

Council Meeting Agenda

June 27, 2012

CITY COUNCIL CHAMBERS

3:30 p.m. Closed Session; 4:30 p.m. Regular Session
201 N. Broadway, Escondido, CA 92025

MAYOR	Sam Abed
DEPUTY MAYOR	Marie Waldron
COUNCIL MEMBERS	Olga Diaz Ed Gallo Michael Morasco
CITY MANAGER	Clay Phillips
CITY CLERK	Diane Halverson
CITY ATTORNEY	Jeffrey Epp
DIRECTOR OF COMMUNITY DEVELOPMENT	Barbara Redlitz
DIRECTOR OF ENGINEERING SERVICES	Ed Domingue

ELECTRONIC MEDIA:

Electronic media which members of the public wish to be used during any public comment period should be submitted to the City Clerk's Office at least 24 hours prior to the Council meeting at which it is to be shown.

The electronic media will be subject to a virus scan and must be compatible with the City's existing system. The media must be labeled with the name of the speaker, the comment period during which the media is to be played and contact information for the person presenting the media.

The time necessary to present any electronic media is considered part of the maximum time limit provided to speakers. City staff will queue the electronic information when the public member is called upon to speak. Materials shown to the Council during the meeting are part of the public record and may be retained by the Clerk.

The City of Escondido is not responsible for the content of any material presented, and the presentation and content of electronic media shall be subject to the same responsibilities regarding decorum and presentation as are applicable to live presentations.



Council Meeting Agenda

**June 27, 2012
3:30 p.m. Meeting**

Escondido City Council Mobilehome Rent Review Board

CALL TO ORDER

ROLL CALL: Diaz, Gallo, Morasco, Waldron, Abed

ORAL COMMUNICATIONS

The public may address the Council on any item that is not on the agenda and that is within the subject matter jurisdiction of the legislative body. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.) Speakers are limited to only one opportunity to address the Council under Oral Communications.

CLOSED SESSION: (COUNCIL/CDC/RRB)

I. CONFERENCE WITH LABOR NEGOTIATOR (Government Code §54957.6)

- a.** Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Police Officers' Association/Sworn
- b.** Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Escondido City Employee Association: Administrative/Clerical/
Engineering (ACE) Bargaining Unit
- c.** Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Escondido City Employee Association: Supervisory (SUP)
Bargaining Unit
- d.** Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: POA/Non-Sworn Police Bargaining Unit
- e.** Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Teamsters Local 911/Maintenance and Operations
- f.** Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Escondido's Firefighters' Association

CLOSED SESSION: (COUNCIL/CDC/RRB) Continued

II. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)

- a.** Property: 401 N. Spruce Street
- Agency Negotiators: Debra Lundy, Real Property Manager
- Negotiating parties: Interfaith Community Services
- Under negotiation: Price and Term of Lease Agreement

ADJOURNMENT



Council Meeting Agenda

**June 27, 2012
4:30 p.m. Meeting**

**Escondido City Council
Mobilehome Rent Review Board**

CALL TO ORDER

MOMENT OF REFLECTION:

City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the evening meeting. The City does not participate in the selection of speakers for this portion of the agenda, and does not endorse or sanction any remarks made by individuals during this time. If you wish to be recognized during this portion of the agenda, please notify the City Clerk in advance.

FLAG SALUTE

ROLL CALL: Diaz, Gallo, Morasco, Waldron, Abed

PRESENTATIONS: Family of Luis Romero

PROCLAMATIONS: July is Parks and Recreation Month

ORAL COMMUNICATIONS

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CONSENT CALENDAR

Items on the Consent Calendar are not discussed individually and are approved in a single motion. However, Council members always have the option to have an item considered separately, either on their own request or at the request of staff or a member of the public.

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/CDC/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/CDC)**
3. **APPROVAL OF MINUTES: Regular Meeting of May 23, 2012**
4. **COMMUNITY GRANT PROGRAM APPLICATION** – Request Council authorize the Director of Community Services or his designee to submit an application to the Best Buy Children’s Foundation for a Community Grant Program grant to purchase an Apple I-pad Learning Lab for use in a pilot program for the summer Counselor-In-Training (C.I.T.) program; enter into agreements as appropriate; and authorize the Finance Director to set up the appropriate budgets for the purchase of equipment if the grant is awarded.

Staff Recommendation: Approval (**Community Services: Jerry Van Leeuwen**)

RESOLUTION NO. 2012-114

5. **THIRD AMENDMENT TO PUBLIC SERVICE AGREEMENT WITH REDWOOD SENIOR HOMES AND SERVICES FOR MEAL SERVICE** – Request Council authorize the Mayor and City Clerk to execute a Third Amendment to the Public Service Agreement with Redwood Senior Homes and Services (RSHS) Town Court, to provide meals for the Nutrition Program offered at the Joslyn Senior Center for an additional year (July 1, 2012 through June 30, 2013) in the amount of \$119,000.

Staff Recommendation: Approval (**Community Services: Jerry Van Leeuwen**)

RESOLUTION NO. 2012-120

6. **THIRD AMENDMENT TO PUBLIC SERVICE AGREEMENT WITH REDWOOD SENIOR HOMES AND SERVICES ELDERLINK FOR SENIOR TRANSPORTATION** – Request Council authorize the Mayor and City Clerk to execute a Third Amendment to the Public Service Agreement with Redwood Senior Homes and Services (RSHS) Elderlink to provide transportation services for the Senior Nutrition Program for an additional year (July 1, 2012 through June 30, 2013), not to exceed \$144,900.

Staff Recommendation: Approval (**Community Services: Jerry Van Leeuwen**)

RESOLUTION NO. 2012-119

7. **SANDAG ACTIVE TRANSPORTATION GRANT PROGRAM APPLICATION** – Request Council authorize the Director of Engineering Services or his designee to complete an application to SANDAG for Active Transportation Grant Program funds to install bike path improvements to the missing link in the Escondido Creekwalk bike path along Broadway, West Valley Parkway and Centre City Parkway to the Escondido Transit Center.

Staff Recommendation: Approval (**Engineering: Ed Domingue**)

RESOLUTION NO. 2012-116

CONSENT CALENDAR CONTINUED

8. **HIGHWAY SAFETY IMPROVEMENT PROGRAM APPLICATION** – Request Council authorize the Director of Engineering Services or his designee to complete an application to Caltrans for a federal Highway Safety Improvement Program (HSIP) grant to support the East Valley Parkway Widening Project – Beven Drive to Northern City Limits.

Staff Recommendation: Approval **(Engineering: Ed Domingue)**

RESOLUTION NO. 2012-117

9. **CONSULTANT AGREEMENT AMENDMENT #1 – BENTON BURN SITE** – Request Council authorize the Mayor and City Clerk to execute Amendment #1 to the Consultant Agreement with URS Corporation, Inc., in the amount of \$81,700 for additional environmental services for the remediation of Benton Burn Site.

Staff Recommendation: Approval **(Engineering: Ed Domingue)**

RESOLUTION NO. 2012-118

10. **BUDGET ADJUSTMENT FOR 2010 WINTER STORM REIMBURSEMENT FROM FEMA AND CALEMA FOR CHANNEL WALL REPAIRS AT SIMPSON WAY (INDIAN CREEK)** – Request Council accept federal and state emergency management aid for the damages created from the 2010 Winter Storms and approve the budget adjustment.

Staff Recommendation: Approval **(Engineering: Ed Domingue)**

11. **POLICE OFFICERS' ASSOCIATION SWORN BARGAINING UNIT CONTRACT** – Request Council adopt a successor Police Officers' Association Sworn Bargaining Unit Contract.

Staff Recommendation: Approval **(Human Resources: Sheryl Bennett)**

RESOLUTION NO. 2012-121

12. **AUTHORIZATION TO APPROVE AND EXECUTE FIRST AMENDMENTS TO PURCHASE ORDERS TO INCREASE THE CONTRACTUALLY AUTHORIZED AMOUNT FOR THE PURCHASE OF ADDITIONAL POLYMER AND FERRIC SULFATE** – Request Council approve First Amendments to Purchase orders with Kemira Water Solutions, Inc. and Polydyne, Inc. to increase the contractual authorization for chemical purchases through the end of the fiscal year 2012.

Staff Recommendation: Approval **(Utilities: Christopher McKinney)**

RESOLUTION NO. 2012-122

13. **VISTA VERDE RESERVOIR REPLACEMENT** – Request Council authorize the Mayor and City Clerk to execute the Consulting Agreement with Black & Veatch Corporation in the amount of \$602,945 for engineering services to provide detailed design including the preparation of construction drawings and specifications for the Vista Verde Reservoir Replacement project.

Staff Recommendation: Approval **(Utilities: Christopher McKinney)**

RESOLUTION NO. 2012-107

CONSENT CALENDAR CONTINUED

- 14. FISCAL YEAR 2011-12 GENERAL FUND POLICE BUDGET ADJUSTMENT** – Request Council approve the FY 2011-12 adjustment to the General Fund Police Budget in the amount of \$71,718.

Staff Recommendation: Approval **(Police: Jim Maher)**

- 15. FISCAL YEAR 2012-13 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL LOCAL LAW ENFORCEMENT GRANT AND BUDGET ADJUSTMENT** – Request Council authorize the Chief of Police to receive a \$65,000 grant award from the California Department of Alcoholic Beverage Control (ABC); execute contract documents related to the grant; and approve a budget adjustment to spend grant funds to enhance local efforts to reduce alcohol-related problems in the community.

Staff Recommendation: Approval **(Police: Jim Maher)**

RESOLUTION NO. 2012-108

- 16. FISCAL YEAR 2010 URBAN AREA SECURITY INITIATIVE (UASI) GRANT MODIFICATION AND BUDGET ADJUSTMENT** – Request Council authorize the Escondido Police Department to accept an additional \$4,166 in funding from the Department of Homeland Security (DHS) for the FY 2010 Urban Area Security Initiative (UASI) Grant; authorize the Chief of Police to submit grant documents on behalf of the City; and authorize staff to establish budgets to spend grant funds.

Staff Recommendation: Approval **(Police: Jim Maher)**

- 17. MANAGEMENT AND CONCESSION CONTRACT FOR REIDY CREEK GOLF COURSE** – Request Council authorize the Mayor and the City Clerk to execute the Management Agreement and Concession Agreement with JC Resorts, LLC and its affiliate, JC Management, LLC.

Staff Recommendation: Approval **(Finance: Gilbert Rojas)**

RESOLUTION NO. 2012-123

- 18. ANNUAL SUBMISSION OF THE CITY OF ESCONDIDO'S INVESTMENT POLICY** – Request Council approve the June 2012 Investment Policy.

Staff Recommendation: Approval **(City Treasurer's Office: Kenneth C. Hugins)**

RESOLUTION NO. 2012-93

CONSENT - RESOLUTIONS AND ORDINANCES (COUNCIL/CDC/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/CDC/RRB at a previous City Council/Community Development Commission/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

PUBLIC HEARINGS

- 19. SHORT-FORM RENT INCREASE APPLICATION FOR CASA DE AMIGOS MOBILEHOME PARK** – Request Council consider the short-form rent increase application submitted by Casa de Amigos Mobilehome Park and if approved, grant an increase of 75% of the change in the Consumer Price Index, or 2.802% (an average of \$15.98), for the period of June 30, 2010 to December 31, 2011.

Staff Recommendation: Approval (**Community Services/Housing: Jerry Van Leeuwen**)

RESOLUTION NO. RRB 2012-05

- 20. SHORT-FORM RENT INCREASE APPLICATION FOR EASTWOOD MEADOWS** - Request Council consider the short-form rent increase application submitted by Eastwood Meadows Mobilehome Park and if approved, grant an increase of 75% of the change in the Consumer Price Index, or 2.989% (an average of \$12.90 per space), for the period of December 31, 2009 to December 31, 2011.

Staff Recommendation: Approval (**Community Services/Housing: Jerry Van Leeuwen**)

RESOLUTION NO. RRB 2012-06

CURRENT BUSINESS

- 21. POTABLE REUSE PROGRAM MANAGER AND BUDGET ADJUSTMENT** – Request Council authorize the Mayor and City Clerk to execute an as-needed Consulting Agreement with Black & Veatch Corporation for Indirect Potable Reuse (IPR) Program Management Services; authorize the Director of Utilities to execute Task Order No. 1 for IPR Program Management in the amount of \$1,381,410; and approve a budget adjustment in the amount of \$1,143,469.

Staff Recommendation: Approval (**Utilities: Christopher McKinney**)

- a. RESOLUTION NO. 2012-105
- b. RESOLUTION NO. 2012-106

- 22. APPOINTMENT TO THE PERSONNEL BOARD OF REVIEW** – Request Council ratify the Mayor's recommendation to fill an unscheduled vacancy on the Personnel Board of Review due to the resignation of Orvil Hale; whose term of office will expire March 31, 2016.

Staff Recommendation: None (**City Clerk's Office: Diane Halverson**)

FUTURE AGENDA

23. **FUTURE AGENDA ITEMS** - The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: None **(City Clerk's Office: Diane Halverson)**

ORAL COMMUNICATIONS

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COUNCIL MEMBERS' COMMITTEE REPORTS/COMMENTS/BRIEFING

ADJOURNMENT

UPCOMING MEETING SCHEDULE				
Date	Day	Time	Meeting Type	Location
July 4	-	-	No Meeting	-
July 11	-	-	No Meeting	-
July 18	-	-	No Meeting	-
July 25	Wednesday	3:30 & 4:30pm	Council Meeting	Council Chambers

TO ADDRESS THE COUNCIL

The public may address the City Council on any agenda item. Please complete a Speaker's form and give it to the City Clerk. Comments are generally limited to 3 minutes.

