wildlife habitat. Some of the water entering the basin ultimately supplies municipal water within OCWD's jurisdiction. Chemicals of concern (COCs) include lead in soil and lead shot at both AOCs and polycyclic aromatic hydrocarbons (PAHs) at the FCTR.

It is our understanding that the cleanup at the Former Prado Shooting Areas (Pigeon Hill and the FCTR) is being conducted as a voluntary action overseen by the DTSC, and that a Response Action Plan (RAP) is being prepared. The RAP includes the following elements: description of the site, ownership, history, and environmental conditions; basis for cleanup; remedial goals for each impacted medium; list of remedial alternatives evaluated; selected remedy (considered using the nine Comprehensive Environmental Restoration, Compensation, and Liability Act [CERCLA] criteria); and a process for implementation.

A Focused Remedial Investigation /Feasibility Study (Focused RI/FS; finalized May 2022) was conducted to evaluate remedial alternatives that could be used for the remediation of the AOCs. The Focused RI/FS also includes a Human Health Risk Assessment (HHRA) to supplement the Screening Level Human Health and Ecological Risk Assessment conducted as part of the Final Work Plan Remedial Investigation and Feasibility Study prepared by AECOM in 2016. The HHRA found that, for Pigeon Hill, concentrations of lead (and other metals) in soil are acceptable for use by current receptors

under the undeveloped open space land use, however concentrations of lead shot exceed levels acceptable for current use. However, for the entire FCTR AOC, potential "hot spots" (lead in soil, lead shot, and PAHs) need to be addressed per DTSC to be deemed acceptable for the current undeveloped open space use.

We understand that during a OCWD Board Meeting held on June 1, 2022, Alternative 4C - Undeveloped Open Space Use at Pigeon Hill; Unrestricted Use at All of the FCTR was the selected remedial alternative for the proposed project. Tasks that were to be completed for Alternative 4C included: prepare planning documents and obtain permits; clear and grub approximately 1 acre at Pigeon Hill, 14.1 acres at the FCTR, and 1 acre for the CAMU prior to excavation; prepare a CAMU with an high-density polyethylene (HDPE) liner system at Pigeon Hill; excavate approximately 765 cubic yards (CY) of soil at Pigeon Hill and 11,400 CY of soil at the FCTR; screen the soil excavated from Pigeon Hill and the FCTR to remove lead shot for recycling; load, transport, and place the soil excavated from Pigeon Hill and the FCTR in the CAMU; conduct confirmation soil sampling to verify remediation goals (RGs) have been met at Pigeon Hill and the FCTR; install and develop three groundwater monitoring wells at the CAMU (approximate depth 100 feet below ground surface [bgs]); regrade the excavation sites and compact the soil to no more than 80%; leave the soil in a semi-rough condition as micro topography helps revegetation; and collect a total of 16 soil samples from the Pigeon Hill excavation area, the FCTR excavation area, and the CAMU cover for agronomic analysis to assess the need for soil amendments prior to revegetation. At the RI/FS phase, DTSC indicated concurrence with Alternative 4C as written, and AECOM began work on a Remedial Action Plan based on these assumptions.

However, California DTSC reversed their position and will now not allow contaminated soil excavated from the FCTR to leave OCWD property, and (based on research conducted by OCWD technical staff and AECOM) obtaining permits and permissions to build a viable route from the FCTR to Pigeon Hill through the basin has proven infeasible. Therefore, OCWD and DTSC agreed to the following changes to the selected remedy:

- The CAMU would be constructed at FCTR, not Pigeon Hill, and would receive only soils excavated from the FCTR; and
- River sediments would be used to cap areas of Pigeon Hill which have unacceptable lead shot counts for the current undeveloped open space use. This change eliminated the need for a second CAMU and allowed river sediments dredged by OCWD during routine maintenance operation to have a beneficial use.

The revised selected remedy most closely resembles Alternative 5C with the primary difference that the CAMU will be located at the FCTR rather than Pigeon Hill. The additional project work required to address these changes is described below.

## **II. Adjustments to Scope of Work**

Work conducted under this Amendment includes adjustments to the existing scope for Tasks 1, 4, and 5, and the addition of a new Task 6.

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

AECOM's Project Manager will work to verify that tasks identified within this scope of work are running on time and within budget and all deliverables prepared in support of the proposed project are technically sound. AECOM's Project Manager will be the management liaison among the project team and OCWD staff for communication of issues, transmittal of comments, financial management (i.e., invoices), and other project matters. It is assumed that 0.5-hour weekly teleconference meetings will take place between the OCWD and AECOM staff to foster close coordination and monitoring of the project's progress.

At this time, the budgeted number of months for project management have already been exceeded by seven months due to project delays and rescoping. For this reason, project management costs to cover the seven (7) months already exceeded and 12 months to complete the project are reflected in the cost proposal.

#### **Task 4 – Remedial Action Plan (RAP)**

This task includes activities associated with the preparation of a RAP. The preliminary draft version of the RAP at the time the decision was made to alter the remedial alternative was approximately 50% complete. Draft and Final Versions of the RAP have yet to be completed. The following describes activities that are required to be performed to complete the RAP to reflect changes to the remediation alternative. Note that due to project delays, labor rate escalations are required.

#### **Completed Studies and Support Documents**

The following activities were not included in prior cost proposals but were performed at the request of OCWD to provide information to address requests from DTSC or to optimize the remediation process. The cost to complete these activities (including associated project management and meetings) was approximately \$117,000.

- After DTSC made a decision to disallow contaminated soil excavated from the FCTR to leave OCWD property and be disposed at a CAMU at Pigeon Hill, AECOM, at the request of OCWD, conducted research and a literature review to provide examples of hazardous waste sites where DTSC had made past rulings where similar activities were allowed.
- As a result of this research and literature review, DTSC agreed that waste could be consolidated at Pigeon Hill, however, DTSC severely limited OCWD's ability to use off property roads to access Pigeon Hill. A suitable haul route was negotiated by OCWD with DTSC that included two river crossings and crossing of land owned by the US Army Corps of Engineers (USACE). In addition, DTSC required "temporary exclusivity" of USACE property while hauling was occurring.
- AECOM supported OCWD by researching permit requirements and technologies that could be used to conduct the river crossings. Additionally, in an effort to minimize impacts to future land use and reduce the cost of long-term O&M at FCTR resulting from the construction of a CAMU, methods including soil stabilization techniques to reduce the volume of soil that needed to be deposited in the CAMU were investigated.
- DTSC requested that OCWD provide a project description and detailed project schedule for the remediation project. OCWD requested AECOM to provide these documents to OCWD. The project description detailed the location and characteristics of the proposed project, including construction details and operational aspects; purpose and objectives; and relevant background information. An electronic copy of the draft project description, including graphics, was provided to OCWD for review. The project schedule required optimization to avoid performing tasks during protected bird nesting seasons, duck and dove hunting seasons, and during times where rains could result in excessive erosion during excavation activities and damage or washout the river crossings. AECOM then produced a final document version and schedule for OCWD to submit to DTSC which included a detailed description of how OCWD would obtain temporary exclusivity of USACE property while hauling was occurring.
- Ultimately, OCWD decided not to transport wastes from the FCTR to Pigeon Hill due to the severity of constraints placed on the project by DTSC and other stakeholders.

### **Revised Project Description Document and Public Meeting Support (Additional Effort)**

- AECOM needs to complete revised draft and revised final versions of the Project Description. Additionally, AECOM will update the Project Schedule as part of this task. AECOM will provide the draft to OCWD for review and comment. Upon receipt of one set of consolidated comments, AECOM will address comments and finalize the Project Description. This work is to update the Project Description that was submitted to DTSC in March 2024 to obtain written approval on the revised remedial alternative.
- Based on recent state-wide trends in site-to-site variability of the DTSC's review process, the level of effort in responding to requests from the DTSC for additional information and documentation beyond what has typically been required. Therefore, AECOM has budgeted up to 8 labor hours to address the DTSC's review comments. AECOM will notify Client before beginning this task if the labor effort to address the DTSC's requests for additional information and/or documentation exceeds our estimate of labor hours.
- AECOM will provide support for two public meetings. Support will include preparation of presentation materials and meeting attendance to provide technical support, if requested.

