Exhibit 1
Settlement Offer Calculation

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Alleged Violation No. 1: Failure to implement measures to control all non-stormwater discharges during construction.
"Risk Level 2 dischargers shall implement measures to control all non-storm water discharges during construction." CGP Attachment D § C.1. The City failed to manage the Project's liquid waste discharge (non-stormwater discharge) from drilling as documented in the March 23, 2021, San Diego Water Board inspection report.

Penalty Factor	Value	Discussion
Potential for Harm	Moderate	The Project discharges stormwater runoff directly to San Marcos Creek (Basin No. 4.52). San Marcos Creek has the following beneficial uses: Agricultural Supply (AGR); Contact Water Recreation (REC1); Non-contact Water Recreation (REC2); Warm Freshwater Habitat (WARM); and Wildlife Habitat (WILD). San Marcos Creek is listed as a 2014-2016 federal Clean Water Act section 303(d) Impaired Water Body for the following: DDE (Dichlorodiphenyldichloroethylene); Toxicity; Benthic Community Effects; Indicator Bacteria; Phosphorus; and Selenium. During drilling operations, drilling fluid is pumped down the drill to lift drill cuttings to the surface. The drilling fluid together with the suspended drill cuttings (sediment) and some heavy metals are carried to the surface where the cuttings are separated from the fluid and the fluid is re-injected to lift more cuttings. Spilled or improperly disposed drilling wastes have the potential to harm plants and animals, and it should be managed to minimize risk to human health and the environment. Drilling waste constituents may include the following: sediment; heavy metals; organics; hydrocarbons; biocides; BOD; inorganic salts; and surfactants. Sediment discharged into receiving waters can reduce available sunlight for aquatic plants, clog fish gills, smother aquatic habitat and breeding areas, and transport drilling-related pollutants. The Prosecution Team assigned a score of "moderate" because the characteristics of the violation present a substantial threat to beneficial uses and the circumstances of the violation indicated a substantial potential for harm. San Marcos Creek is impaired for "benthic community effects" and "toxicity" demonstrating actual harm to ecosystem health. Discharges of drilling waste can further impair beneficial uses of WARM and WILD. Given the upgradient location of the drill rig to the nearby creek and the activities occurring during the rainy season there is a strong likelihood that the drilling waste would be discharged into the receiving water.
Deviation from Requirement	Major	The Prosecution Team assigned a score of "major" because the City failed to implement BMPs to control the drilling waste discharge.
Per Day Factor	0.55	Determined from Table 3 in the 2017 Water Quality Enforcement Policy.
Days of Violation	One (1)	The violation was observed and documented by San Diego Water Board staff on March 23, 2021.
Initial Liability	**$5,500**	**The initial liability is calculated as a per day factor multiplied by the number of days multiplied by the maximum liability per day of $10,000.**
Degree of Culpability	1.3	The City's failure to implement BMPs to control the drilling waste discharge was either intentional or negligent because the Project's SWPPP identified the potential for harm from the activity and stated that controls/practices would be implemented to prohibit these liquid wastes from being discharged to the stormwater conveyance system and receiving waters, and that they would be contained, characterized, and appropriately disposed.
History of Violations	1.0	The Prosecution Team assigned a score of 1.0 because the City does not have a history of CGP violations.
Cleanup and Cooperation	1.0	The City responded in a prompt manner to correct the identified violation.
Total Base Liability	**$7,150**	**The total base liability is calculated as the initial liability multiplied by the culpability, history of violation, and cleanup and cooperation factors.**
Final Liability	**$7,150**	**The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than or equal to the maximum liability.**

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Alleged Violation No. 2: Failure to apply linear sediment controls.
"Risk Level 2 dischargers shall apply linear sediment controls along the toe of slope, face of the slope, and at the grade breaks of exposed slopes to comply with sheet flow lengths in accordance with Table 1." CGP Attachment D § E.4. The City failed to install linear sediment controls on exposed slopes as documented in the March 23, 2021, San Diego Water Board inspection report.