If you wish to speak concerning an item *not* on the agenda, you may do so under "Oral Communications." Please complete a Speaker's form as noted above.

Handouts for the City Council should be given to the City Clerk. To address the Council, use the podium in the center of the Chambers, STATE YOUR NAME FOR THE RECORD and speak directly into the microphone.

AGENDA, STAFF REPORTS AND BACK-UP MATERIALS ARE AVAILABLE:

- Online at <http://www.ci.escondido.ca.us/government/agendas/PublishedMeetings.htm>
- In the City Clerk's Office at City Hall
- In the Library (239 S. Kalmia) during regular business hours and
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

AVAILABILITY OF SUPPLEMENTAL MATERIALS AFTER AGENDA POSTING: Any supplemental writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 201 N. Broadway during normal business hours, or in the Council Chambers while the meeting is in session.

LIVE BROADCAST

Council meetings are broadcast live on Cox Cable Channel 19 and U-verse Channel 99 – Escondido Gov TV. They can also be viewed the following Sunday and Monday evenings at 6:00 p.m. on those same channels. The Council meetings are also available live via the Internet by accessing the City's website at www.escondido.org, and selecting: City Council/broadcasts of City Council Meetings/live video streaming.

Please turn off all cellular phones and pagers while the meeting is in session.

**The City Council is scheduled to meet the first four Wednesdays
of the month at 3:30 in Closed Session and 4:30 in Open Session.**

(Verify schedule with City Clerk's Office)

**Members of the Council also sit as the Escondido Joint Powers Financing Authority
and the Mobilehome Rent Review Board.**

**CITY HALL HOURS OF OPERATION
Monday-Thursday 7:30 a.m. to 5:30 p.m.**



If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4641. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.

Listening devices are available for the hearing impaired – please see the City Clerk.

CITY OF ESCONDIDO
May 23, 2012
3:30 p.m. Meeting Minutes
Escondido City Council

CALL TO ORDER

The Regular Meeting of the Escondido City Council was called to order at 3:30 p.m. on Wednesday, May 23, 2012 in the Council Chambers at City Hall with Mayor Abed presiding.

ATTENDANCE

The following members were present: Councilmember Olga Diaz, Councilmember Ed Gallo, Councilmember Michael Morasco, Deputy Mayor Marie Waldron, and Mayor Sam Abed. Quorum present.

ORAL COMMUNICATIONS

Robroy Fawcett, Escondido, distributed information and gave information to the Council on voting districts.

Mike Garcia, Escondido Police Officers Association President, listed some items to be reviewed in the proposed Association contract.

CLOSED SESSION: (COUNCIL/CDC/RRB)

MOTION: Moved by Councilmember Waldron and seconded by Councilmember Diaz to recess to Closed Session. Motion carried unanimously.

ITEM I.e. WAS NOT DISCUSSED

I. CONFERENCE WITH LABOR NEGOTIATOR (Government Code §54957.6)

- a. Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Police Officers' Association
- b. Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Escondido City Employee Association: Administrative/Clerical Engineering (ACE) Bargaining Unit
- c. Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Escondido City Employee Association: Supervisory (SUP) Bargaining Unit

- d. Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Non-Sworn Police Bargaining Unit
- e. Agency negotiator: Sheryl Bennett, Clay Phillips
Employee organization: Maintenance & Operations, Teamsters Local 911

II. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION:

- a. Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9(b): **One Case**

ADJOURNMENT

Mayor Abed adjourned the meeting at 4:40 p.m.

MAYOR

CITY CLERK

MINUTES CLERK

CITY OF ESCONDIDO
May 23, 2012
4:30 p.m. Meeting Minutes

Escondido City Council
Mobile Home Rent Review Board

CALL TO ORDER

The Regular Meeting of the Escondido City Council and Mobile Home Rent Review Board was called to order at 4:44 p.m. on Wednesday, May 23, 2012 in the Council Chambers with Mayor Abed presiding.

MOMENT OF REFLECTION

FLAG SALUTE

Mayor Abed led the flag salute.

ATTENDANCE

The following members were present: Councilmember Olga Diaz, Councilmember Ed Gallo, Councilmember Michael Morasco, Deputy Mayor Marie Waldron, and Mayor Sam Abed.

Also present were: Clay Phillips, City Manager; Jeffrey Epp, City Attorney; Barbara Redlitz, Community Development Director; Ed Domingue, Engineering Services Director; Diane Halverson, City Clerk; and Liane Uhl, Minutes Clerk.

PRESENTATIONS

Mayor Abed presented the Historic Preservation Awards and introduced Carol Rea, Historical Preservation Commissioner, who gave a presentation on the benefits of historic preservation.

PROCLAMATIONS

Mayor Abed introduced Dan Higbee, Engineering Department, Christopher McKinney, Utilities Department, and Chris Guenther, Public Works who accepted proclamations for National Public Works Week. Ed Domingue, Engineering Services Director, introduced Frank Casteleneto who presented two plaques to the Mayor for award winning engineering projects.

Mayor Abed introduced Kimberly Israel, Safe Walk, who accepted a proclamation for Pedestrian Safety Month for May 2012.

ORAL COMMUNICATIONS

Fred Tuoad, Escondido, urged Council to install a crosswalk on El Norte Parkway at the Vons shopping center.

Jerry Lenhard, Escondido, voiced concern with past Council decisions.

Roy Garrett, Escondido, asked Council to not lease all of the branch library space.

Wayne Louth, Escondido, explained flag etiquette and the meaning of the Pledge of Allegiance.

John Ward, Escondido, expressed concern with recent Council decisions.

Carmen Miranda, Escondido, indicated she was disappointed with the recent town hall meeting.

Lisa Prazeau, Escondido, stated she was upset with the outcome of the last town hall meeting.

CONSENT CALENDAR

Mayor Abed removed item 7 and Councilmember Waldron removed item 10 from the Consent Calendar for discussion.

MOTION: Moved by Councilmember Morasco and seconded by Councilmember Gallo that the following Consent Calendar items be approved with the exception of items 7 and 10. Motion carried unanimously.

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/CDC/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/CDC)**
3. **APPROVAL OF MINUTES: Regular Meeting of April 18, 2012
Regular Meeting of April 25, 2012**
4. **UTILITIES DEPARTMENT CAPITAL IMPROVEMENT PROGRAM BUDGET ADJUSTMENT –**
Request Council approve a budget adjustment in the amount of \$375,000 within the Utilities Department CIP Water budget. (File No. 0430-80)

Staff Recommendation: Approval (**Utilities: Christopher McKinney**)

5. **DETERMINATION TO CONTINUE WORK UNDER EMERGENCY CONTRACTS ISSUED FOR SODIUM HYDROXIDE CLEANUP AND TANK REPAIRS AT THE WATER TREATMENT PLANT –** Request Council reaffirm the persistence of the public emergency contracts with Daniel Mechanical for tank repair and with NRC Environmental for chemical cleanup. (File No. 0600-10 [3047])

Staff Recommendation: Approval (**Utilities: Christopher McKinney**)

RESOLUTION NO. 2012-82

6. **AUTHORIZE THE FIRE DEPARTMENT TO PURCHASE PORTABLE AND MOBILE RADIOS DIRECTLY FROM MOTOROLA INC. BY UTILIZING A REGIONAL COMMUNICATIONS SYSTEM ("RCS") COOPERATIVE PURCHASE CONTRACT WITH THE COUNTY OF SAN DIEGO –** Request Council authorize the Fire Department to purchase thirty-seven (37) portable and thirty-five (35) mobile project 25 ("P25") compliant radios from Motorola Inc. by utilizing a RCS cooperative purchasing contract with the County of San Diego. (File No. 0470-25)

Staff Recommendation: Approval (**Fire Department: Michael Lowry**)

RESOLUTION NO. 2012-73

7. **FISCAL YEAR 2011 STATE HOMELAND SECURITY GRANT ACCEPTANCE (SHSGP) AND BUDGET ADJUSTMENT** – Request Council accept \$215,462 in funding from the Department of Homeland Security (DHS) for the FY 2011 State Homeland Security Grant Program (SHSGP); authorize the Fire Chief to execute, on behalf of the City, all documents required for the management of this grant; and approve the necessary budget adjustment to establish new projects for the tracking of these grant funds. (File No. 0480-70)

Staff Recommendation: Approval (**Fire Department: Michael Lowry**)

Catherine West, Escondido, indicated that a grant was not free money and urged Council to not accept any grants.

MOTION: Moved by Councilmember Morasco and seconded by Councilmember Diaz to accept \$215,462 in funding from the Department of Homeland Security (DHS) for the FY 2011 State Homeland Security Grant Program (SHSGP); authorize the Fire Chief to execute, on behalf of the City, all documents required for the management of this grant; and approve the necessary budget adjustment to establish new projects for the tracking of these grant funds. Motion carried unanimously.

8. **RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA AMENDING THE LIST OF POSITIONS SUBJECT TO THE CITY'S CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT AND REPEALING THE CONFLICT OF INTEREST CODE FOR THE COMMUNITY DEVELOPMENT COMMISSION (CDC)** - Request Council amend the list of positions subject to the City's Conflict of Interest Code pursuant to the Political Reform Act, and repeal the CDC Conflict of Interest Code. (File No. 0640-30)

Staff Recommendation: Approval (**City Attorney's Office: Jennifer McCain**)

- a. **RESOLUTION NO. 2012-76**
- b. **RESOLUTION NO: 2012-78**

9. **TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2012** - Request Council receive and file the January through March 2012 Treasurer's Report. (File No. 0490-55)

Staff Recommendation: Receive and file (**Treasurer's Office: Kenneth Hugins**)

10. **VECTOR HABITAT REMEDIATION PROGRAM FUNDING GRANT** – Request Council authorize the City Manager or his designee to submit applications to the County of San Diego's Department of Environmental Health (DEH) for a Vector Habitat Remediation Program grant. (File No. 0480-70)

Staff Recommendation: Approval (**Utilities: Christopher McKinney**)

RESOLUTION NO. 2012-77

Councilmember Waldron asked if this program was in conjunction with the eye gnat problem.

Karen Youel, Housing Department, stated this grant was just for cleanup of the mosquito problem and did not include the eye gnats.

MOTION: Motion by Councilmember Waldron and seconded by Councilmember Diaz to authorize the City Manager or his designee to submit applications to the County of San Diego's Department of Environmental Health (DEH) for a Vector Habitat Remediation Program grant and adopting Resolution No. 2012-77. Motion carried unanimously.

RESOLUTIONS AND ORDINANCES (COUNCIL/CDC/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/CDC/RRB at a previous City Council/Community Development Commission/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

- 11. REVISED FEATHER SIGN ORDINANCE, CASE NO. AZ 12-0001** – (APPROVED WITH A VOTE OF 5/0 ON MAY 9, 2012) (File No. 0810-20)

ORDINANCE NO. 2012-08 (Second Reading and Adoption)

- 12. MODIFICATION TO THE MASTER AND PRECISE DEVELOPMENT PLAN FOR WESTFIELD NORTH COUNTY (PHG 12-0005)** – (APPROVED WITH A VOTE OF 5/0 ON MAY 9, 2012) (File No. 0800-40 PHG 12-0005)

ORDINANCE NO. 2012-10 R (Second Reading and Adoption)

PUBLIC HEARINGS

- 13. SHORT-FORM RENT INCREASE APPLICATION FOR WESTWINDS MOBILEHOME PARK** – Request Council consider the short-form rent increase application submitted by Westwinds Mobilehome Park and if approved, grant an increase of 75% of the change in the Consumer Price Index (an average of \$7.81), or 2.031% for the period of December 31, 2010, through December 31, 2011. (File No. 0697-20-9848)

Staff Recommendation: Approval (**Community Services/ Housing: Jerry Van Leeuwen**)

RESOLUTION NO. RRB 2012-04

Karen Youel, Housing Department, gave the staff report and presented a series of slides.

Mayor Abed opened the public hearing and asked if anyone would like to speak on this issue in any way.

Jim Younce, Park Owner Representative, indicated he was available for questions.

Mayor Abed asked if anyone else wanted to speak on this issue in any way. No one asked to be heard. Therefore, he closed the public hearing.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Morasco to approve the short-form application. Motion carried unanimously.

- 14. A COMPREHENSIVE GENERAL PLAN UPDATE (EXCLUDING THE HOUSING ELEMENT) AND FINAL ENVIRONMENTAL IMPACT REPORT (EIR) CASE NO. PHG 09-0020** – Request Council: 1) Certify the Final EIR, Findings, Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program; 2) Provide direction regarding the Urban V land use designation, Population build out policy, and Number and potential grouping of General Plan ballot amendments; 3) Approve the General Plan Update with noted modifications; and 4) Approve the General Plan amendments for voter consideration. (File No. 0830-20)

Staff Recommendation: Approve the final EIR and General Plan Update and Amendments; provide direction to staff regarding the Urban V land use designation, Population build out policy, and Number and potential grouping of General Plan ballot amendments (**Community Development/ Planning: Barbara Redlitz**)

- a. **RESOLUTION NO. 2012-52R**
- b. **RESOLUTION NO. 2012-53R**
- c. **RESOLUTION NO. 2012-54R**

Jay Petrek, Planning Department, gave the staff report and presented a series of slides.