### **Revisions to the Preliminary Draft RAP**

To revise the RAP to conform to the currently selected remedial alternative, AECOM proposes to make the following changes to the in-progress Preliminary Draft RAP:

- References to and descriptions of the recommended remedial action (including text, tables, and figures) need to be revised to reflect the change of location of the CAMU from Pigeon Hill to the FCTR, and the change of the remedial action at Pigeon Hill to excavation/disposal in a CAMU to capping with river sediments.
- The preliminary design of the CAMU will be revised from that described in Contact Amendment 7, Task 4c to reflect the change in location from Pigeon Hill to the FCTR. In addition, a conceptual design of the cap for Pigeon Hill (similar to that included in the project's RI/FS) will be added to the RAP.
- Due to the limited level space available to construct a CAMU at the FCTR, and the presence of steep slopes at the western edge of the site, the following additional activities will be required to be described in the RAP:
  - The geology section of the report needs to be expanded to include an overview of the geology, geologic hazards, and seismology (literature search only) of the FCTR.
  - A geotechnical investigation needs to be completed at the site prior to slope stability analysis and detailed CAMU siting and design (see new Task 6). Procedures to conduct the investigation will be included in the RAP; the data collected by the investigation will be included in the Remedial Design Document.
  - Additional vertical profiling of the depth of lead and PAH contamination also needs to be completed prior to the final CAMU design to optimize the required sizing. Procedures to conduct the survey will be included in the RAP along with references to prior work plans conducted for this project that describe sample collection techniques.
- Changes to equipment staging, layouts, transportation plans, stormwater controls and remediation procedures:
  - Remediation procedures and equipment staging will be complicated due to limited space at FCTR for soil processing and construction of the CAMU, and proximity to residential property.
  - Transportation plan is needed for transport of river sediments to Pigeon Hill. Plans developed for off-site transport of contaminated materials, river crossings, etc. are no longer needed.
  - Stormwater controls for FCTR needs to be revised to include CAMU construction.
- Changes to Long-Term Monitoring, Maintenance and Reporting:

- Cap monitoring procedures need to be added for Pigeon Hill, and long-term monitoring requirements for the FCTR CAMU will be developed.

The preliminary draft RAP will be submitted to OCWD for review and comment. After comments are addressed, the draft RAP will be submitted to DTSC for review. The final RAP will be submitted after DTSC comments are addressed, and CEQA documents are completed. For budgeting purposes, AECOM has included up to 40 hours to address comments from both OCWD and DTSC.

## **Task 5 – CEQA Studies and Documentation**

This task includes activities associated with the preparation of an Initial Study/Mitigated Negative Declaration (IS/MND).

### **Technical Studies**

- Biological Resources Analysis

The cost assumptions are still valid, however, due to delay in the activities, labor rate escalations are required. A visual survey of the areas potentially impacted by remediation activities was conducted in 2023, however, the areas impacted by the hauling of sediments for capping need to be investigated, and an annual update of the survey is warranted.

- Cultural/Tribal/Paleo Resources

The current scope includes a task to conduct a cultural resources records search of the project area and a 0.5-mile buffer at the South Central California Information Center (for portions of the project in San Bernardino County) and Eastern Information Center (for portions of the project in Riverside County) of the California Historical Resources Information System. It also includes a task to conduct a review of in-house literature, including historical sources, maps, photographs, and soils data to prepare a historic context statement and sensitivity assessment for the project area. The following work has been conducted to date:

- In January 2023, AECOM requested a search of the Sacred Lands File (SLF) from the Native American Heritage Commission (NAHC) and obtained the Assembly Bill (AB) 52 contact list for the project area from the NAHC. SLF search parameters include the project area and vicinity, and the AB 52 contact list includes relevant tribal representatives at the County-level; therefore, the 2023 results are still accurate.
- For paleontological resources, AECOM conducted a fossil locality search at the Natural History Museum in January 2023. The 0.5-mile buffer around the previous project captures the current project footprint; therefore, the 2023 results are adequate and will be used for this analysis.
- The original cost assumptions for the remaining tasks are still valid, however, due to delay in the activities, labor rate escalations are required.

- Air Quality/GHG/Energy Analysis

This task was not started; existing cost assumptions are still valid. However, due to delay in the task, labor rate escalations are required.

- Noise/Vibration Study

This task was not started; existing cost assumptions are still valid. However, due to delay in the task, labor rate escalations are required.

- Traffic Study

This task was not started; existing cost assumptions are still valid. However, due to delay in the task, labor rate escalations are required.

### **Preparation of IS/MND Document**

After completion of the Technical Studies, AECOM will produce preliminary draft, draft final, and final version of the IS/MND document following the assumptions described in Contract Amendment No. 6. However, due to delay in this task, labor rate escalations are required. AECOM has included up to 24 hours to address regulatory comments on the IS/MND document.

### **Task 6 - Design of CAMU and Sediment Cap (New Task)**

#### **Pre-Design Studies**

After it was decided that the location of the CAMU was to be changed to the FCTR, AECOM gathered readily available published information on the local geology and geologic hazards in the area of the FCTR. The initial review of these reports and information do identify moderate to high deep-seated landslide susceptibility along the FCTR as well as nearby faulting and seismic concerns. To properly manage risk and potential liabilities, these conditions must be considered prior to design and construction of a CAMU at the FCTR. For this reason, a geotechnical investigation along the proposed location for the CAMU and including the toe of slope is needed to support siting, stability analysis, and design of the CAMU. The data collected by the geotechnical investigation will then be utilized to perform a slope stability analysis, siting, and design of the CAMU.

Additionally, the available area that can be utilized for siting the FCTR CAMU is limited. This means, for successful design, it is critical to minimize the total volume of impacted soils placed into the CAMU while minimizing the footprint area. To achieve this, AECOM proposes to conduct additional vertical profiling of potential contaminants exceeding cleanup levels within the removal area.

- **Geotechnical Survey**

Based on a review of available geological data for the area as described above, AECOM recommends a geotechnical survey be completed at the site prior to the final CAMU design. The survey design and procedures will be included in the RAP, and data will be collected then utilized in a CAMU siting analysis and final design document. AECOM proposes the following geotechnical investigation scope of work.

- Planning, mobilization and permitting, to include preparation of a task specific Health and Safety Plan (HASP), subcontractor coordination, permitting, dig alert/staking, and task management.
- Field exploration, to include five (5) geotechnical borings advanced using hollow stem methodologies. Two (2) of the borings will be located within the proposed footprint of the CAMU and advanced 75 to 100 feet deep (or to drilling refusal), These borings are intended to extend from the top of the slope to the bottom of slope elevation. Two (2) borings will be located at the toe of the slope and advanced to 20 feet. A 5th boring will be advanced to between 20-40 feet and located intermediate to the overall slope, depending on access. We anticipate drilling activities will be completed in 3 days.
- Geotechnical lab testing. This is anticipated to include approximately 20 moisture/density tests (ASTM D2216 and D7263), 5 Atterberg tests (ASTM D4318), 5 grain size analyses (ASTM D6913), 10 #200 wash analysis (ASTM D1140), 2 corrosion tests (CTM 643, 417, and 422, or equivalent), and 5 direct shear tests (ASTM 3080).
- Preparation of a Geotechnical Data Report (GDR). The GDR will include boring logs, figures, geotechnical testing results, and a description of the investigation and methods

used. The report will be prepared as a draft and final. The final report will include edits and revisions based on OCWD review and comment.

- **Vertical Profiling of Contaminants**

AECOM proposes to conduct additional vertical profiling of the depth of potential contamination of lead and PAH prior to the final CAMU design to optimize the sizing management unit. The procedures to be used in the survey will be included in the RAP along with references to prior work plans. AECOM provides the following additional vertical profiling scope:

- Planning and mobilization, to include updated soil sampling HASP, coordination, staking, and task management.
- Field exploration, to include 10 hand auger borings advanced to one (1) foot below ground surface. A total of three (3) soil samples will be collected from each of the 10 borings, from surface, middle, and bottom of the borings. Soil samples will be containerized in laboratory supplied glass jars, labeled to identify location, date, project, and sampler, then placed in a cooler with ice. At the completion of the sample collection, the samples will be delivered to a State of California certified analytical laboratory under strict chain of custody control.
- Laboratory analysis, to include total lead by EPA Method 6010B, and low-level PAHs by EPA Method 8270 SIM.
- Data review and verification (i.e., holding times and completeness check).
- A summary table of results and preparation of an additional or revised figure to graphically define the volume and limits of the excavation of contaminated soils.

#### **Remedial Design Document for CAMU and Sediment Cap**

- Pre-Draft, Draft, and Final Design Documents will be submitted. The documents will contain results of the geotechnical and vertical profile studies as appendices, along with drawings and technical specifications.
- The pre-Draft document will contain 60% Design drawings for both the CAMU and sediment CAP. The draft Document will contain 90% Design drawings for the CAMU, and 100% Design Drawings for the sediment CAP. Final Document will contain 100% drawings for the CAMU and Sediment Cap.
- AECOM has included up to 20 hours to address regulatory comments on the remedial design document.