Penalty Factor	Value	Discussion
Potential for Harm	Moderate	The Project discharges stormwater runoff directly to San Marcos Creek (Basin No. 4.52). San Marcos Creek has the following beneficial uses: Agricultural Supply (AGR); Contact Water Recreation (REC1); Non-contact Water Recreation (REC2); Warm Freshwater Habitat (WARM); and Wildlife Habitat (WILD). San Marcos Creek is listed as a 2014-2016 federal Clean Water Act section 303(d) Impaired Water Body for the following: DDE (Dichlorodiphenyldichloroethylene); Toxicity; Benthic Community Effects; Indicator Bacteria; Phosphorus; and Selenium. Land disturbance during construction exposes sediment. Dischargers that have obtained coverage under the CGP are required to implement controls, structures, and management practices (a.k.a. Best Management Practices [BMPs]) that achieve BAT for toxic and non-conventional pollutants and BCT for conventional pollutants to be allowed to discharge stormwater runoff. For exposed slopes, the CGP requires the implementation of erosion and sediment control BMPs due to their greater potential to erode as stormwater flows pick up energy as they move down a slope. Sediment discharged into receiving waters can reduce available sunlight for aquatic plants, clog fish gills, smother aquatic habitat and breeding areas, and transport construction-related pollutants such as nutrients, metals, oils and grease. The Prosecution Team assigned a score of "moderate" because the characteristics of the violation present a substantial threat to beneficial uses and the circumstances of the violation indicated a substantial potential for harm. San Marcos Creek is impaired for "benthic community effects" and "toxicity" demonstrating actual harm to ecosystem health. Discharges of construction pollutants can further impair beneficial uses of WARM and WILD. Given that the Project is in San Marcos Creek during the rainy season there is a strong likelihood that construction pollutants would be discharged into the receiving water.
Deviation from Requirement	Major	The Prosecution Team assigned a score of "major" because the City failed to implement linear sediment control BMPs to prevent or reduce the sediment and erosion on the exposed slopes.
Per Day Factor	0.55	Determined from Table 3 in the 2017 Water Quality Enforcement Policy.
Days of Violation	One (1)	The violation was observed and documented by San Diego Water Board staff on March 23, 2021.
Initial Liability	**$5,500**	**The initial liability is calculated as a per day factor multiplied by the number of days multiplied by the maximum liability per day of $10,000.**
Degree of Culpability	1.3	The City's failure to implement linear sediment control BMPs on exposed slopes was either intentional or negligent because the Project's SWPPP identified that fiber rolls would be used on slopes according to the requirements in the CGP.
History of Violations	1.0	The Prosecution Team assigned a score of 1.0 because the City does not have a history of CGP violations.
Cleanup and Cooperation	1.0	The City responded in a prompt manner to correct the identified violation.
Total Base Liability	**$7,150**	**The total base liability is calculated as the initial liability multiplied by the culpability, history of violation, and cleanup and cooperation factors.**
Final Liability	**$7,150**	**The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than or equal to the maximum liability.**

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Alleged Violation No. 3: Failure to implement material stockpile BMPs.
Risk Level 2 dischargers shall "[c]over and berm loose stockpiled construction materials that are not actively being used (i.e., soil, spoils, aggregate, fly-ash, stucco, hydrated lime, etc.)." CGP Attachment D § B.1.b. The City failed to cover and berm loose stockpiled construction materials as documented in the March 23, 2021, San Diego Water Board inspection report.

Penalty Factor	Value	Discussion
Potential for Harm	Moderate	The Project discharges stormwater runoff directly to San Marcos Creek (Basin No. 4.52). San Marcos Creek has the following beneficial uses: Agricultural Supply (AGR); Contact Water Recreation (REC1); Non-contact Water Recreation (REC2); Warm Freshwater Habitat (WARM); and Wildlife Habitat (WILD). San Marcos Creek is listed as a 2014-2016 federal Clean Water Act section 303(d) Impaired Water Body for the following: DDE (Dichlorodiphenyldichloroethylene); Toxicity; Benthic Community Effects; Indicator Bacteria; Phosphorus; and Selenium. Loose stockpiled construction materials are easily eroded by precipitation, wind, and stormwater and non-stormwater runoff. Dischargers that have obtained coverage under the CGP are required to implement controls, structures, and management practices (a.k.a. Best Management Practices [BMPs]) that achieve BAT for toxic and non-conventional pollutants and BCT for conventional pollutants to be allowed to discharge stormwater runoff. For loose stockpiled construction materials, the CGP requires that they be covered and bermed unless they are "actively being used." In this case the loose stockpiled construction materials were stockpiles of soil and gravel. Sediment discharged into receiving waters can reduce available sunlight for aquatic plants, clog fish gills smother aquatic habitat and breeding areas, and transport construction-related pollutants such as nutrients, metals, oils and grease. The Prosecution Team assigned a score of "moderate" because the characteristics of the violation present a substantial threat to beneficial uses and the circumstances of the violation indicated a substantial potential for harm. San Marcos Creek is impaired for "benthic community effects" and "toxicity" demonstrating actual harm to ecosystem health. Discharges of construction pollutants can further impair beneficial uses of WARM and WILD. Given that the Project is in San Marcos Creek during the rainy season there is a strong likelihood that construction pollutants would be discharged into the receiving water.
Deviation from Requirement	Major	The Prosecution Team assigned a score of "major" because the City failed to cover and berm the loose stockpiled construction materials to prevent or reduce erosion due to wind, precipitation or runoff from stormwater or non-stormwater.
Per Day Factor	0.55	Determined from Table 3 in the 2017 Water Quality Enforcement Policy.
Days of Violation	One (1)	The violation was observed and documented by San Diego Water Board staff on March 23, 2021.
Initial Liability	**$5,500**	**The initial liability is calculated as a per day factor multiplied by the number of days multiplied by the maximum liability per day of $10,000.**
Degree of Culpability	1.3	The City's failure to cover and berm the loose stockpiled construction materials was either intentional or negligent because the Project's SWPPP stated that stockpiles would only be covered and bermed "prior to likely precipitation events" in conflict with the CGP requirement. Either the City intentionally refused to cover and berm the stockpiles or negligently applied the wrong BMP standard.
History of Violations	1.0	The Prosecution Team assigned a score of 1.0 because the City does not have a history of CGP violations.
Cleanup and Cooperation	1.0	The City responded in a prompt manner to correct the identified violation.
Total Base Liability	**$7,150**	**The total base liability is calculated as the initial liability multiplied by the culpability, history of violation, and cleanup and cooperation factors.**
Final Liability	**$7,150**	**The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than or equal to the maximum liability.**