Mayor Abed opened the public hearing and asked if anyone would like to speak on this issue in any way.

Pam Stahl, Escondido, distributed information and listed items that she did not agree with the proposed general plan.

William Stephenson, Escondido, indicated he believed that standards had been lowered for this general plan.

Delores McQuiston, Escondido, voiced concern that the general plan would not include Prop S items.

Laura Glusha, Escondido, expressed concern with the density and height of buildings proposed in the general plan.

Patricia Borchmann, Escondido, distributed information and indicated new development fees should be implemented on new development.

Jerry Lenhard, Escondido, stated he did not agree with the new general plan.

Griff Peters, Escondido, presented a slide and expressed concern with the Imperial Oaks Corporate Center section of the general plan.

Trina McCormick, Escondido, voiced concern with the proposed density of commercial areas in the general plan.

Cathrine West, Escondido, stated she did not agree with the proposed 6-story buildings on South Escondido Blvd.

Lisa Prazeau, Escondido, indicated she opposed the 5-6 story buildings proposed in the general plan for the south Escondido area.

Alex Galenes, Escondido Chamber of Commerce Director, stated the general plan update was good for the community and urged Council to adopt it.

Dave Ferguson, Escondido Attorney, indicated the general plan included all of the recommendations from the Citizen's Committee and requested Council adopt it.

Mayor Abed asked if anyone else wanted to speak on this issue in any way. No one asked to be heard. Therefore, he closed the public hearing.

Barbara Redlitz, Community Development Director, requested that a new policy; 17.7, requiring CEQA review for development that exceeds the 2035 forecasted growth as defined in figure 2-5, be included in the General Plan Amendments.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to adopt Resolution No. 53R. Motion carried unanimously.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Morasco to adopt Resolution 52R. Motion carried unanimously.

MOTION: Moved by Councilmember Morasco and seconded by Councilmember Gallo to adopt Resolution No. 54R as amended. Ayes: Abed, Gallo, Morasco and Waldron. Noes: Diaz. Absent: None: Motion carried.

15. PROPOSED CHARTER CITY – Request Council hold a second public hearing on the proposed city charter for the City of Escondido including the method of elections and listen to public comments and suggestions and provide direction to staff to return to the City Council on June 13, 2012 to approve the submission of the proposal to adopt a charter to the voters of Escondido. (File No. 0650-20)

Staff Recommendation: Provide direction to staff (**City Attorney's Office: Jennifer McCain**)

Jennifer McCain, Assistant City Attorney, gave the staff report and presented a series of slides.

Mayor Abed opened the public hearing and asked if anyone would like to speak on this issue in any way.

Roy Garrett, Escondido, urged Council to place cumulative voting for elections in the city charter.

Robroy Fawcett, Escondido, distributed information and indicated he did not support district voting.

Ivan Briggs, Santa Clarita, voiced concern that the City of Escondido would become like the City of Bell if the Council adopted a city charter.

Wayne Louth, Escondido, expressed concern with voting districts being included in the city charter.

Lisa PrazEAU, Escondido, presented a slide and stated she did not support a city charter.

Richard Bova, Escondido, indicated he supported district voting in the city charter.

Don Greene, Escondido, recommended that Council include voting districts in the city charter.

Alex Galenes, Escondido Chamber of Commerce Director, indicated the Chamber of Commerce supported a city charter.

Catherine West, Escondido, stated she opposed district voting in a city charter.

Mayor Abed asked if anyone else wanted to speak on this issue in any way. No one asked to be heard. Therefore, he closed the public hearing.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to direct staff to include voting districts, language to revert to an at large election if necessary and to review the City Treasurer election process. Ayes: Diaz and Morasco. Noes: Abed, Gallo and Waldron. Absent: None. Motion failed.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to direct staff to include voting districts, language to revert to an at large election if necessary and to review the City Treasurer election process. Ayes: Diaz, Gallo and Morasco. Noes: Abed and Waldron. Absent: None. Motion carried.

FUTURE AGENDA

16. **FUTURE AGENDA ITEMS** - The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: None (**City Clerk's Office: Diane Halverson**)

ORAL COMMUNICATIONS

None

COUNCIL MEMBERS' COMMITTEE REPORTS/COMMENTS/BRIEFING

Councilmember Morasco indicated the California Center for the Arts Escondido subcommittee met and they would be in the black financially this year.

Councilmember Gallo mentioned the passing of Doris Hurd, former Grape Day Queen in the 1920s, June 8, 2012 a memorial was scheduled for Norm Siler who was a past Director of the History Center and on May 28, 2012 there was a Memorial Day observance at Oakhill Cemetery.

ADJOURNMENT

Mayor Abed adjourned the meeting at 10:45 p.m.

MAYOR

CITY CLERK

MINUTES CLERK

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 4
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Jerry VanLeeuwen, Director of Community Services
SUBJECT: Community Grant Program Application

RECOMMENDATION:

It is requested that Council 1) Adopt Resolution No. 2012-114, authorizing the Director of Community Services or his designee to submit an application to the Best Buy Children's Foundation for a Community Grant Program grant to purchase an Apple iPad Learning Lab for use in a pilot program for the summer Counselor-In-Training (C.I.T.) program and enter into agreements as appropriate, and 2) Authorize the Finance Director to set up the appropriate budgets for the purchase of equipment if the grant is awarded.

FISCAL ANALYSIS:

Funds will be used to purchase an Apple iPad Learning Lab to expand the summer C.I.T. Program. If the grant is not awarded, this item will not be purchased at this time.

In order to receive the grant monies, the Finance Department must set up the appropriate budget for the project. The requested funds are sufficient to purchase the items based on current pricing.

PREVIOUS ACTION:

None.

BACKGROUND:

Through the Community Grants program, Best Buy teams across the United States select organizations that give teens access to opportunities through technology to help them excel in school and develop 21st century skills. Nonprofit organizations and public agencies that have tax-exempt status and are giving teens access to opportunities through technology are eligible for grants.

The Recreation division will apply for funds to purchase an Apple iPad Learning Lab (which includes 10 iPad devices and a sturdy and secure mobile cart; the cart can store, charge and sync up to 30 iPad devices and can be locked when not in use) for the summer C.I.T. Program. The C.I.T. Program

is designed for teens aged 12-15 to begin to develop leadership skills that will better prepare them for the workforce. Through ice breaker and team building activities, staff takes a targeted approach to teach teens to communicate with their peers, problem solve, take responsibility for their actions, show initiative and embrace creativity. The C.I.T Program participants have the unique opportunity to apply the skills they learn while working with the children in the On Track Kid's Camp. Planning and implementing youth activities requires the teens to independently manage groups of children while ensuring that all activities are complete.

New technology will provide additional opportunities to plan activities for younger children and develop their own skills. With access to technology, teens would have the opportunity to research activities and games to implement with the On Track Kid's Camp Program as well as utilize the iPads to complete projects geared toward their leadership development. Technology driven activities may include: a camp newsletter, youth-produced videos, and youth-created flyers/promotional materials. The teens could also use the technology to seek out and develop new and exciting activities to implement in the On Track Program. They could also learn about the types of jobs currently available for teens and the necessary skills and experience it will take to obtain those positions; as well as how those jobs could help to develop future opportunities.

By developing their leadership skills, teens are better prepared to enter into the workforce and become an asset to any organization. A partnership with Escondido Education COMPACT is currently being explored to further develop job skills development in the teens, including additional resume building work. The C.I.T. program can act as a feeder for Escondido Education COMPACT's program, further developing the teens after the 3- or 4- week summer program. Opportunities to continue using the Apple iPad Learning Lab in both contexts are been developed.

Respectfully submitted,



Jerry VanLeeuwen
Director of Community Services

RESOLUTION NO. 2012-114

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING DIRECTOR OF COMMUNITY SERVICES OR HIS DESIGNEE TO APPLY TO THE BEST BUY CHILDREN'S FOUNDATION FOR A COMMUNITY GRANTS PROGRAM FOR AN ESTIMATED TOTAL OF \$6,300 FOR A PILOT PROGRAM FOR THE SUMMER COUNSELOR-IN-TRAINING PROGRAM

WHEREAS, the Best Buy Children's Foundation has opened a round of funding for its Community Grants Program in order to provide teens access to opportunities through technology to help them excel in school and develop 21st century skills; and

WHEREAS, the City of Escondido operates community-based youth programs during out-of-school time in order to help teens develop job and leadership skills; and

WHEREAS, the City of Escondido wishes to apply for funds to support a pilot program of the Counselor-In-Training ("CIT") program to expand technology use.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council authorizes the Director of Community Services to apply to the Best Buy Children's Foundation for a Community Grants Program for an estimated total of \$6,300 for the CIT Program, and also authorizes city staff to establish the appropriate budgets and disburse the funds received.



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 5
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Amy Shipley, Older Adult Services Manager
SUBJECT: Third Amendment to Public Service Agreement with Redwood Senior Homes and Services for Meal Service

RECOMMENDATION:

It is requested that City Council adopt Resolution No. 2012-120 authorizing the Mayor and City Clerk to execute a Third Amendment to the Public Service Agreement with Redwood Senior Homes and Services ("RSHS") Town Court, to provide meals for the Nutrition Program offered at the Joslyn Senior Center for an additional year (July 1, 2012, through June 30, 2013) in the amount of \$119,000.

FISCAL ANALYSIS:

Funding for senior meals is included in the FY 2012-2013 ("FY 12-13") Senior Nutrition budget in the amount of \$91,415. Additionally, the Senior Nutrition Program has been awarded CDBG funding for FY 12-13 for \$47,500, \$23,000 of which will pay for senior meals. \$4,585 from the Joslyn Trust will also offset costs for meals. The Joslyn Trust is supported through donations and sponsorships in order to assist with funding for senior programs.

The City has been awarded a nutrition grant, through the County of San Diego Aging and Independence Services, which will commence on July 1, 2012. This contract for FY 12-13 will offset the Senior Nutrition congregate meal costs at a rate of \$4.25 per meal with an additional incentive payment of .643 cents per meal, up to 25,200 meals or \$123,304.

Meals will be provided by RSHS Town Court at the cost of \$3.75 per meal for the Monday through Friday meal service, and \$4.25 for the Friday frozen meals.

PREVIOUS ACTION:

The City Council approved the original agreement with Redwood Senior Homes and Services Town Court by adopting Resolution 2009-88 on June 24, 2009.

BACKGROUND:

The premise of the Senior Nutrition Program is to offer seniors nutritionally balanced meals in a congregate setting to increase health through proper nutrition and stave off isolation. The Escondido Senior Center has offered this program Monday through Friday for over 37 years.

In order to operate a successful program for Escondido seniors, the Senior Nutrition Program has been developed based on two components, transportation and meal service. The meal service component offers seniors the opportunity to enjoy a well-balanced meal and dine in positive uplifting

Meal Service PSA

June 27, 2012

Page 2

atmosphere that encourages social interaction. In FY 10-11 24,610 meals were served to seniors ages 60 and older. By the end of FY 11-12, over 24,000 meals will be served.

In 2008, with a grant from the Escondido Charitable Foundation, the Senior Nutrition Program expanded meal service to include Friday frozen meals for low-income seniors. This program was started when it came to the attention of staff that several low-income seniors, who relied on the Senior Nutrition Program Monday through Friday, did not have enough income to feed themselves during the weekends. This program called "Park Avenue Café at Home" is an extension of the on site Senior Nutrition Program, which is known to the senior community as the Park Avenue Café.

Staff attributes the popularity of the Senior Nutrition Program to the strained economy, soaring food and transportation costs, and the reality that most seniors live on limited or fixed incomes. Additionally, the County grant stipulates that seniors age 60 and older are asked only for a suggested donation and cannot be turned away due to the lack of ability to donate. This increases access for many of our low-income seniors.

By offering low-income seniors accessibility to good nutrition in a positive environment, the Senior Nutrition Program is increasing the overall health of our community through nutrition and socialization. Therefore, the City is assisting to combat isolation, and is facilitating Escondido seniors to age in place with confidence and vitality.

Respectfully submitted,



Amy Shipley
Older Adult Services Manager



Jerry Van Leeuwen
Director of Community Services

RESOLUTION NO. 2012-120

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A THIRD AMENDMENT TO THE PUBLIC SERVICE AGREEMENT WITH REDWOOD SENIOR HOMES AND SERVICES FOR PROVISION OF MEAL SERVICES

WHEREAS, the City of Escondido ("City") recognizes the need for nutrition services for elderly persons in our community; and

WHEREAS the City entered into an agreement on October 13, 2009, with Redwood Senior Homes and Services ("RSHS") Town Court to provide meal service; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve a Third Amendment to Public Service Agreement ("Third Amendment") with RSHS to provide these meals services for elderly; and

WHEREAS, the Community Services Director recommends a Third Amendment to extend its term for one (1) year; effective July 1, 2012, through June 30, 2013, in an amount not to exceed \$119,000;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That the City Council accept the recommendation of the Community Services Director.