### **III. PROJECT SCHEDULE**

It is estimated that the project as currently scoped will take approximately 12 months to complete.

### **IV. COST ESTIMATE**

AECOM proposes to complete the above project tasks on a time and materials basis for an estimated fee of \$445,989 in accordance with OCWD Agreement 1321. AECOM's pricing is based on scope assumptions in Attachment 1.

### **V. ASSUMPTIONS**

The cost and schedule were prepared based on the following assumptions:

- Once AECOM begins revisions to the RAP and IS/MND, no changes will occur that impact the level of effort to complete these documents, such as, but not limited to, new environmental data or regulations, or further changes to the remedial alternative as stated above.
- For field work, AECOM will be provided unencumbered access to the site by OCWD; therefore, no standby time is included.

- Waste generated during site investigation work will be limited to ten 55-gallon drums of soil characterized as non-hazardous waste. Cuttings from the shallow hand augers will be left on site.

A cost and/or schedule adjustment may be necessary if changes to these assumptions occur during the course of the project.

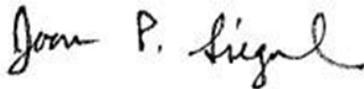
## VI. LIMITATIONS

OCWD recognizes that in any project it is not always possible to locate or identify all hazardous materials, substances, or wastes within or surrounding the subject property. OCWD agrees that AECOM shall be required to use only reasonable efforts, consistent with the practice of other professionals engaged in similar activity, in the course of fulfilling AECOM's duties under this proposal. AECOM is not responsible for conditions or consequences arising from relevant facts that were concealed, withheld, or not fully disclosed at the time the project was performed.

## VII. CLOSING

We appreciate the opportunity to continue provide our services and support to the OCWD. Should you have any questions, please feel free to contact Joan Siegal at 714-886-7056 or [joan.siegal@aecom.com](mailto:joan.siegal@aecom.com). Thank you.

Sincerely,  
AECOM Technical Services, Inc.



Joan Siegal  
Senior Project Manager



Mike Arvidson  
Associate Vice President

Attachments

Attachmemt 1 – Cost Estimate

ATTACHMENT 1

Prado Range Agreement No. 1321 - Amendment No. 9			Project Management	RAP	CEQA Project Kick-Off Meeting	Technical Studies	Preparation of Pre-Draft IS/MND	RTCs and Preparation of Draft IS/MND	RTCs and Preparation of Final IS/MND	CEQA Project Management/Coordination	CAMU Remedial Design (Geotechnical Survey)	CAMU Remedial Design (lead and PAH vertical profile)	CAMU Remedial Design (Report and Design Drawings)			
	2025	Total												1	4	5-10000
Billing Title	Billing Rate	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)	(hr)		
Project Manager	\$261.47	162.0	162.0													\$42,358.19
Senior Professional II (Scientist)	\$224.28	166.0		100.0	4.0	12.0	14.0	8.0	8.0	20.0						\$37,230.22
Project Professional II (Scientist)	\$182.23	22.0				22.0										\$4,009.02
Project Professional I (Scientist)	\$169.85	82.0		60.0	4.0	18.0										\$13,928.07
Staff II Professional (Scientist)	\$157.78	115.0				90.0	0.0	0.0	3.0		8.0	14.0				\$18,145.14
Staff I Professional (Scientist)	\$139.48	412.0		44.0		88.0	100.0	24.0	26.0		94.0	36.0				\$57,467.05
Senior Professional II (Sr Engineer)	\$224.28	212.0				24.0								188.0		\$47,547.02
Senior Professional I (Engineer)	\$191.44	0.0		0.0							0.0			0.0		\$0.00
Project Professional II (Engineer)	\$182.58	68.0									20.0			48.0		\$12,415.33
Project Professional I (Engineer)	\$169.85	108.0					60.0	24.0	24.0							\$18,344.28
Staff I Professional (Engineer)	\$139.75	552.0		160.0							48.0			344.0		\$77,142.76
Field Technician	\$96.74	170.0		0.0		88.0	24.0	24.0	24.0			10.0				\$16,445.51
CADD/Graphics II	\$134.12	162.0		36.0		20.0	8.0	2.0			16.0	8.0		72.0		\$21,726.83
CADD/Graphics I	\$116.08	36.0		36.0												\$4,179.02
Support Tech Editor	\$102.56	47.0				20.0	8.0	4.0	3.0					12.0		\$4,820.30
Support (PC)	\$102.56	48.0		36.0							6.0	6.0				\$4,922.85
<b>Total Hours</b>		<b>2,362.0</b>		<b>198.0</b>	<b>460.0</b>	<b>8.0</b>	<b>358.0</b>	<b>214.0</b>	<b>86.0</b>	<b>88.0</b>	<b>20.0</b>	<b>192.0</b>	<b>74.0</b>	<b>664.0</b>		
<b>Total Loaded Labor</b>				<b>\$46,050.33</b>	<b>\$75,506.47</b>	<b>\$1,576.53</b>	<b>\$49,479.28</b>	<b>\$31,494.60</b>	<b>\$12,218.52</b>	<b>\$12,600.05</b>	<b>\$4,485.57</b>	<b>\$27,494.54</b>	<b>\$9,886.04</b>	<b>\$109,889.66</b>		<b>\$380,681.58</b>
<b>Subcontractors</b>		<b>Ind Sub Markup2</b>	<b>1</b>	<b>4</b>	<b>5-10000</b>	<b>5-20000</b>	<b>5-30000</b>	<b>5-40000</b>	<b>5-50000</b>	<b>5-60000</b>	<b>6.1</b>	<b>6.2</b>	<b>6.3</b>		<b>Sub Cost</b>	
Drilling Subcontractor		10.00%									\$36,500.00	\$1,500.00			\$38,000.00	
IDW Subcontractor w/ disposal costs		10.00%									\$3,500.00				\$3,500.00	
Geotechnical Lab (AECOM)		10.00%									\$7,000.00				\$7,000.00	
Analytical Lab - -Lead EPA 6010B		10.00%										\$748.00			\$748.00	
Analytical Lab - -PAH EPA 8270 SIM, Low level		10.00%										\$3,230.00			\$3,230.00	
<b>Total Subcontractors</b>				<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$51,700.00</b>	<b>\$6,025.80</b>	<b>\$0.00</b>		<b>\$57,725.80</b>	
<b>Other Direct Costs</b>		<b>Ind ODC Markup3</b>	<b>1</b>	<b>4</b>	<b>5-10000</b>	<b>5-20000</b>	<b>5-30000</b>	<b>5-40000</b>	<b>5-50000</b>	<b>5-60000</b>	<b>6.1</b>	<b>6.2</b>	<b>6.3</b>		<b>ODC Cost</b>	
Vehicle Rental / Mileage		0.00%									\$420.00	\$280.00			\$700.00	
Fuel for rental		0.00%									\$165.00	\$55.00			\$220.00	
Per Diem M&I		0.00%									\$237.00				\$237.00	
Miscellaneous Supplies		0.00%									\$75.00			\$1,050.00	\$1,125.00	
Reproduction/Shipping		0.00%									\$0.00	\$0.00	\$0.00		\$0.00	
Field Expendable Supplies		0.00%									\$1,500.00	\$500.00			\$2,000.00	
GPS Rental		10.00%									\$500.00	\$500.00			\$1,000.00	
XRF Rental		10.00%										\$2,000.00			\$2,000.00	
<b>Total ODCs</b>				<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,947.00</b>	<b>\$3,585.00</b>	<b>\$1,050.00</b>		<b>\$7,582.00</b>	
<b>Task Total</b>				<b>\$46,050.33</b>	<b>\$75,506.47</b>	<b>\$1,576.53</b>	<b>\$49,479.28</b>	<b>\$31,494.60</b>	<b>\$12,218.52</b>	<b>\$12,600.05</b>	<b>\$4,485.57</b>	<b>\$82,141.54</b>	<b>\$19,496.84</b>	<b>\$110,939.66</b>		<b>\$445,989.38</b>