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Alleged Violation No. 4: Failure to stabilize construction entrances and exits.
"Risk Level 2 dischargers shall establish and maintain effective perimeter controls and stabilize all construction entrances and exits to sufficiently control erosion and sediment discharges from the site" CGP Attachment D § E.1. The City failed to maintain effective perimeter controls at the Project's construction entrance/exit as documented in the March 23, 2021, San Diego Water Board inspection report.

Penalty Factor	Value	Discussion
Potential for Harm	Moderate	The Project discharges stormwater runoff directly to San Marcos Creek (Basin No. 4.52). San Marcos Creek has the following beneficial uses: Agricultural Supply (AGR); Contact Water Recreation (REC1); Non-contact Water Recreation (REC2); Warm Freshwater Habitat (WARM); and Wildlife Habitat (WILD). San Marcos Creek is listed as a 2014-2016 federal Clean Water Act section 303(d) Impaired Water Body for the following: DDE (Dichlorodiphenyldichloroethylene); Toxicity; Benthic Community Effects; Indicator Bacteria; Phosphorus; and Selenium. Un-stabilized construction entrances/exits track sediment onto paved public rights of way/streets. Reducing tracking of sediments and other pollutants onto paved streets prevents or reduces the deposition of sediments into local storm drains and airborne dust. Dischargers that have obtained coverage under the CGP are required to implement controls, structures, and management practices (a.k.a. Best Management Practices [BMPs]) that achieve BAT for toxic and non-conventional pollutants and BCT for conventional pollutants to be allowed to discharge stormwater runoff. The CGP requires construction entrances/exists to be stabilized. In this case the Project's construction entrance/exit's perimeter controls were not maintained and thus less effective. Sediment is a pollutant of concern at active construction sites. Sediment discharged into receiving waters can reduce available sunlight for aquatic plants, clog fish gills, smother aquatic habitat and breeding areas, and transport construction-related pollutants such as nutrients, metals, oils and grease. The Prosecution Team assigned a score of "moderate" because the characteristics of the violation present a substantial threat to beneficial uses and the circumstances of the violation indicated a substantial potential for harm. San Marcos Creek is impaired for "benthic community effects" and "toxicity" demonstrating actual harm to ecosystem health. Discharges of construction pollutants can further impair beneficial uses of WARM and WILD. Given that the Project is in San Marcos Creek during the rainy season there is a strong likelihood that construction pollutants would be discharged into the receiving water.
Deviation from Requirement	Moderate	The Prosecution Team assigned a score of "moderate" because the City failed to maintain the perimeter control BMPs at the construction entrance/exit.
Per Day Factor	0.35	Determined from Table 3 in the 2017 Water Quality Enforcement Policy.
Days of Violation	One (1)	The violation was observed and documented by San Diego Water Board staff on March 23, 2021.
Initial Liability	**$3,500**	**The initial liability is calculated as a per day factor multiplied by the number of days multiplied by the maximum liability per day of $10,000.**
Degree of Culpability	1.2	While the City installed the BMP, the City's failure to maintain the perimeter control BMPs at the construction entrance/exit was either intentional or negligent because the Project's SWPPP stated that all Project BMPs would be maintained. Additionally, weekly inspections put the City on notice that the entrance/exit needed maintenance and the City did not address the lack of maintenance until after the violation was noted and conveyed to the City by San Diego Water Board staff.
History of Violations	1.0	The Prosecution Team assigned a score of 1.0 because the City does not have a history of CGP violations.
Cleanup and Cooperation	1.0	The City responded in a prompt manner to correct the identified violation.
Total Base Liability	**$4,200**	**The total base liability is calculated as the initial liability multiplied by the culpability, history of violation, and cleanup and cooperation factors.**
Final Liability	**$4,200**	**The final liability amount is the total base liability plus any adjustment for the ability to pay, economic benefit, and other factors. The final liability must be more than the minimum liability and less than or equal to the maximum liability.**