3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, a Third Amendment for one (1) year with Redwood Senior Homes and Services for meals services. A copy of the Third Amendment is attached as Exhibit "A" and is incorporated by this reference.



CITY OF ESCONDIDO
THIRD AMENDMENT TO PUBLIC SERVICE AGREEMENT

This "Amendment" is made this the 1st day of July 2012.

Between: CITY OF ESCONDIDO
 a municipal corporation
 201 N. Broadway
 Escondido, California 92025
 ("CITY")

And: REDWOOD SENIOR HOMES AND SERVICES, a division of SOUTHERN
 CALIFORNIA PRESBYTERIAN HOMES, a not-for-profit corporation
 c/o Redwood Town Court
 500 East Valley Parkway
 Escondido, CA 92025
 ("CONTRACTOR")

Witness that whereas:

- A. CITY and CONTRACTOR entered into an agreement on July 1, 2009 ("Agreement"), wherein CITY retained CONTRACTOR to provide lunches for the Joslyn Nutrition Program for an amount not to exceed \$119,000 and

- B. CITY and CONTRACTOR desire to amend the Agreement to include additional work, which is defined in "Attachment A" to this Amendment, which is incorporated by reference;

NOW THEREFORE, it is mutually agreed by and between CITY and CONTRACTOR as follows:

- 1. The CONTRACTOR will furnish the services described in "Attachment A" to this Amendment.

- 2. CITY will compensate the CONTRACTOR in the amount not to exceed \$119,000 pursuant to the conditions and compensation terms contained in "Attachment A" to this Amendment.

3. All other terms of the original Agreement between CITY and CONTRACTOR shall remain in full force and effect; in the event of any conflict between any specific provision of the original Agreement and this Amendment, this Amendment shall prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

Date: _____

REDWOOD SENIOR HOMES AND SERVICES,
c/o Redwood Town Court
500 East Valley Parkway
Escondido, CA 92025

Redwood Town Court Administrator

ATTACHMENT "A"

REDWOOD SENIOR HOMES AND SERVICES
Service Agreement
Meals for the Senior Nutrition Program
Fiscal Year 2012-2013
(July 1, 2012 to June 30, 2013)

Working with the City of Escondido staff, Redwood Town Court provide nutritionally balanced meals to older adults for the Senior Nutrition Program offered at the Escondido Senior Center, Monday through Friday. Redwood Senior Homes and Services agrees to provide the following:

1. Meals at a cost of \$3.75 each meal.
2. Frozen meals will be provided at \$4.25 per meal.
3. Transport the meals from Redwood Town Court to the Escondido Senior Center, 210 Park Avenue, at a cost of \$10.00 per day.

The total cost of these services for FY 12-13 shall not exceed \$119,000.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. 2004-_____ File No. _____

Ord No. 2004-_____

Agenda Item No.: 6
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Amy Shipley, Older Adult Services Manager

SUBJECT: Third Amendment to Public Service Agreement with Redwood Senior Homes and Services Elderlink for Senior Transportation

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2012-119 authorizing the Mayor and City Clerk to execute a Third Amendment to the Public Service Agreement with Redwood Senior Homes and Services ("RSHS") Elderlink, to provide transportation services for the Senior Nutrition Program for an additional year (July 1, 2012, through June 30, 2013), not to exceed \$144,900.

FISCAL ANALYSIS:

Funding for transportation services is included in the FY 2012-2013 ("FY 12-13") Senior Nutrition budget in the amount of \$95,400. Additionally, CDBG has allocated \$24,900 for senior transportation. The balance of \$24,600 will be offset by the Joslyn Trust. This Trust is supported through donations and sponsorships in order to assist with funding for senior programs.

The City has been awarded a nutrition grant, through the County of San Diego Aging and Independence Services, which will commence on July 1, 2012. This contract for FY 12-13 will offset the Senior Nutrition transportation cost at the rate of \$5 per ride up to 13,800 rides, or \$69,000.

PREVIOUS ACTION:

The City Council approved the original agreement with Redwood Senior Homes and Services Elderlink by adopting Resolution 2009-89 on June 24, 2009.

BACKGROUND:

The premise of the Senior Nutrition Program is to offer seniors nutritionally balanced meals in a congregate setting to increase health through proper nutrition and stave off isolation. The Escondido Senior Center has offered this program Monday through Friday for over 37 years.

In order to operate a successful program for Escondido seniors, the Senior Nutrition Program has been developed based on two components, transportation and meal service. The transportation component provides seniors a means to access the meal service component. Seniors 60 and older rode the vans 13,976 times in FY 09-10; and 13,077 in FY 10-11. By the end of FY 11-12, over 13,000 rides will have been completed.

Transportation PSA
June 27, 2012
Page 2

Staff attributes the popularity of the Senior Nutrition Program to the strained economy, soaring food and transportation costs, and the reality that most seniors live on limited or fixed incomes. Additionally, the County grant stipulates that seniors age 60 and older are asked only for a suggested donation and cannot be turned away due to the lack of ability to donate. This increases access for many of our low-income seniors.

By offering low-income seniors accessibility to good nutrition in a positive environment, the Senior Nutrition Program is increasing the overall health of our community through nutrition and socialization. Therefore, the City is assisting to combat isolation, and is facilitating Escondido seniors to age in place with confidence and vitality.

Respectfully submitted,



Amy Shipley
Older Adult Services Manager



Jerry Van Leeuwen
Assistant Director of Community Services

RESOLUTION NO. 2012-119

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE MAYOR AND CITY
CLERK, TO EXECUTE, ON BEHALF OF THE
CITY, A THIRD AMENDMENT TO THE
PUBLIC SERVICE AGREEMENT WITH
REDWOOD SENIOR HOMES AND
SERVICES FOR PROVISION OF
TRANSPORTATION SERVICES

WHEREAS, the City of Escondido ("City") recognizes the need for transportation services for elderly persons in our community; and

WHEREAS the City entered into an agreement on October 13, 2009, with Redwood Senior Homes and Services ("RSHS") Elderlink to provide transportation services; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve a Third Amendment to the Public Service Agreement ("Third Amendment") with RSHS to provide these transportation services for elderly; and

WHEREAS, the Community Services Director recommends a Third Amendment to extend its term for one (1) year; effective July 1, 2012, through June 30, 2013, in an amount not to exceed \$144,900;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That the City Council accept the recommendation of the Community Services Director.

3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, a Third Amendment for one (1) year with RSHS for transportation services. A copy of the Third Amendment is attached as Exhibit "A" and is incorporated by this reference.



CITY OF ESCONDIDO
THIRD AMENDMENT TO PUBLIC SERVICE AGREEMENT

This "Amendment" is made this the 1st day of July 2012.

Between: CITY OF ESCONDIDO
 a municipal corporation
 201 N. Broadway
 Escondido, California 92025
 ("CITY")

And: REDWOOD SENIOR HOMES AND SERVICES, a division of SOUTHERN
 CALIFORNIA PRESBYTERIAN HOMES, a not-for-profit corporation
 c/o Redwood Elderlink
 1151 S. REDWOOD STREET
 Escondido, CA 92025
 ("CONTRACTOR")

Witness that whereas:

- A. CITY and CONTRACTOR entered into an agreement on July 1, 2009 ("Agreement"), wherein CITY retained CONTRACTOR to provide transportation for Senior Nutrition Program at the Joslyn Senior Center for an amount not to exceed \$144,900; and

- B. CITY and CONTRACTOR desire to amend the Agreement to include additional work, which is defined in "Attachment A" to this Amendment, which is incorporated by reference;

NOW THEREFORE, it is mutually agreed by and between CITY and CONTRACTOR as follows:

- 1. The CONTRACTOR will furnish the services described in "Attachment A" to this Amendment.

2. CITY will not compensate the CONTRACTOR for any additional amount, pursuant to the conditions and compensation terms contained in "Attachment A" to this Amendment.

3. All other terms of the original Agreement between CITY and CONTRACTOR shall remain in full force and effect; in the event of any conflict between any specific provision of the original Agreement and this Amendment, this Amendment shall prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

Date: _____

REDWOOD SENIOR HOMES AND SERVICES,
c/o Redwood Elderlink
1151 S. Redwood Street
Escondido, CA 92025

Kurt Nordan
Administrator

ATTACHMENT "A"

REDWOOD SENIOR HOMES AND SERVICES
Service Agreement
Fiscal Year 2012-2013
(July 1, 2012 to June 30, 2013)

Working with City of Escondido staff to develop schedules to meet the needs of the elderly and disabled citizens of the community, Redwood Senior Homes and Services agrees to provide the following:

1. Transportation services for the Senior Nutrition Program offered at the Escondido Senior Center, Monday through Friday.
2. Morning drop offs will be completed by 10:15 a.m. and afternoon pick up will not commence before 12:20 p.m.
3. The total number of one-way rides for FY 12-13 shall not exceed 13,800.
4. The cost of this service shall be billed on a monthly basis at the rate of \$10.50 per ride, not to exceed \$144,900 for FY 12-13.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 7
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Ed Domingue, Director of Engineering Services
SUBJECT: SANDAG Active Transportation Grant Program Application

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2012-116, authorizing the Director of Engineering Services or his designee to complete an application to SANDAG for Active Transportation Grant Program funds to install bike path improvements to the missing link in the Escondido Creekwalk bike path along Broadway, West Valley Parkway, and Centre City Parkway to the Escondido Transit Center.

FISCAL ANALYSIS:

The Escondido Creek Bike Path Missing Link (Escondido Transit Center to Woodward Avenue) is anticipated to be a \$1,092,500 project. The City will apply for a \$992,500 grant from SANDAG and will provide approximately a 10% match from Transnet funds.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council's Action Plan regarding Economic Development.

PREVIOUS ACTION:

City Council endorsed a concept plan for Escondido Creek that incorporates landscaping and recreational improvements adjacent to the trail within the creek right of way. The City of Escondido has previously received funding from SANDAG to improve the Escondido Creek trail. This project is consistent with the new General Plan and the new Bicycle Master Plan under development.

BACKGROUND:

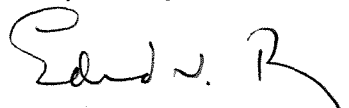
The Escondido Creek Bike Path is approximately 7.5 miles long and a major east-west spine in the Escondido bike system. The Escondido Creek Bike Path is also a Regional Bikeway that provides a direct link to the City's Transit Center, and the City's central business and downtown area.

SANDAG's Active Transportation Grant Program funds bicycle and pedestrian-oriented transportation facility improvements, planning efforts, encouragement and education programs, and bicycle parking.

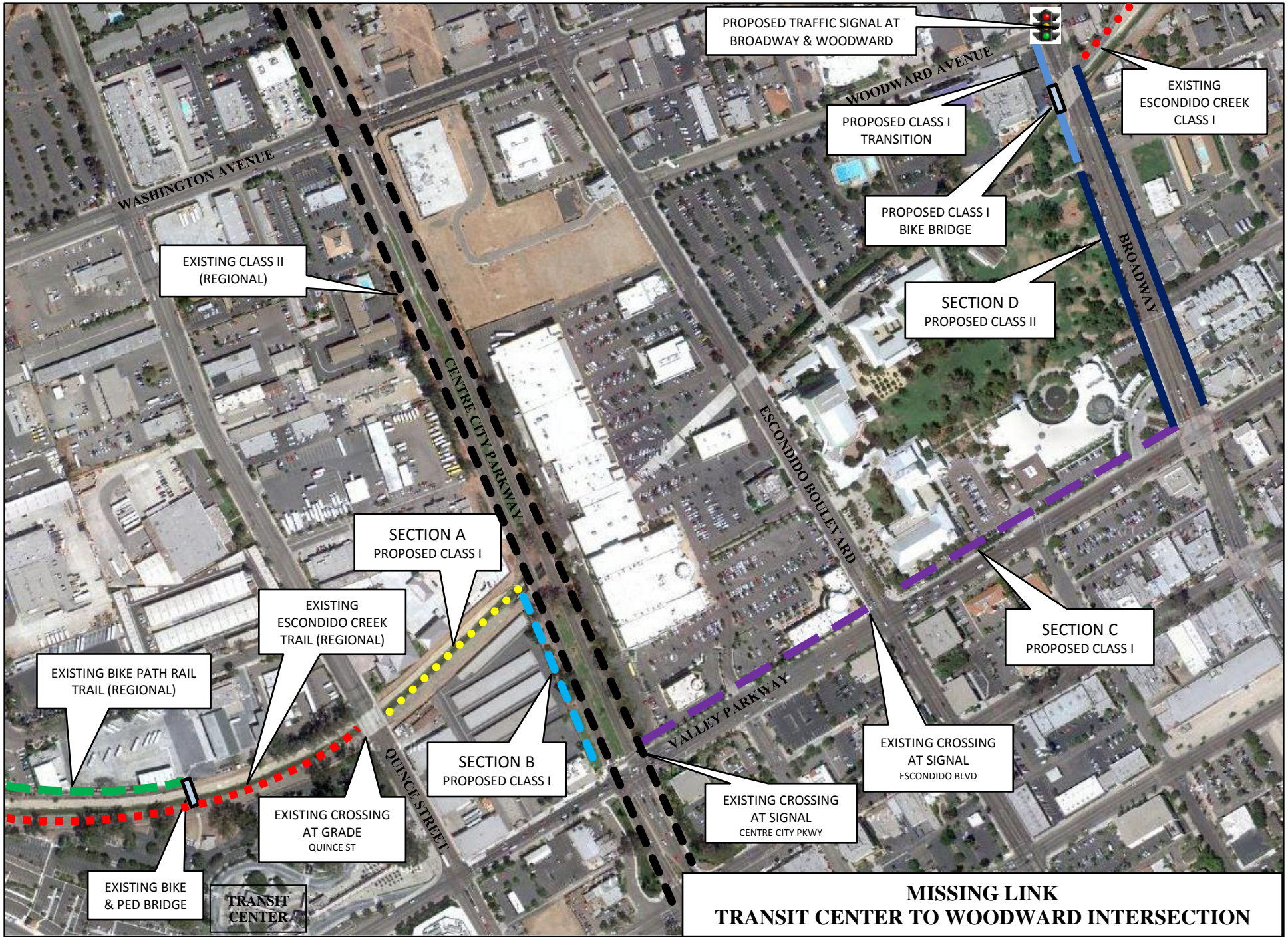
The program seeks to promote a comprehensive, neighborhood-based approach to planning and implementing active transportation. These strategies will incorporate bicycle and pedestrian improvements and traffic calming, with existing and planned land use and transit, in order to increase neighborhood connectivity for bicyclists and pedestrians. Grants which close a gap between existing bicycle facilities and connect to transit score particularly well.