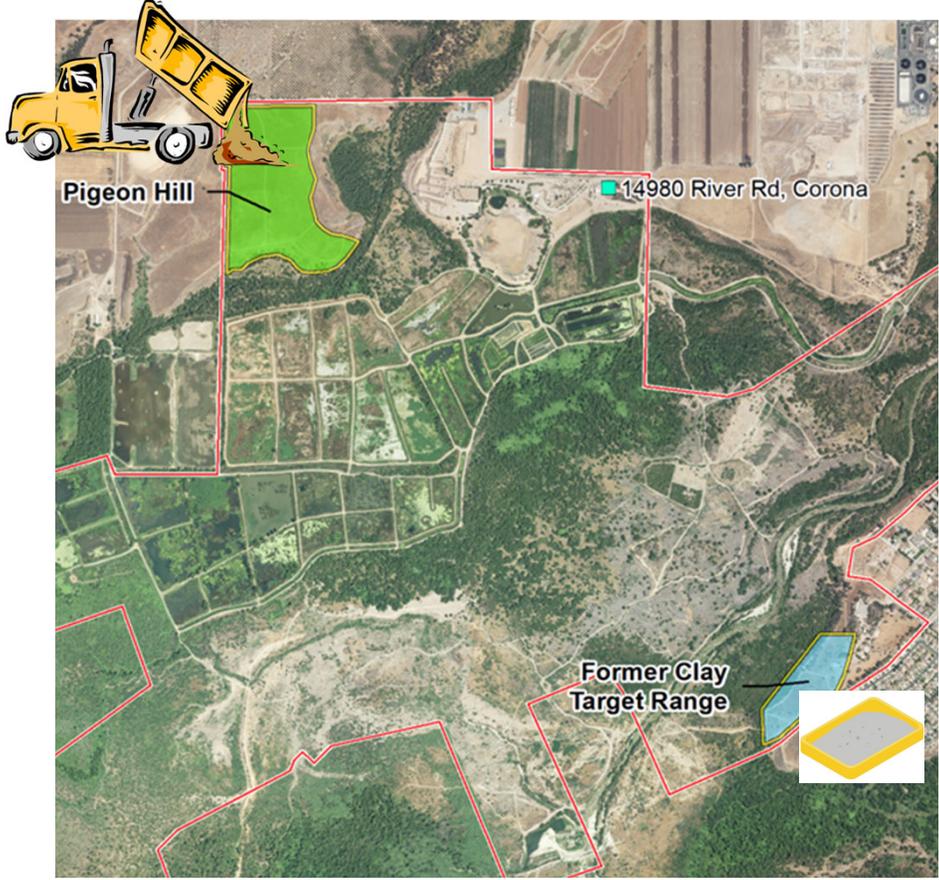
# **Prado Lead Remediation Project Update New Scope of Work and Budget**



Property Committee Meeting  
July 26, 2024

Kevin O'Toole  
Planning Department

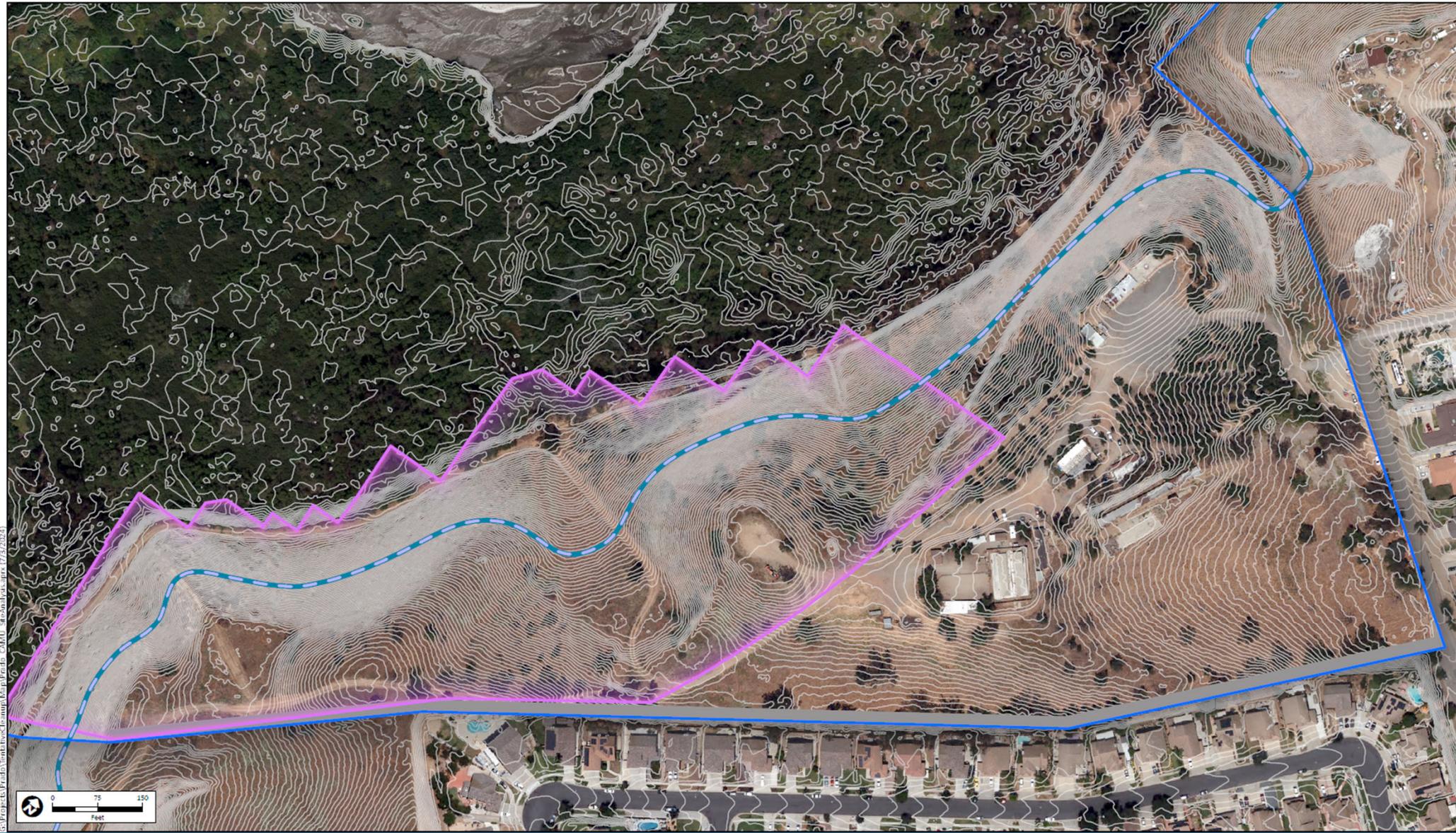
# In-Place Remediation Recap



# Project Update



- Notified USACE and Flyway Foundation of In-Place Remediation
- Received concurrence and guidance from DTSC for In-Place Remediation
  - Include new remediation specifics in the RAP
- Soils processing area can occur outside of FCTR on OCWD property
- Developed updated Scope of Work/Budget/Schedule to complete the Planning Phase of the Project



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## Prior Amendments

	Amendment #6	Amendment #7	Amendment #8
CEQA	\$94,128		
Remedial Action Plan		\$155,048	
Time Extension			\$0
Total (6,7 & 8)			\$249,176
Remaining (approx.)			\$20,000

# How was the Prior Funding Spent

## Unforeseen Project Challenges and Changes

- Haul route modifications to haul through Prado Basin
- Technical support to resolve consolidation issue
- Development of intermediate deliverables for DTSC
- Additional work required to obtain “Exclusivity” of USACE property

**Resulted in approximately \$120,000 of additional costs**



# Status of Agreements - RAP and CEQA

## Remedial Action Plan (RAP)

- Site history, residual contamination, background, remediation methods and goals unchanged.
- Minor edits to the RAP will be needed due to project changes.



## CEQA

- CEQA needs to be restarted



## Amendment No 9 – 5 Tasks

Increase budget for RAP and CEQA

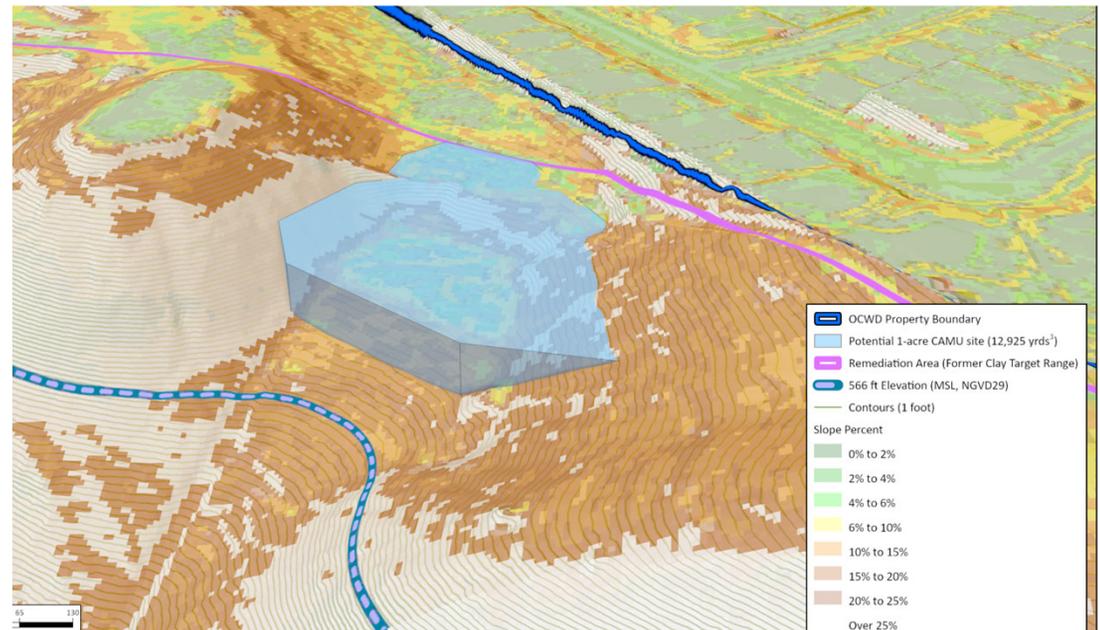
1 – Update and complete remaining 50% of RAP for In-Place Remediation