The proposed project will complete the missing link in the Escondido Creek Trail bike route between Broadway and Centre City Parkway by constructing bike paths along the western side of Broadway south to the north side of Valley Parkway. The new bike route will then continue on West Valley Parkway to the west side of Centre City Parkway, then north to reconnect to the Escondido Creek Trail. The proposed project also involves the construction of a missing section of bicycle path along the Escondido Creek Flood Control Channel from Centre City Parkway to the Escondido Transit Center and a proposed traffic signal at Broadway and Woodward to support bicycle crossing at Broadway. (See Exhibit "A")

Respectfully submitted,



Edward N Domingue, P.E.
Director of Engineering Services



RESOLUTION NO. 2012-116

AUTHORIZING THE FILING OF AN APPLICATION FOR ACTIVE TRANSPORTATION GRANT PROGRAM FUNDS THROUGH THE SAN DIEGO ASSOCIATION OF GOVERNMENTS FOR ESCONDIDO CREEK BIKE PATH MISSING LINK (ESCONDIDO TRANSIT CENTER TO WOODWARD AVENUE), AND ACCEPTING THE TERMS OF THE GRANT AGREEMENT

WHEREAS, \$8.8 million of Transportation Development Act/TransNet funding for capital and non-capital active transportation projects is available to local jurisdictions and the County of San Diego from Fiscal Year 2011-2012; and

WHEREAS, City of Escondido wishes to receive \$992,500 in Active Transportation Grant funds for the following project: Escondido Creek Bike Path Missing Link (Escondido Transit Center to Woodward Avenue); and

WHEREAS, City of Escondido understands that the Active Transportation Grant Program funding is fixed at the programmed amount, and therefore project cost increases that exceed the grant awarded will be the sole responsibility of the grantee; and

WHEREAS, City of Escondido agrees to complete the proposed grant project within a timely matter and in compliance with Board Policy No. 035.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California that the City of Escondido is authorized to submit an application to SANDAG for Active Transportation Grant Program funding in the amount of \$992,500 for Escondido Creek Bike Path Missing Link (Escondido Transit Center to Woodward Avenue); and

BE IT FURTHER RESOLVED that, if a grant award is made by SANDAG to fund Escondido Creek Bike Path Mission Link (Escondido Transit Center to Woodward Avenue), Escondido City Council commits to providing \$100,000 of matching funds and/or in-kind contributions and authorizes City of Escondido staff to accept the grant funds and execute the grant agreements.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 8
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Ed Domingue, Director for Engineering Services
SUBJECT: Highway Safety Improvement Program Application

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2012-117, authorizing the Director of Engineering Services or his designee to complete an application to Caltrans for a federal Highway Safety Improvement Program (HSIP) grant to support the East Valley Parkway Widening Project – Beven Drive to Northern City Limits.

FISCAL ANALYSIS:

The East Valley Parkway Widening Project is anticipated to be a \$4.5-5 million construction project. Maximum HSIP funds per project are \$900,000; the maximum reimbursement ratio is 90%. Match will be Transnet funds.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council's Action Plan regarding Economic Development.

BACKGROUND:

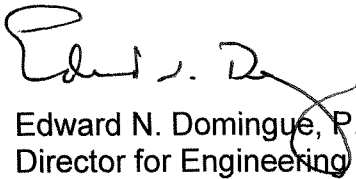
Phases of the East Valley Parkway Widening Project south of this project site have been completed and the County has completed improvements on Valley Center Road to the north of this project. The Engineering Division is currently evaluating a proposal for engineering services for the East Valley Parkway Widening Project between Beven Drive and Northern City Limits from Bureau Veritas.

The Highway Safety Improvement Program (HSIP), codified as Section 148 of Title 23, United States Code (23 U.S.C. §148) was elevated to a core program as a result of the passage of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The purpose of this funding is to reduce fatalities and serious injuries with an emphasis on data driven projects. HSIP funds are eligible for work on any public road or publicly owned bicycle/pedestrian pathway or trail, or on tribal lands for general use of tribal members. For a project to be eligible for HSIP funding, a specific safety problem must be identified for correction and the proposed

countermeasure must correct or substantially improve the condition. All proposed projects must lead to the construction of safety improvements and awards will be made on a benefit-cost basis.

The East Valley Parkway Widening Project from Beven Drive to Northern City Limits will accommodate increased traffic demands and reduce congestion on this segment of the parkway by widening it to a minimum of four lanes with a center median. The project will include traffic signal modifications at Lake Wohlford Road and bridge widening over Escondido Creek at Lake Wohlford Road. The project is preliminarily scheduled to begin construction in 2015. The Engineering Department will apply for a maximum of \$900,000 in federal funding from Caltrans as part of the project.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Edward N. Domingue". The signature is written in a cursive style with a large initial "E".

Edward N. Domingue, P.E.
Director for Engineering Services

RESOLUTION NO. 2012-117

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE DIRECTOR OF ENGINEERING SERVICES OR HIS DESIGNEE TO APPLY TO CALTRANS FOR A HIGHWAY SAFETY IMPROVEMENT PROGRAM GRANT TO SUPPORT THE EAST VALLEY PARKWAY WIDENING PROJECT – BEVEN DRIVE TO NORTHERN CITY LIMITS

WHEREAS, the Highway Safety Improvement Program (“HSIP”), codified as Section 148 of Title 23, United States Code (“23 U.S.C. §148”) was elevated to a core program as a result of the passage of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (“SAFETEA-LU”); and

WHEREAS, on April 20, 2012, the California Department of Transportation’s Local Assistance Program put out a call for projects for HSIP Cycle 5 and High Risk Rural Roads (“HR3”) Cycle 3; and

WHEREAS, the amount of federal safety funds available for the local HSIP program in this call for projects is expected to be approximately \$100 million; and

WHEREAS, HSIP funds are eligible for work on any public road or publicly owned bicycle/pedestrian pathway or trail, or on tribal lands for general use of tribal members, that corrects or improves the safety for its users; and

WHEREAS, the City of Escondido plans to begin a East Valley Parkway Widening Project from Beven Drive to Northern City Limits; and

WHEREAS, the East Valley Parkway Widening Project from Beven Drive to Northern City Limits will include traffic safety improvements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council authorizes the Director of Engineering Services or his designee to apply to Caltrans for a Highway Safety Improvement Program grant.

CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 9
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Edward N. Domingue, Director of Engineering Services
SUBJECT: First Amendment to Consulting Agreement - Remediation of the Benton Burn Site

RECOMMENDATION:

Requested Council adopt Resolution No. 2012-118 authorizing the Mayor and City Clerk to execute a First Amendment to the Consulting Agreement with URS Corporation, in the amount of \$81,700 for additional environmental services for the remediation of the Benton Burn Site.

FISCAL ANALYSIS:

Project costs are proposed to be split between a California Department of Resources Recycling and Recovery (CalRecycle) grant and the City liability fund. The grant limits are not exceeded by this request.

PREVIOUS ACTION:

On September 1, 2010, Council approved a project budget and adopted Resolution Nos. 2010-134 and 135 in support of the grant request and approving the Consulting Agreement respectively. On October 5, 2011, Council approved Resolution No. 2011-126 adopting a Final Mitigated Negative Declaration (MND) and the associated Mitigation Monitoring Report Program for the remediation of the project.

BACKGROUND:

The Benton Burn site, within the Escondido Country Club area, was operated in the late 1940s, early 1950s, by Jesse and Lena Benton. The Benton's contracted to receive trash collected by the City of Escondido, and briefly, the County of San Diego. Trash was burned on the site releasing lead along with other metals and contaminants into the soil. This former burn site is located in the northern portion of the City of Escondido and in an unincorporated area of San Diego County. A portion of the site underlies property owned by the Country Club Woods Homeowners' Association (HOA) and two other private residences. The HOA property is located within the City of Escondido and the two other properties lie within the County of San Diego.

located within the City of Escondido and the two other properties lie within the County of San Diego.

When the portion of the site within the City of Escondido was developed for housing in the early 1980s, potential home buyers were not informed about the site's history or that hazardous contaminants had permeated the soil. Today the burn site lies in a publicly-accessible two-acre greenbelt, which is commonly owned by a homeowners association. The potentially serious public health and environmental ramifications resulting from the presence of toxins in this publicly accessible area must be remediated in an expeditious and cost-effective manner. The proposed method of cleanup would consolidate and cap the hazardous materials thereby reducing potential health risks to the public.

URS Corporation prepared a remedial action plan (RAP), dated October 5, 2009, under contract to the California Integrated Waste Management Board (CIWMB), currently the California Department of Resources Recycling and Recovery (CalRecycle). The City became aware of a grant opportunity and submitted with council approval a grant application to CalRecycle on September 15, 2010, for processing/permits/remediation of the site. CalRecycle on February 24, 2011, approved this grant request for up to half of the remediation costs for this site, maximum reimbursement of \$200,000. CalRecycle as well as the County of San Diego Solid Waste Local Enforcement Agency (LEA) are very supportive of this project.

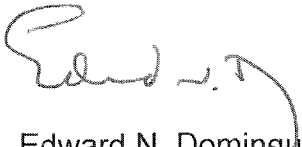
Upon approval of the grant, the City's consultant prepared documents for a MND, which were then reviewed and processed by City staff and then approved by Council on October 5, 2011. Work then began on the remediation grading plan and subsequent processing of the final agency permits. Approximately one month after council approval of the environmental document, the California Regional water Quality Control Board (RWQCB) sent the city a letter denying our project enrollment in the general 401 Water Quality Certification (U.S. Army Corps of Engineers Clean Water Act Section 404 Nationwide Permit no. 38). No comments were received by the city from the RWQCB during the public review period of the MND.

Fortunately, after several unbudgeted meetings with the resource agencies involved, RWQCB determined that the City does not have to resubmit the 401 Water Quality Certification. The successful negotiations with RWQCB and the other resource agencies, while delaying the project schedule, ultimately avoided setbacks that would have jeopardized completion of this project within the grant funding time limits. The resource agency permits and the final construction documents are now approaching approvals and actual project remediation is scheduled in the early fall. Because grant funding expires in June 2013, construction is critical for this last available time which avoids such environmental concerns as sensitive species nesting periods and the rainy season constraints.

First Amendment to Consulting Agreement - Benton Burn Site Remediation Project
June 27, 2012
Page 3

The scope of work for this First Amendment to the Consulting Agreement includes unanticipated work such as California gnatcatcher surveys, cultural resources evaluation, additional drafts/reviews of the environmental documents, and extensive permitting with several resource agencies- specifically RWQCB, California Department of Fish and Game, and the U.S. Army Corps of Engineers. The scope of this proposed amendment does not exceed the grant authorization or the budget contingency originally established for this project.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Edward N. Domingue". The signature is written in a cursive style with a large initial "E" and a long horizontal stroke.

Edward N. Domingue, P.E.
Director of Engineering Services

RESOLUTION NO. 2012-118

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A FIRST AMENDMENT TO THE CONSULTING AGREEMENT WITH URS CORPORATION FOR ADDITIONAL ENVIRONMENTAL SUPPORT FOR THE REMEDIATION OF THE BENTON BURN SITE FOR THE CITY OF ESCONDIDO

WHEREAS, the City of Escondido desires to implement a remedial action plan for the Benton Burn Site in order to protect public health, safety, and the environment; and

WHEREAS, the California Department of Resources Recycling and Recovery ("CalRecycle") has approved grant funds to facilitate cleanup and mitigation efforts for former solid waste disposal sites; and

WHEREAS, the URS Corporation previously prepared a remedial action plan dated October 5, 2009, and subsequently approved by the California Integrated Waste Management Board for the Benton Burn Site; and

WHEREAS, the City and URS Corporation entered into a consulting agreement by Resolution No. 2010-135, dated September 1, 2010; and

WHEREAS, the Director of Engineering Services recommends approval of a First Amendment to the Consulting Agreement ("First Amendment") with URS Corporation for additional environmental support for the Benton Burn Site Remediation Project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council accepts the recommendation of the Director of Engineering Services.
3. That the Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, a First Amendment with URS Corporation for additional environmental services for the Benton Burn Site Remediation Project. A copy of the First Amendment is attached as Exhibit "1" and is incorporated by this reference.