2 – IS/MND for CEQA



## New in this Amendment

- 3 - CAMU and Sediment Cap Design and bid specs
- 4 - Geotechnical studies at FCTR for CAMU
- 5 - Depth specific sampling to minimize size of CAMU



## Cost Estimate

Description	Cost Estimate
1 - Remedial Action Plan	\$75,506
2 - CEQA (IS/MND)	\$111,855
3 - CAMU and Sediment Cap Design	\$110,940
4 - Geotechnical Survey	\$82,412
5 - Vertical Profiling of Contaminants	\$19,497
Project Management	\$46,050
<b>Total</b>	<b>\$445,989</b>

Additional Funds

New Task

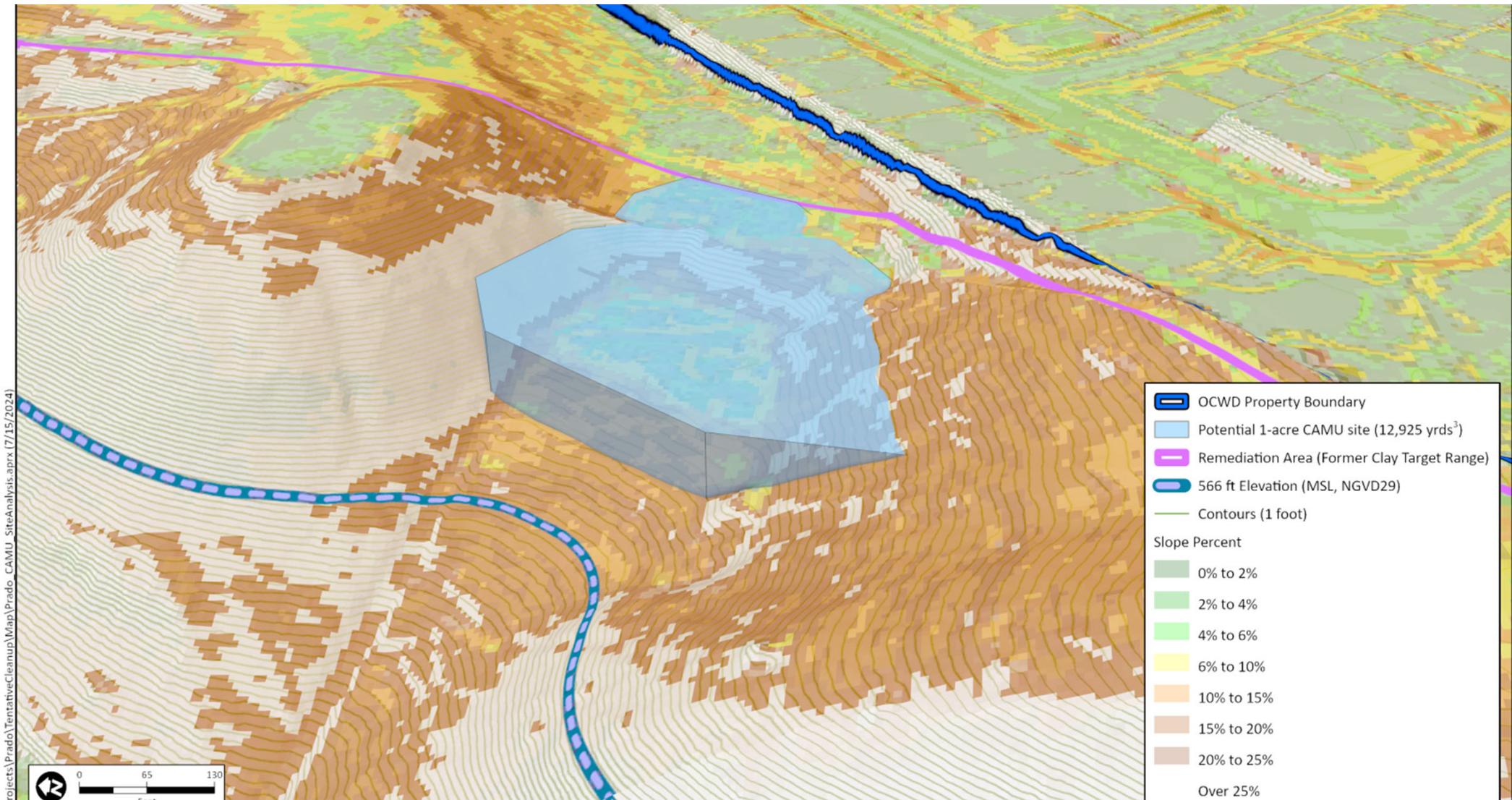
New requirement for  
In-Place  
Remediation

## Staff Recommendation is:

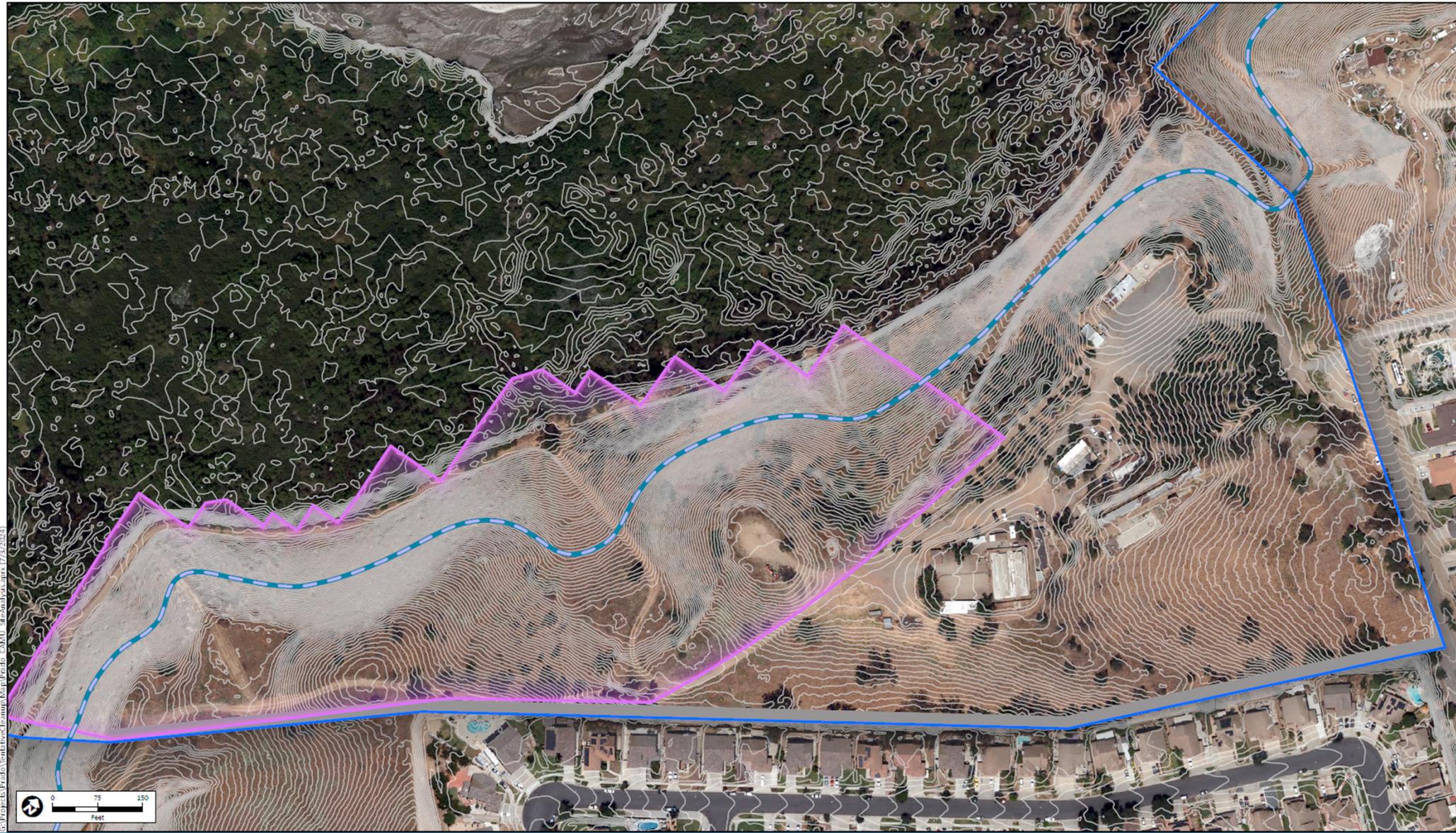
- Agendize for the August 7 Board meeting: Authorize execution of Agreement #9 to Agreement No.1321 with AECOM in the amount of \$445,990 to complete the Remedial Action Plan, IS/MND for CEQA compliance and perform geotechnical studies, vertical profile sampling to inform the design of the Final CAMU and Sediment Cap Designs

# End of Presentation

# Extra Slides

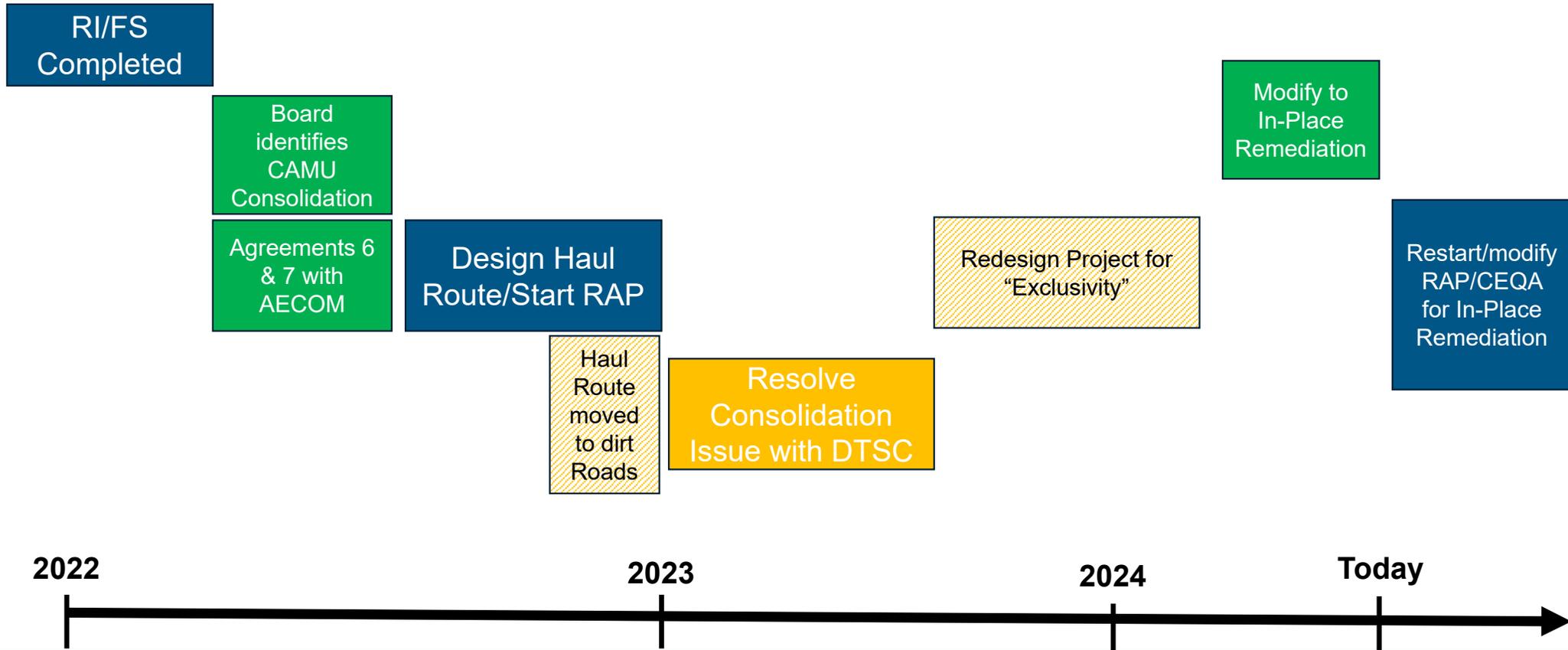


ORANGE COUNTY WATER DISTRICT



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# 2022-2024 Summary



2022

2023

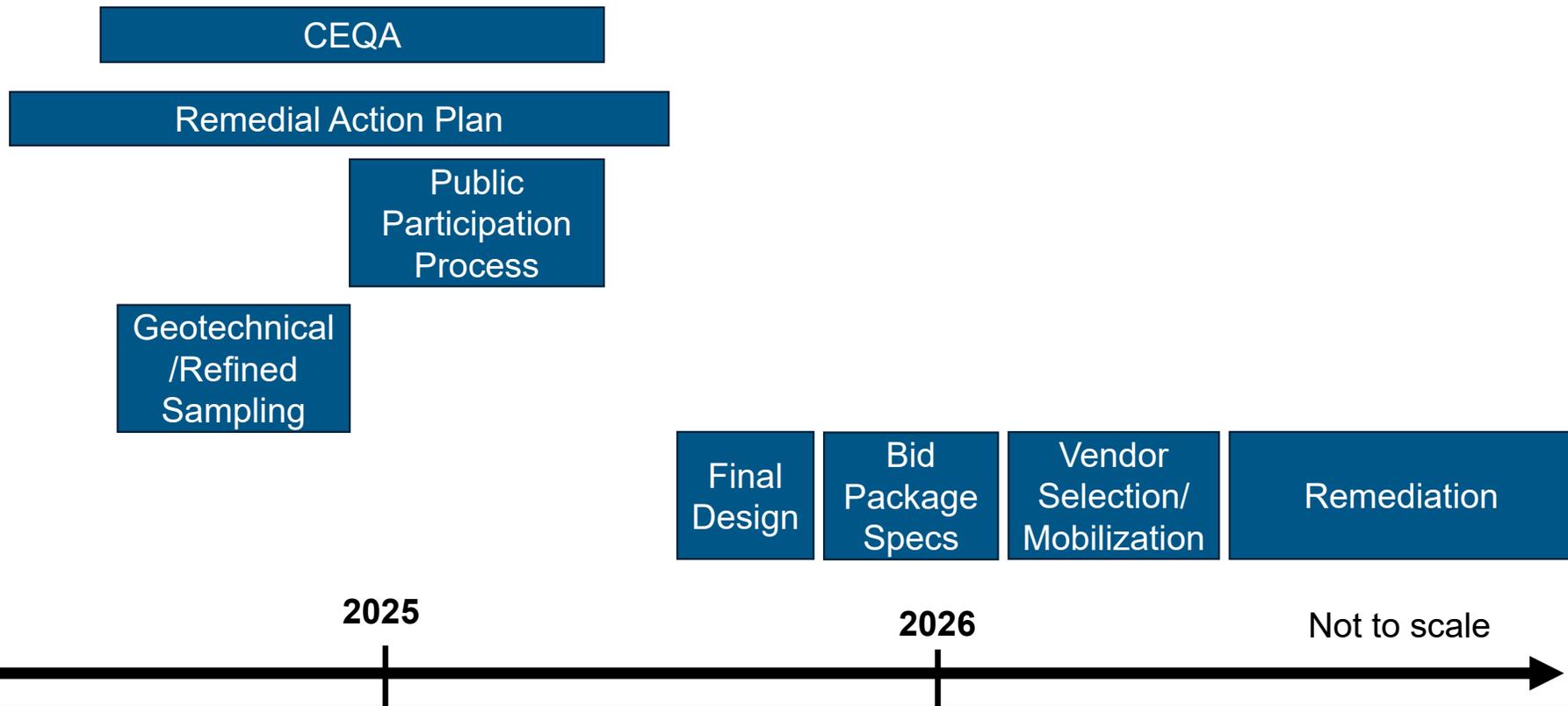
2024

Today

ORANGE COUNTY WATER DISTRICT

Not to scale

# In-Place Remediation Schedule





## AGENDA ITEM SUBMITTAL

**Meeting Date:** July 26, 2024

**To:** Property Management Committee  
Board of Directors

**From:** John Kennedy

**Staff Contact:** B. Dosier/D. Park

**Budgeted:** No

**Budget Amount:** \$0

**Cost Estimate:** \$0

**Funding Source:** N/A

**Program/Line Item No.:** N/A

**General Counsel Approval:** N/A

**Engineers/Feasibility Report:** N/A

**CEQA Compliance:** N/A

**Subject: STATUS UPDATE ON THE DISTRICT'S IMPERIAL HIGHWAY PROPERTY**

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### SUMMARY

The District owns a vacant 19-acre land parcel in the city of Anaheim, west of Imperial Highway and south of the Santa Ana River. At its May 17, 2023 meeting, the Board of Directors authorized staff to engage Adams Streeter Engineering to provide conceptual cost estimates for road access options and to develop key information relevant to the property that may be required to issue a Request for Quote/ Request for Proposals (RFQ/RFP) for potential development of the property. Staff will update the Committee.