CITY OF ESCONDIDO
FIRST AMENDMENT TO CONSULTING AGREEMENT

This "Amendment" is made this _____ day of _____, 2012.

Between: CITY OF ESCONDIDO
a municipal corporation
201 N. Broadway
Escondido, California 92025
Attn: Edward N. Domingue
("CITY")

And: URS Corporation
4225 Executive Square, Suite 1600
La Jolla, California 92037
Attn: Robert K. Scott
(858) 812-9292
("CONSULTANT")

Witness that whereas:

- A. CITY and CONSULTANT entered into an agreement on November 15, 2010 ("Agreement"), wherein CITY retained CONSULTANT to provide services support a grant application and implement a corrective action plan for the Benton Burn Site Remediation Project; and
- B. CITY and CONSULTANT desire to amend the Agreement to include additional work, which is defined in "Attachment A" to this Amendment, which is incorporated by reference;

NOW THEREFORE, it is mutually agreed by and between CITY and CONSULTANT as follows:

- 1. The CONSULTANT will furnish the services described in "Attachment A" to this Amendment.
- 2. CITY will compensate the CONSULTANT in an additional amount not to exceed \$81,700.00, pursuant to the conditions contained in "Attachment A" to this

Amendment. Total authorized compensation based on all agreements to date is \$386,200.00.

- 3. All additional terms under the Agreement between CITY and CONSULTANT still apply to the additional work to be performed by CONSULTANT under this Amendment. If any of the terms of this Amendment conflict with the Agreement, this Amendment must prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

Date: _____

URS Corporation

Robert K. Scott
Vice President

(The above signature should be notarized)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____



March 8, 2011
Revised May 24, 2012

Mr. Ed Domingue, P.E.
Director of Engineering Services
City of Escondido
201 N. Broadway
Escondido, CA 92025

Subject: Former Benton Burn Site Remediation Project (A-3000)
Request for Budget Amendment for Additional Services
City of Escondido, California
URS Project No. 27700025.03000

Dear Mr. Domingue:

URS Corporation Americas (URS) is providing this request to the City of Escondido Department of Planning (City) for a budget amendment to address additional services to support the Former Benton Burn Site Remediation Project (A-3000). This request is being submitted in response to a meeting Mr. Bob Scott of URS had with you at your office on May 11, 2012. This request for budget amendment supercedes the request submitted to the City dated March 8, 2011. Background, the scope of work and estimated cost are described below.

BACKGROUND

The former burn site is located in the northern portion of the City of Escondido and an unincorporated area of San Diego County. A portion of the site underlies property owned by the Country Club Woods Homeowners' Association (HOA) and two other private residences. The HOA property is located within the City of Escondido and the two other properties lie within the County of San Diego.

A Remedial Action Plan (RAP) was prepared by URS under contract to the California Integrated Waste Management Board (CIWMB), currently CalRecycle. The RAP identifies three remedial alternatives for the site and recommends consolidation and capping to meet the requirements of California Code of Regulations Title 27. In September 2010, the City applied for a matching grant with CalRecycle through AB 2136 for the remediation of the former Benton Burn Site. In order to apply for the grant, the City needed to show that it was completing permitting associated with the remedial action.

URS prepared an Initial Study/Mitigated Negative Declaration (IS/MND) pursuant to California Environmental Quality Act (CEQA) guidelines that was certified by City Council in October 2011. There were several out-of-scope items URS completed in order to complete the IS/MND. These services were summarized in a previous change order request dated March 8, 2011 that have been included herein at your request.



Mr. Ed Domingue, P.E.
City of Escondido
March 8, 2011
Revised May 24, 2012
Page 2

URS continues to assist the City with permitting the remedial action with the resource agencies, including the U.S. Army Corps of Engineers (USACE), California Department of Fish and Game (CDFG) and the San Diego Regional Water Quality Control Board (RWQCB) through a notification under Nationwide Permit No. (NWP) 38. URS submitted documentation in support of the use of NWP 38 to the RWQCB for this project on August 18, 2011; however, the enrollment was denied in a letter dated November 1, 2011 for a number of reasons, including that the RWQCB had no record of having reviewed the RAP. The RWQCB had several opportunities to review the RAP but had not provided comments to CalRecycle during its finalization of the RAP in 2009 or during circulation of the IS/MND. URS addressed the RWQCB letter as an out-of-scope task, as was concurred by you during our recent May 11, 2012 meeting.

SCOPE OF WORK

IS/MND-RELATED SERVICES

The tasks described below are additional activities that were identified to be completed during the preparation of the IS/MND. These services have been completed and the IS/MND was certified by City Council in October 2011.

TASK 1. CALIFORNIA GNATCATCHER SURVEYS AND REPORTING

Biological resources surveys were conducted and identified coastal sage scrub vegetation in the study area. Coastal sage scrub is represented by California sagebrush (*Artemisia californica*), black sage (*Salvia melifera*), laurel sumac (*Malosma laurina*), and flat-topped buckwheat (*Eriogonum fasciculatum*). This vegetation community occupies the south-facing slope that rises to the northwest of the drainage, and extends to a major ridgeline to the north. A small portion (0.05 acre) of the lower section extends into the project site. Although not observed during URS survey activities, the presence of coastal sage scrub vegetation infers the possibility of California gnatcatcher inhabiting the area, a state- and federal-listed species. Protocol surveys were needed to confirm absence of the California gnatcatcher.

Upon your notice to resume work, URS notified USFWS of the surveys in writing on February 28, 2011 (at least 10 days prior to the anticipated start date of survey work and receive approval prior to beginning work). URS will follow USFWS protocol *California Coastal California Gnatcatcher (Poliioptila californica californica)* Presence/Absence Survey Guidelines (February 28, 1997) for survey activities. A total of three survey visits were conducted in March 2011. The survey visits were conducted at least seven days apart. URS prepared a report to document the findings of the surveys, which was submitted to USFWS within 45 days following field surveys. No California gnatcatcher was observed during the surveys.

TASK 2. CULTURAL RESOURCES

URS requested a records search for the Benton Burn Site with the South Coastal Information Center (SCIC) at California State University, San Diego. The records search included the Project area and a quarter-mile search radius surrounding the Project. URS performed an archaeological survey of



Mr. Ed Domingue, P.E.
City of Escondido
March 8, 2011
Revised May 24, 2012
Page 3

the Project area, which included a "walkover" archaeological inspection of the Project area, overview photographs of the site, survey conditions, and notes/observations. The survey's purpose was to provide researchers with a specific understanding of the archaeological potential of the Project area in support of the IS/MND. URS has documented the results of the records search and the archaeological survey of the Benton Burn Site in a technical letter report, which was used as a reference document in the Initial Study/Mitigated Negative Declaration.

The results of the archaeological survey were positive for archaeological resources; since a historic 1940s – 1950s burn dump (i.e., the Benton Burn Site) is located within the ravine of the Project area. URS has prepared Department of Parks and Recreation (DPR) forms for the site, including a Primary Record (DPR 523A (1/95)), Archaeological Site Record (DPR 523C (1/95)), and a Location Map (DPR 523J (1/95)), and submitted the forms to the SCIC for their records. URS included the completed DPR forms with the final IS/MND.

TASK 3. IS/MND ADDITIONAL DRAFTS

The scope of work for the IS/MND in our proposal assumed that the document would be completed as a draft and final document. URS worked with City staff to complete the IS/MND through several additional iterations (five drafts) over an extended period of time. This process required additional meetings, staff time and project management beyond that initially proposed. The cost associated with these additional services is included herein.

PERMIT-RELATED SERVICES

TASK 4. CDFG, USACE AND RWQCB PERMITTING

URS has assisted the City with permitting the activities appearing in the RAP with the resource agencies. This task has included submittal of permit application fees on behalf of the City. It prepared an application for a Streambed Alteration Agreement (SBAA; CDFG 1602) for impacts to drainage or watercourse that may fall under the jurisdiction of the California Department of Fish and Game (CDFG). The results of the wetlands delineation survey described in Task 1 were used to prepare the SBAA for the project and to initiate consultation with CDFG. Mitigation measures, if needed, will be identified and outlined in the application. The SBAA process typically takes approximately 60 days from the date the application is submitted.

URS is coordinating consultation with the U.S. Army Corps of Engineers (USACE) to submit a Clean Water Act (CWA) 404 Wetlands Nationwide Permit Application for the project site. The drainage is under the USACE jurisdiction and URS will follow the Preliminary Determination Process for this project. Mitigation measures, if needed, will be identified and outlined in the application. The USACE wetlands permitting process can take up to 180 days from the date the application is submitted depending on USACE staff availability. The USACE has maintained an open file for this project in considering the additional permitting activities required by the RWQCB described below.



Mr. Ed Domingue, P.E.
City of Escondido
March 8, 2011
Revised May 24, 2012
Page 4

URS is coordinating consultation with the RWQCB and submitted a CWA 401 Water Quality Certification Application. Mitigation measures, if needed, will be identified and outlined in the application. RWQCB water quality certification has been concurrent with CDFG and USACE permitting.

TASK 5. ADDITIONAL PERMITTING SUPPORT

URS submitted the permit applications and began consultation with the resource agencies in late August 2011. The permitting process with the resource agencies is nearing completion; however, on November 1, 2011, the City received a letter from the RWQCB denying approval to implement the RAP under NWP No. 38. Receipt of the letter from the RWQCB was unexpected and as agreed during our meeting with you on May 11, 2012, addressing the letter was an out-of-scope activity. As a result of the letter, the following services were needed to make progress on the permitting process:

- Addressing RWQCB comments appearing in its November 1, 2011 letter;
- Coordinating and scheduling a site reconnaissance with CDFG, USACE, RWQCB and City staff;
- Meeting with City personnel on November 22, 2011;
- Conducting a site reconnaissance with DFG and RWQCB staff on November 22, 2011;
- Preparing a response to the RWQCB letter;
- Attending and conducting conference calls;
- Attending a site reconnaissance with USACE staff on December 6, 2011;
- Scheduling, preparing for and conducting a meeting with RWQCB staff on December 13, 2011;
- Resubmitting the permit application and supporting information to the RWQCB for the 401 Water Quality Certification on December 27, 2011; and
- Managing the project.

Concurrent with these activities, the RWQCB developed a permit application form for 401 Water Quality Certifications that must accompany to permit applications. The RWQCB has requested that this form be completed. Staff time has been included to complete this form so that the RWQCB can move forward with approving our permit application.



Mr. Ed Domingue, P.E.
 City of Escondido
 March 8, 2011
 Revised May 24, 2012
 Page 5

COST ESTIMATE

Our estimated fees are provided in the table below. We propose to perform our services on a time-and-materials basis in accordance with our existing contract.

TASK	Estimated Cost
IS/MND-related Services:	
Task 1 – California Gnatcatcher Surveys and Reporting	\$4,800
Task 2 – Cultural Resources	\$4,800
Task 3 – IS/MND Additional Drafts	\$9,100
Permit-related Services:	
Task 3 – USACE, CDFG and RWQCB Permitting	22,500
Task 4 – Additional Permitting Support	\$39,500
TOTAL ESTIMATED COST	\$81,700

We estimate that the cost to conduct the services described herein is approximately \$81,700. We will perform these services in accordance with Consulting Agreement A-3000 for the Benton Burn Dump Remediation Project dated November 15, 2010 and the Schedule of Fees. We will not exceed this fee without prior notification and approval. It is requested that the contract budget will be amended from \$304,500 to \$386,200 to accommodate the services described herein. Please provide written authorization of this amendment.

We appreciate the opportunity to assist the City of Escondido with this project. If you have any questions regarding this request for a change order amendment to our contract, please contact us at call us at 858.812.9292.

Sincerely,

URS CORPORATION

Robert K. Scott, P.G., C.Hg.
 Vice President

RKS\KEW:ml

Kristen E. Walker-Potente
 Environmental Project Manager

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 10

Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Ed Domingue, Director of Engineering Services
SUBJECT: Budget Adjustment for 2010 Winter Storm Reimbursement from FEMA and CALEMA for Channel Wall Repairs at Simpson Way (Indian Creek)

RECOMMENDATION:

It is requested that Council accept federal and state emergency management aid for the damages created from the 2010 Winter Storms and approve the budget adjustment.

FISCAL ANALYSIS:

Funds expended will be reimbursed completely by FEMA and CALEMA.

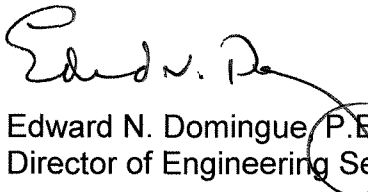
PREVIOUS ACTION:

None.