### RECOMMENDATION

Informational

### DISCUSSION/ANALYSIS

The District owns a 19-acre land parcel in the city of Anaheim (APN 358-291-01) located west of Imperial Highway and south of the Santa Ana River (Property). The Property has access through a gate entrance on the southbound side of Imperial Highway, which passes over a portion of the Santa Ana River Trail. This trail and gate are maintained by the County of Orange, and the District has limited access to the Property for maintenance purposes, as outlined in a Grant Deed transfer in 1973 that conveyed portions of District land to Caltrans. Staff has contacted Caltrans regarding site access and the approval process for a potential tenant to obtain access rights from Imperial Highway to the Property, however this has been inconclusive.

The Property was previously leased by Sunny Slope to operate a wholesale container tree nursery and is currently vacant. At its November 16, 2022 meeting, the Board authorized staff to engage the services of Voit for six months to market the Property and seek other tenants as appropriate. Voit had a number of inquiries on the Property, however site was and continues to be an issue for most potential tenants and their intended use. Although the agreement with Voit terminated on May 31, 2023, as of recent communication with Mike Hefner, Voit Executive Vice President, Voit continues to receive inquiries for the site.

At its May 17, 2023 meeting, the Board authorized an agreement with Adams Streeter Engineering to prepare a Site Development Analysis of the District's Imperial Highway property to include 1) development of key information about the Property to explore issuing an RFQ/RFP for potential future development (this information includes analyzing the property

boundary, plotting existing easements, researching storm drains, sewer, water, and utilities, preparing grading, drainage, and water quality plans), and 2) development of high-level conceptual access options to the Property, meet with Caltrans and City of Anaheim staff to review and solicit feedback regarding the Property access concepts.

On April 3, 2024, staff met with Caltrans staff to discuss property access concepts, primarily “intersection” and “roundabout” options. Caltrans staff expressed concerns stemming from the access-controlled nature of Imperial Highway, and that an intersection or roundabout could potentially degrade traffic circulation, cause delays, and would necessitate specific justification for any alterations to the existing standards; and suggested that OCWD staff explore an alternative option that did not include Imperial Highway, such as a bridge over the Santa Ana River. Subsequent to the Caltrans meeting, staff met with Adams Streeter and traffic engineer familiar with projects in the City of Anaheim, Peter Pirzadeh of Pirzadeh and Associates, who confirmed Caltrans’ concerns.

At its April 26 meeting, the Committee directed staff to review an option to develop a roundabout that might incorporate the westbound on-ramp to the 91 freeway and the District’s property. Staff reported at the May 17 committee meeting that staff had reviewed the roundabout concept with its consultant, Adams Streeter and its traffic engineer, Pirzadeh and Associates, and it was their advisement that Caltrans would not agree with these designs. Staff advised the Committee that Adams Streeter has been directed to finalize the draft of the Site Development analysis.

Staff continues to work with Adams Streeter to finalize the Site Development Analysis, and, after staff review, will bring it to the Committee for further direction.

Staff will update the Committee.

## Summary of Prior Steps Taken:

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October 2022	Sunnyslope Trees notifies the District that it will vacate property December 1, 2022
November	Voit hired to market the property for lease
December	Sunnyslope vacated the property
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May 2023	Agreement approved with Adams Streeter for Site Development analysis. Agreement with Voit terminated May 31
June	Adams Streeter began work on boundaries and aerial survey of the property.
July	Adams Streeter continues working on boundaries – seeking clarification from Title Company
October	Title Company revises Preliminary Title Report (PTR) – provides update to boundary and ownership
November	Adams Streeter revising aerial survey of property Title Company revises Preliminary Title Report (PTR) – provide another update to boundary and ownership (clarified overlapping boundaries) Meeting with City of Anaheim staff to discuss potential access options
<hr/>	
January 2024	Letter sent to Interim Caltrans Director requesting meeting to discuss Property access.
February	Reached out to Assemblyperson Chen and State Senator Chin’s offices for assistance in meeting with Caltrans.
March	Letter received from Caltrans Director Lan Zhou
April	Staff met with Caltrans to discuss letter received from Caltrans Director Lan Zhou and specifically about conceptual ideas for accessing the property
May	Staff review roundabout option with Adams Streeter and traffic engineer Pirzadeh and Associates

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## PRIOR RELEVANT BOARD ACTION(S)

5/17/2023, R23-05-61: Authorize the General Manager to negotiate and execute an agreement with Adams Streeter to prepare a Site Development Analysis of the District’s Imperial Highway property to include 1) development of key information about the Property, and 2) development of high-level conceptual access options to the Property, meet with Caltrans and City of Anaheim staff to review and solicit feedback regarding the Property access concepts; at a cost not to exceed \$73,550

3/15/2023, M23-33: Authorize staff to engage an engineering firm to provide conceptual cost estimates for the access options and to develop key information about the Property

11/16/2022, M22-116: Authorize staff to engage the services of Voit Real Estate Services to market the property being vacated by Sunny Slope Tree Farm for Lease

# LOCATION MAP



K:\GISDataStore\OCWD\Property\Management\DanP\MXD\SunnySlopeTreeFarm\_APN358-291-01.mxd (5/5/2022)



-  OCWD Owned Parcel (APN 358-291-01)
-  Sunny Slope Tree Farm Leased Area

Sunny Slope Tree Farm Co.  
OCWD Lease APN 358-291-01

SOURCE: OCWD (05/2022); OCPW (2021)



## AGENDA ITEM SUBMITTAL

**Meeting Date:** July 26, 2024

**To:** Property Management Committee/  
Board of Directors

**From:** John Kennedy

**Staff Contact:** B. Dosier/D. Park

**Budgeted:** N/A

**Budget Amount:** N/A

**Cost Estimate:** N/A

**Funding Source:** N/A

**Program/Line Item No.:** N/A

**General Counsel Approval:** N/A

**Engineers/Feasibility Report:** N/A

**CEQA Compliance:** N/A

**Subject: QUARTERLY REPORT ON LEASES AND PERMITS/LICENSES FOR  
THE PERIOD ENDING JUNE 30, 2024**

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### SUMMARY

Attached for Board review is the Quarterly Report on Leases and Permits/Licenses for the period of April 1, 2024 to June 30, 2024.

Attachment(s): Summary Report of Leases & Permits/Licenses ending June 30, 2024.

### RECOMMENDATION

Informational

### BACKGROUND/ANALYSIS

The District has approximately 933 acres of land under 16 leases and 18 permits/licenses.

#### 2nd QUARTER RENT COMPARISON

2nd Qtr. 2024	2nd Qtr. 2023	Increase/(Decrease) 2nd Qtr. 2024 vs.2nd Qtr. 2023	Percentage Increase/(Decrease) 2nd Qtr. 2024 vs. 2nd Qtr. 2023
\$423,789	\$425,241	(\$1,452)	(0.34%)

#### YEAR TO DATE RENT COMPARISON

Year to Date 2024	Year to Date 2023	Increase/(Decrease) YTD 2024 compared to 2023	Percentage Increase/(Decrease) YTD 2024 compared to 2023
\$867,761	\$824,452	\$43,309	5.25%

Note: The 2024 Q2 report reflects a slight decrease of 0.34% year over year. This decrease is primarily due to the early recording of April 2024 rent from Mike Raahauge Shooting Enterprises in Q1 (\$19,613). However, this was offset by an increase in gross receipts rent year over year in Q2 2024 from Corona Recreation (\$11,723), as well as the early rent recording of July 2023 rent in Q2 (\$10,086).

## **UPCOMING RENEWALS AND ACTIONS**

### **RENEWALS**

#### **2024**

##### **3rd Quarter**

- Lease with Raahauge Shooting Enterprises, Pheasant Lease, expires on September 30, 2024

##### **4th Quarter**

- None

### **ACTIONS - Staff**

All Lessees and Permittees/Licensees are in full compliance with the terms of their lease/permit/license, and all are current with their rent with the following exceptions:

- None

### **PROPERTY LICENSE AGREEMENT ISSUED BY GENERAL MANAGER IN 2024 YEAR-TO-DATE**

1. June 11, 2024, T2 Utility Engineers, Inc. – Short term license commencing on June 17, 2024, and terminating August 12, 2024, with the standard license fee of \$1,148, for the excavation of five potholes to obtain existing utility data. This data will be used for the proposed relocation of existing water facilities on the north side of Ball Road near Burris Basin as part of VIBE's Platinum Triangle Project.

**SUMMARY REPORT  
STATUS OF LEASES  
2nd QUARTER ENDED June 30, 2024**

Leases	Location	Monthly Rent	Annual Increase	2nd Quarter Rent Paid	Year to Date	Status of Rent	Lease Violations	Expiration Date	Acres	Use
Anaheim Adventure Aqua Park	High Season - April-October	\$7,409.90	CPI April	\$ 739.95	\$ 1,075.95	Current	None	02-28-30	13.200	Aquapark
Anaheim Adventure Aqua Park	Low Season - November - March	\$2,167.20	CPI April							
Anaheim, City of Well 58	Anaheim Lake	Flat Fee \$1.00			N/A	Current	None	03-31-61	0.380	Production Water Well
Anaheim, City of	Burriss Basin	\$1.00/Annual			\$ 1.00	Current	None	01-31-31	14.000	Park
County of Orange, Integrated Waste Mgt.	Smith Basin	Reports			N/A	Current	None	Automatic Annual Renewal	0.010	Monitoring wells for Reeve's Pit (executed 12/12/1996)
Corona Rec. Inc., Doug Elliott	Warner Basin	5% of Gross Receipts or \$8,248.92/mo.	CPI October	\$ 49,077.59	\$ 79,099.50	Current	None	09-30-26	128.150	Fishing concession.
North American Recycling & Crushing, LLC	Huckleberry Pond	\$79,073.73	3% April1	\$ 237,221.19	\$ 469,836.14	Current	None	03-31-27	5.650	Concrete/Asphalt crushing.
NSM Golf, LLC	Burriss Pit	\$10,418.48	CPI October	\$ 31,255.44	\$ 62,510.88	Current	None	09-30-26	15.000	Golf driving range - 5 year option.
Harvest Landscape Enterprises, Inc.	South of Lincoln Ave.	\$2,237.90	CPI April 1	\$ 8,878.01	\$ 13,206.63	Current	None	03-31-27	3.600	Container nursery.
Montoya Enterprises Inc. - Nursery	Santiago Basins	\$1,724.00	Fixed April 1	\$ 5,172.00	\$ 10,244.00	Current	None	03-31-29	2.600	Container nursery.
Newport Beach, City of	Seawater Pipeline	Flat Fee \$1			\$ -	Current	None	09-22-47		
Prado Basin Duck Club (1)	Prado Basin - Lower Ponds	\$18,409/annual	3% July 1		\$ -	Current	None	06-30-25	66.000	John Kelly Astor - Duck Hunting Concession
Raahauge Shooting Enterprises - Ducks (1)	Prado	Flat Fee \$82,432	5% July 1		\$ -	Current	None	06-30-25	450.000	Duck hunting, Oct. to Jan. Sporting clays/trap & skeet shooting. No rent increase until May 1, 2019
Raahauge Shooting Enterprises - Range	Prado	\$19,612.78	CPI May 2021	\$ 40,794.58	\$ 119,245.70	Current	None	04-30-47	135.000	Hunter safety classes, dog kennels, raising of game birds.
Raahauge Shooting Enterprises - Pheasant	Prado	\$250/mo.	N/A	\$ 500.00	\$ 1,500.00	Current	None	09-30-24	110.000	
Sandwood Inc.	Batavia Street	\$13,622.47	CPI April 1	\$ 41,660.27	\$ 94,358.39	Current	None	03-31-29	2.600	Sandbagging/Firewood
Yorba Linda Water District (2)	Warner Basin	\$5,283.62 / year 2023	3% December		\$ -	Current	None	12-31-62	0.4224	Production Water Well 21 Original Rent: \$3,817 - 8/22/2012 - w/ 3% annual increase
<b>TOTAL FOR LEASES</b>				<b>\$ 415,299.03</b>	<b>\$ 851,078.19</b>				<b>933.412</b>	

NOTES:

1. Prado Basin Duck Hunting & Raahauge Duck Hunting - (Rent due 50% by October 15 and 50% by December 15).
2. YLWD rent due on Dec. 31 of each year.

**SUMMARY REPORT  
STATUS OF PERMITS/LICENSES  
2nd QUARTER ENDED June 30, 2024**

Permits/Licenses	Location	Monthly Rent	Annual Increase	2nd Quarter Rent Paid	Year to Date	Status of Rent	Permit/License Violations	Expiration Date	Acres	Use
Anaheim Model Airplane Club & Scamps	Foster-Huckleberry Pond	Comm. Svc.		N/A	N/A	Current	None	Mo. to Mo.	115.820	Model airplane flying area.
Anaheim, City of Well Maintenance	Anaheim Lake	Comm. Svc.		N/A	N/A	Current	None	Mo. to Mo.	0.230	Maintain wells and pipeline.
Anaheim, City of	Burriss Basin	N/A		N/A	N/A	Current	None	Year to Year		Pumphouse
Anaheim, City of	Anaheim Lake	Flat Fee \$1.00		One-time fee paid 01/3	\$ -	Current	None	09-30-61		Drain pipe Rio Vista Res.
Anaheim, City of	Huckleberry Basin	Flat Fee \$1,148			\$ -	Current	None	10-28-39		Storm drain to Huckleberry
Boy Scouts of America, Troop 850	Santiago Bond Basin	Clean Premises			\$ -			Mo. to Mo.		Store 2 container trailers
CA Dept. of Forestry & Fire Protection	Prado - Highway 71	Fire Protection			N/A	Current	None	Mo. to Mo.		Cut fire break along fence - Highway 71.
Inland Empire Utility District	Prado Basin	WQ Report		\$ -	N/A	Current	None	03-31-34		Monitoring will site
Orange, City of	Orange Reservoir No. 10	N/A		\$ -	N/A	Current	None	05-31-34		Antenna on Reservoir No. 10
OC Transportation Authority (OCTA)	Deep Well #5	N/A		\$ -	\$ -					Temporary construction easement for the District's Deep Well #5 property located on the east side of Pacific Street at Spencer Ave in Fountain Valley Cellular Comm. Relay Site
SCE & (formerly Royal Street Communications) T-Mobile (ATS) (1)	Riverdale Avenue, Orange	\$1,110.20	CPI November 1	\$ 3,330.60	\$ 6,661.20	Current	None	11-13-27		ATS contract renews with T-Mobile's renewal
Southern California Edison Co. (2)	Anaheim Lake	\$802.44 + CPI Annual			\$ 851.30	Current	None	02-28-38		Relocate Power Pole
Serrano Irrigation District	Santiago Basin	Conj. well site #4		\$ -	N/A	Current	None	Annual Renewal	0.220	Conjunctive use well. R90-10-210 / orig exp: 7-1-10
T2 Utility Engineers, Inc	Burriss Basin	Flat Fee \$1,148		\$1,148	\$1,148	Current	None	8/12/2024		Potholes for Utility Data / Platinum Triangle
T.E. Roberts	Huckleberry Basin	\$1,337/mo		\$ 4,011.00	\$ 8,022.00	Current	None	1/31/2025		Staging area for City of Anaheim Pipeline work
University of So. Calif.	Fullerton Airport/ Other Locations	N/A		\$ -	N/A	Current	None	Mo. to Mo.		Measure seismic activity in monitoring wells.
Western Riverside Co. Regional Wastewater	Prado Basin	Copy of Reports		\$ -	N/A	Current	None	6-30-46		Monitoring wells - 3
Yorba Linda Water District	Warner Basin Complex	Flat Fee \$550.00		\$ -	N/A	Current	None	12-31-60		Discharge from well water 20.
<b>TOTAL FOR PERMITS/LICENSES</b>					<b>\$ 8,489.60</b>	<b>\$ 16,682.50</b>			<b>116.270</b>	
<b>TOTAL FOR LEASES &amp; PERMITS/LICENSES</b>					<b>\$ 423,788.63</b>	<b>\$ 867,760.69</b>			<b>1,049.682</b>	

NOTES:

1. Monthly Rent is 70% of \$1,266.77 which is adjustusted by the CPI annually
2. SCE License Fee due on March 1 of each year