BACKGROUND:

Early in 2010 after a significant winter storm event City staff noticed the failure of several vertical wall panels of a concrete trapezoidal channel running through the industrial/auto dealership area near Simpson Way. This channel carries the flow from what is referred to as Indian Creek as well as other tributaries. Application by the Finance Department for disaster relief funds were approved by FEMA and CALEMA. Engineering provided a design solution and bid the work for replacement of the most severely damaged panels. Upon receiving excellent bids more panels were included up to the allowable grant from FEMA. This budget adjustment allows payment of the contractor and subsequent reimbursement from FEMA. The grant from FEMA expires in July 2012.

Respectfully submitted,


Edward N. Domingue, P.E.
Director of Engineering Services

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 11
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Sheryl Bennett, Human Resources Director
SUBJECT: Memorandum of Understanding between the City of Escondido and the Police Officers' Association – Sworn Personnel.

RECOMMENDATION:

City Council adopt Resolution No. 2012-121, approving a Memorandum of Understanding between the City of Escondido and the Police Officers' Association for a two-year term commencing January 1, 2012 through December 31, 2013. Approve a budget adjustment appropriating \$808,920 to cover contract costs for Fiscal Year 2012-13.

FISCAL ANALYSIS:

Cost to the General Fund for Fiscal Year 2012-13 and Fiscal Year 2013-14 is \$1,563,575. Funds for this expense have been set aside in the General Fund Operating Budget.

PREVIOUS ACTION:

On February 24, 2010, the City Council voted to adopt the Memorandum of Understanding between the Escondido Police Officers' Association – Sworn Personnel, and the City of Escondido, for a two-year term that expired on December 31, 2011.

BACKGROUND:

City staff has met with the Escondido Police Officers' Association – Sworn Bargaining Unit, regarding terms and conditions of Employment that expired on December 31, 2011. The attached resolution outlines changes to working conditions and compensation that have been agreed to during this negotiation process.

Tentative agreement on issues before the negotiating group was reached on June 13, 2012. Members of the Bargaining Unit have voted in support of the agreement.

Respectfully submitted,


Sheryl Bennett
Director of Human Resources



CITY OF ESCONDIDO
BUDGET ADJUSTMENT REQUEST

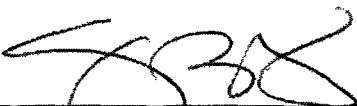
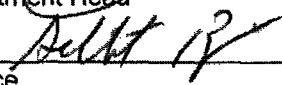
Date of Request: June 20, 2012
 Department: Finance
 Division: _____
 Project/Budget Manager: Joan Ryan 4338
 Name Extension
 Council Date (if applicable): June 27, 2012
 (attach copy of staff report)

For Finance Use Only	
Log #	_____
Fiscal Year	_____
_____	Budget Balances
_____	General Fund Accts
_____	Revenue
_____	Interfund Transfers
_____	Fund Balance

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
Regular Full-Time	5001-001-500	535,815.00	
Employee Overhead	5025-001-500	273,105.00	
Regular Full-Time	5001-001-701		808,920.00

Explanation of Request:
 Cost for Police Officers' Association MOU agreement in FY 2012-13.

APPROVALS


 Department Head _____ Date 6/20/12 City Manager _____ Date _____

 Finance _____ Date _____ City Clerk _____ Date _____

Distribution (after approval): Original: Finance

RESOLUTION NO. 2012-121

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING THE MEMORANDUM OF
UNDERSTANDING WITH THE ESCONDIDO
POLICE OFFICERS' ASSOCIATION-SWORN
PERSONNEL**

JANUARY 1, 2012 – DECEMBER 31, 2013

WHEREAS, negotiating teams from the City of Escondido and the Escondido Police Officers' Association have been duly appointed and have been conducting meet-and-confer sessions with respect to matters affecting both parties; and

WHEREAS, a successor Memorandum of Understanding ("MOU") by the City of Escondido ("City") and the Escondido Police Officers' Association ("Association") is necessary as a result of meeting and conferring in good faith concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, it is the intent of the underlying MOU to provide for continuation of the harmonious relationship between the City and the Association; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a successor MOU and certain other modifications.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. The City's negotiating team is authorized to execute, on behalf of the City, a successor MOU extending the term of the MOU through December 31, 2013, and also including terms as set forth in Exhibit "A" attached to this resolution and incorporated by this reference.

**City of Escondido
Escondido Police Officers' Association – Sworn Personnel
Successor Memorandum of Understanding
January 1, 2012 – December 31, 2013**

1. **Term:** January 1, 2012 – December 31, 2013. None of the terms are retroactive. All changes take effect upon the agreed effective date after City Council adoption of the Memorandum of Understanding (MOU).

2. **Article 2, Salaries and Compensation, Section 2.02, Salary:**

Effective July 22, 2012, suspended salary step increases 1 through 7 as stated within Exhibit C, Salary Ranges, of the MOU will be unsuspended and reinstated. Employees who missed one or more salary step between January 1, 2009 and July 22, 2012, will advance to the salary step they would have been at but for the suspension of step increases effective January 1, 2009.

3. **Article 2, Salaries and Compensation, Section 2.02, Salary:**

Effective the pay period closest to and before December 31, 2013, the salary range for all represented classifications shall be increased by nine percent (9.0%). This salary increase is concurrent with the employee payment of the entire nine percent (9.0%) normal member contribution required to be paid by a CalPERS member on a pre-tax basis.

4. **Article 2, Salaries and Compensation, Section 2.05, P.O.S.T. Incentive Pay:**

Effective December 23, 2012, P.O.S.T. Incentive Pay (including Educational Achievement Supplement) will be unsuspended/reinstated.

5. **Article 2, Salaries and Compensation, Section 2.06, Uniform Allowance:**

Effective upon Council adoption of this successor MOU, reinstate uniform deferrals. There shall be no uniform allowance distributions for the remainder of this MOU. Uniform allowance deferrals shall sunset effective December 31, 2013.

6. **Article 4, Benefit Package, Section 4.03, Retirement Benefits (New Employees):**

Implement a second tier retirement system under Government Code Section 20475, for newly hired employees. This second tier will be activated as soon as administratively possible. The following will be applicable to the second tier:

- 2% at age 50 CalPERS retirement calculation (Government Code Section 21362).
- Upon implementation of the second tier, the City will make 100% of the statutory employee contribution to CalPERS, currently 9.0%. Effective the pay period closest to and before December 31, 2013, the City will cease paying any portion of the statutory employee contribution to CalPERS; all employees will then pay 100% of the statutory employee contribution to CalPERS, which will be applied to the Employees' Contribution and is currently 9.0%. These contributions will be on a pre-tax basis.
- In the final year of employment, the Employer Paid Member Contributions (EPMC) by the City will be 0%. (Government Code Section 20692).
- The final compensation calculation shall be based on the highest average 36 consecutive months. (Government Code Section 20037).

7. Article 4, Benefit Package, Section 4.03, Retirement Benefits (Current Employees):

CalPERS 3% at age 50 Retirement Formula Employees:

- Effective the pay period closest to and before December 31, 2013, all current POA Sworn Bargaining Unit employees will pay 100% of the statutory employee contribution to CalPERS, which will be applied to the Employees' Contribution and is currently 9.0%. These contributions will be on a pre-tax basis.
- Effective the pay period closest to and before December 31, 2013, the City will reduce paying and reporting the value of the Employer paid Member Contribution (EPMC) from 9.0% to 0% in the final year of employment. (Government Code Section 20692).

8. Article 5, Paid Leave, Section 5.01, Holiday Pay:

The following concessions in the MOU that previously sunset on December 31, 2011, will be reinstated immediately upon City Council adoption of a successor MOU (i.e., the concessions that sunset shall become operative again as they were in 2010 and 2011). This includes:

- Reinstatement of deferral of Holiday Pay to Furlough Holiday Bank for 12 holidays which include:

2012 – Independence Day, Labor Day, Veteran's Day, and Day after Thanksgiving

2013 – New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, and Day after Thanksgiving
- Industrial Disability Retirement – Any employee who retires due to industrial disability during the term of this MOU shall be entitled to cash out his/her Holiday Furlough Bank upon leaving employment with the City.
- Reinstatement of deferral of Floating Holiday Pay to Furlough Holiday Bank.

The concessions set forth in above will sunset effective December 31, 2013.

9. Article 9, Personnel Rules and Regulations Review Committee (This language replaces existing Article 9):

The City has drafted an updated Personnel Rules and Regulations document. Representatives from the Human Resources Department, the City Attorney's Office, and two representatives from each employee group shall meet on a regular basis to finalize and implement the updated Personnel Rules and Regulations. POA agrees to participate in this process, but does not waive its right to meet and confer with the City on changes that are subject to the meet and confer process.

10. Article 10, MOU Reopener – Healthcare Reform:

At such time as regulations are issued implementing the Affordable Care Act (ACA), the City and Escondido POA will meet and confer to review the impact of such regulations on the benefits plans then in force. If modifications to the benefits, eligibility for coverage, employer or employee contribution to the cost of insurance or any other provisions of the benefit plans covered by this MOU will be modified by the ACA during the term of this agreement, it is agreed that the City and Escondido POA will reopen the contract to meet and confer and determine how such mandated changes will be implemented.

CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 12

Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Christopher McKinney, Director of Utilities

SUBJECT: Authorization to Approve and Execute First Amendments to Purchase Orders to Increase the Contractually Authorized Amount for the Purchase of Additional Polymer and Ferric Sulfate

RECOMMENDATION:

The Utilities Department requests Council adoption of Resolution 2012-122 authorizing First Amendments to purchase orders authorized by a Chemical Bid Award on August 8, 2008. The amended purchase orders pertain to SNF Polydyne Inc. for the purchase of polymer, and to Kemira Water Solutions Inc. for the purchase of ferric sulfate. These amendments increase the contractual authorization for chemical purchases through the end of fiscal year 2012 by \$56,000.

FISCAL ANALYSIS:

Funds are currently available in the FY 2012 Wastewater operating budget to cover these expenditures.

BACKGROUND:

In December 2011 Council approved replacement of aeration panels in the secondary treatment process at the Hale Avenue Resource Recovery Facility (HARRF). These panels were replaced because the older panels were operating inefficiently and beginning to fail. This condition meant the facility needed additional chemical application in the primary treatment process to meet the requirements of its NPDES permit. The application of ferric sulfate was increased to improve solids removal in the primary clarifiers. Increasing solids removal in turn increased solids loading in the biosolids dewatering process, requiring additional polymer. The plant met and continues to meet all NPDES permit requirements with these revisions to the operational strategy. Installation of new aeration panels has been completed, so chemical consumption will decrease to the level prior to panel failures.

Respectfully submitted,


Christopher McKinney
Director of Utilities

RESOLUTION NO. 2012-122

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO APPROVING FIRST AMENDMENTS TO PURCHASE ORDERS WITH KEMIRA WATER SOLUTIONS, INC. AND POLYDYNE, INC. TO INCREASE THE CONTRACTUAL AUTHORIZATION FOR CHEMICAL PURCHASES THROUGH THE END OF THE FISCAL YEAR

WHEREAS, on August 8, 2008, the City Council of the City of Escondido approved Chemical Bid Awards to Kemira Water Solutions, Inc. ("Kemira") for the purchase of ferric sulfate and to Polydyne, Inc. ("Polydyne") for the purchase of polymer; and

WHEREAS, in FY 2012, due to recently corrected problems with the aeration panels at the HARRF, more ferric sulfate and polymer were necessary to meet the requirements of the HARRF National Pollution Discharge Elimination System ("NPDES") permit; and

WHEREAS, this additional chemical demand requires ferric sulfate and polymer purchases in excess of the originally approved bid award and resulting purchase orders; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve First Amendments to the purchase orders with Kemira for \$30,000, and Polydyne for \$26,000, in order to increase the contractually authorized amounts for the purchase of ferric sulfate and polymer.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of

Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council of the City of Escondido approves First Amendments to the purchase orders with Kemira Water Solutions, Inc. and Polydyne, Inc. for the total amount of \$56,000.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 13
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Christopher W. McKinney, Director of Utilities

SUBJECT: Vista Verde Reservoir Replacement

RECOMMENDATION:

The Utilities Department requests that the City Council adopt Resolution No. 2012-107 authorizing the Mayor and City Clerk to execute the Consulting Agreement with Black & Veatch Corporation in the amount of \$602,945 for engineering services to provide detailed design including the preparation of construction drawings and specifications for the Vista Verde Reservoir Replacement project.

FISCAL ANALYSIS:

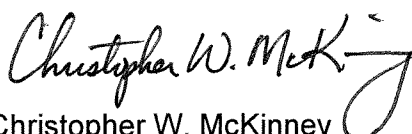
Funds are budgeted in the Water Capital Improvement Fund (701201).

PREVIOUS ACTION: None.

BACKGROUND:

The existing Vista Verde Reservoir was built in 1979 as a part of a private development. The existing 750,000 gallon steel reservoir has been found to have severe internal corrosion and is in need of replacement. The design for the proposed project will include two (2) new, partially buried 1 million gallon concrete potable water reservoirs. These reservoirs will increase the total storage capacity to 2 million gallons. Two tanks will provide greater operational flexibility by allowing for one tank to be taken out of service for maintenance without impacting service. The additional capacity will meet the needs of the pressure zone served by the existing reservoir and will allow for future development needs within that area. The land for the new tanks has been donated by the landowners to the City as part of the Hidden Valley Ranch development agreement approved by the Council on June 13, 2012. The donation of the land is not contingent on a developer actually completing the development, but if the development is completed it will be within the area served by the new reservoir.

Respectfully submitted,



Christopher W. McKinney
Director of Utilities

RESOLUTION NO. 2012-107

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A CONSULTING AGREEMENT FOR DESIGN PROFESSIONALS WITH BLACK & VEATCH CORPORATION FOR THE VISTA VERDE RESERVOIR REPLACEMENT

WHEREAS, the City of Escondido desires to design the Vista Verde Reservoir Replacement (the "Project"); and

WHEREAS, Black & Veatch Corporation has the personnel and expertise to design the Project; and

WHEREAS, Black & Veatch Corporation has completed the initial Phase I – Project Definition of the Project; and

WHEREAS, City of Escondido staff have completed negotiations with Black & Veatch Corporation for said engineering services and the Director of Utilities recommends that the Consulting Agreement ("Agreement") be approved; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve said Agreement in an amount not to exceed \$602,945.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and City Clerk are authorized to execute, on behalf of the City, an Agreement with Black & Veatch Corporation. A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.



CITY OF ESCONDIDO
CONSULTING AGREEMENT FOR DESIGN PROFESSIONALS

This Agreement is made this _____ day of _____, 20__.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: Craig Whittemore
760-839-4038
("CITY")

And: Black & Veatch Corporation
300 Rancheros Drive, Suite 250
San Marcos, CA 92069
Attn: Kevin Davis
760-510-7705
("CONSULTANT")

Witness that whereas:

- A. It has been determined to be in the CITY's best interest to retain the professional services of a consultant to provide detailed design including preparation of construction drawings and specifications for the Vista Verde Reservoir Replacement Project; and
- B. The CONSULTANT is considered competent to perform the necessary professional services for CITY;

NOW, THEREFORE, it is mutually agreed by and between CITY and CONSULTANT as follows:

- 1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
- 2. Compensation. The CITY will pay the CONSULTANT in accordance with the conditions specified in "Attachment A," in the sum of \$602,945. Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it.
- 3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.

4. Duties. CONSULTANT will be responsible for the professional quality, technical accuracy, timely completion, and coordination of all reports and other services furnished by the CONSULTANT under this Agreement, except that the CONSULTANT will not be responsible for the accuracy of information supplied by the CITY.
5. Personnel. The performance of services under this Agreement by certain professionals is significant to the CITY. CONSULTANT will assign the persons listed on "Attachment B," which is attached and incorporated by this reference, to perform the Services described in Paragraph 1, and will not add or remove persons from the list without the prior written consent of the CITY. CONSULTANT will not subcontract any tasks under this Agreement without obtaining the advance written consent of the CITY.
6. Termination. Either CONSULTANT or the CITY may terminate this Agreement with thirty (30) days advance written notice.
7. City Property. All original documents, drawings, electronic media, and other material prepared by CONSULTANT under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONSULTANT for any other purpose without prior written consent of the CITY.
8. Insurance.
 - a. The CONSULTANT shall secure and maintain at its own costs, for all operations, the following insurance coverage, unless reduced by the City Attorney:
 - (1) General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
 - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
 - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
 - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
 - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONSULTANT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the CONSULTANT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by CONSULTANT _____

Waiver appropriate by CITY _____
 - c. Each insurance policy required above must be acceptable to the City Attorney:
 - (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
 - (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.

- (3) Both the General Liability and the Automotive Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The endorsement must be ISO Form CG2010 11/85 edition or its equivalent for General Liability endorsements and CA 20-01 for Automobile Liability endorsements.
 - (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work including its ongoing operations and products-completed operations hazard.
 - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
 - d. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.
9. Indemnification. CONSULTANT (which in this paragraph 9 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:
 - a. Any claim of liability arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of CONSULTANT in the performance of this Agreement, excepting only those claims resulting from the sole negligence, active negligence or intentional misconduct of CITY, its employees, officials, or agents, not including CONSULTANT;
 - b. Any personal injuries, property damage or death that CONSULTANT may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by the CITY, or from any dangerous condition of property; or
 - c. Any injury or death which results or increases by any action taken to medically treat CONSULTANT.
10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void.
11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.
12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.

15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.
17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.
21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.
22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

Date: _____

(Contractor signature)

Title

(The above signature must be notarized)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.

**VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES**

CITY OF ESCONDIDO

BACKGROUND

The City of Escondido (City) intends to replace the existing 750,000 gallon Vista Verde Reservoir (Reservoir) with two (2) new 1.0 million gallon (MG) prestressed concrete reservoirs. The new reservoirs will be located on a new site located at the end of Vista Verde Way (see attached map) which is currently occupied by an Avocado orchard. In addition the condition of the existing reservoir is deteriorating. Providing a back-up system to the existing Vista Verde tank is imperative. This project entails design of the new reservoirs, reservoir site, and system modifications required to meet the City's goals of a larger and more reliable pressure zone. In addition intermediate improvements will be made to the existing pump station and reservoir to provide safeguards to the existing system in the event that the existing reservoir should fail prior to completion of the new reservoirs. The City will execute the project in two phases:

- ▼ **PHASE 1: PROJECT DEFINITION** – This phase provided the City with the basis of design for the new reservoir site and associated system modifications. Evaluations of three different site layout alternatives, including new tanks and access road, as well as temporary options to keep the system operational where performed. Recommended modifications where provided and are the basis for the Phase 2 work.
- ▼ **PHASE 2: DETAILED DESIGN** – This phase will provide the City with the detailed design and construction documents for the desired improvements, including drawings and specifications and environmental approvals.

The Phase 2 work will be based upon the technical memorandums developed under Phase 1:

- ▼ Technical Memorandum 1 – Conceptual Site Layout
- ▼ Technical Memorandum 2 – Temporary Alternatives for Keeping Existing System Operational
- ▼ **PHASE 3: BID PHASE SERVICES** – The scope of the bid phase services includes assisting the City throughout the bid phase of the project.

SCOPE OF WORK**PHASE 2: DETAILED DESIGN**

Specific tasks associated with this phase of the project are summarized below:

- ▼ Task 210 – Meetings and Project Management
- ▼ Task 220 – Design – Drawings and Specifications
- ▼ Task 230 – Temporary Improvements Design
- ▼ Task 240 – Potholing
- ▼ Task 250 – Surveying
- ▼ Task 260 – Geotechnical Investigations
- ▼ Task 270 – Environmental Documentation
- ▼ Task 280 – Storm Water Treatment and Pollution Prevention Plan



VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES
CITY OF ESCONDIDO

TASK 210 – MEETINGS AND PROJECT MANAGEMENT

Overall project management will be provided throughout the duration of the project. It's anticipated that the project duration will last 12 months.

Task 211 - Project Administration. Perform administrative tasks as required to facilitate completion of all tasks defined within this Scope of Work. The project administrative tasks to be performed include:

- ▼ Provide monthly invoices with status report defining progress to date of all tasks, cost expenditures, and an updated schedule.
- ▼ Maintain a project schedule identifying major project tasks with duration and milestones. This schedule will be regularly updated to highlight critical path tasks.
- ▼ Deliverables will be prepared utilizing the following software packages:
 - Microsoft Word 2007
 - Microsoft Excel 2007
 - Microsoft Project 2007
 - AutoCAD 2010

Task 212 - Progress Meetings. Routine project progress meetings will be held with the City on at least a monthly basis and a total number of seven (7) progress meetings will be held during detailed design. An agenda will be prepared in advance of each meeting. Summary minutes will be prepared to document the significant discussion points and decisions that occur in each meeting. Action items will be tabulated and resolved in subsequent meetings. Minutes will be distributed to the City Project Manager within ten (10) working days after the meeting.

Task 213 - Design Review Workshops. Contract documents shall be submitted to the City for review at the 60 and 90 completion levels for the Reservoir Design bid package and the 60 and 90 completion levels for the Temporary Improvements Design bid package. A two week time period is planned for the City review of each submittal. Final City review comments will be provided following the completion of each review.

Review workshops (up to 5 total) will be held with the City staff at the 60%, 90% and initial FINAL 100% (if authorized) completion stage for the Reservoir Design bid package and the 60% and 90% completion stage for the Temporary Improvements Design bid package to review the City's comments. Summary minutes will be prepared to document the significant discussion points and decisions that occur in each meeting. Action items will be tabulated and resolved in subsequent meetings. Minutes will be distributed to the City Project Manager within ten (10) working days after the meeting.

TASK 220 – RESERVOIR DESIGN

Complete detailed construction drawings, specifications, and opinions of probable construction costs will be prepared for Vista Verde Reservoir. The contract documents will be prepared to facilitate permitting and bidding of the project. A preliminary sheet list is shown on Exhibit B.



**VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES**

CITY OF ESCONDIDO

Construction drawings and technical specifications will be prepared to facilitate bidding the two new 1 MG reservoirs, access vault, inlet and outlet pipelines, site work, and access roadway. The contract documents will include sufficient plans, sections, and details required to make connection to the City's Vista Verde Pressure Zone. The contract drawings, sections, and details will be drawn at an appropriate scale to produce clear, accurate, easy-to-read drawings. Construction drawings will be complete and will be subject to final review and acceptance by the City.

Project front-end documents, special provisions, and technical specifications will be prepared in accordance with City requirements. The City will develop the front end documents provide to Black & Veatch for review and overall technical specification coordination.

The Vista Verde Reservoir will adhere to the City's design standards, regulations, policies, and procedures, for all work at the time of project advertisement. The design will adhere to applicable County of San Diego design standards, regulations, policies and procedures. All work will be performed and work products prepared in such a fashion to be approved by the County of San Diego.

Contract documents will be submitted to the City for review at the 60 and 90 levels. Two (2) full size and three (3) half size copies of the drawings and three (3) copies of the technical specifications will be submitted to the City as part of the 60, 90 and 100% design (if authorized). Upon City acceptance of the FINAL submittal, one (1) original full size bond set of drawings will be submitted to the City. In addition one (1) unbound, camera-ready original technical specification will be submitted.

A separate quality control review of the project design documents will be performed on each deliverable. The quality control review will be performed by personnel not directly associated with the project so that an independent review is assured. Review comments will be tabulated and a summary response memorandum will be provided that documents the resolution of review comments.

The following sections describe the applicable discipline work to be performed during the following deliverables:

- **Task 221 – 60% Design**
- **Task 222 – 90% Design**
- **Task 223 – 100% Design**

Civil. Civil design of the Vista Verde facilities will include site and grading plans; pipeline plan and profiles, from the proposed reservoirs to the tie-in connection at the intersection of Madrone Glen and Vista Verde Way; access road improvements; and site utilities, structures and details. Site utilities consist of storm drainage, electrical (power and control), telecommunications, lighting, and security.

The following scope of work is based on the assumption that a major grading permit will be required from the County of San Diego, and that those plans will be processed through the



VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES

CITY OF ESCONDIDO

County Department of Public Works for permit issuance, as well as the City of Escondido for review for compliance with project requirements.

Prepare one detailed site grading and improvement plan, based on the preliminary design identified as Option #2 at a scale of 1"=40'. The grading plan will include horizontal and vertical design necessary for the construction of finish grading, drainage swales and ditches, asphalt berm, access road paving, stormwater treatment basins and retaining walls. Provide only horizontal and vertical control for the retaining walls, and specify Regional Standard Drawings for actual wall construction. The grading plan will reference and provide horizontal control for the placement of the reservoir tanks and vaults. All excess grading excavation will be exported off-site. The new reservoir inlet and outlet pipes will connect to the existing system within the Vista Verde Way and Madrone Glen intersection. No other improvements to the existing water main will be required.

Prepare a temporary erosion control plan identifying erosion control Best Management Practices (BMPs). Perform a final drainage analysis and report based upon the ultimate site condition depicted in the site grading plan. It is assumed for this item that the drainage will be discharged on-site, and that there will be no off-site drainage improvements required.

Perform earthwork quantity calculations and prepare applications for the "L" grading plan submittal to the County of San Diego.

Structural. Simon Wong Engineering, as a subconsultant to Black & Veatch, shall perform all structural design. Work will include the structural design for the Vista Verde facilities including the prestressed circular concrete reservoirs (two identical 1 MG (84' diameter by 25' deep) which are at grade and a cast-in-place concrete access vault with no roof at the project site. The design of each reservoir structure includes the floor slab, roof slab, cast-in-place core wall, and prestressed wrapping. The Type I AWWA D-110 reservoirs will be designed to be competitively bid with the exception of the prestress wrapping to be done only by DYK. The reservoirs will be designed for lateral seismic loads and hoop stresses created by static and dynamic water pressure. Conventional spread footings for soil mitigation is not anticipated. The reservoir foundations shall be conventional membrane slab on grade with walls and columns.

Mechanical. Develop mechanical design criteria for the Vista Verde facilities. Provide detailed design drawings and specifications for mechanical equipment including valves and appurtenances. Details of mechanical equipment and reservoir appurtenances will be developed including:

- ▼ Level Sensor
- ▼ Vents
- ▼ Inlet piping and valves
- ▼ Drain piping and valves
- ▼ Overflow piping and valves
- ▼ Underdrains
- ▼ Access Hatches
- ▼ Seismic Connections



VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES

CITY OF ESCONDIDO

Electrical. Prepare electrical design for two 1 MG concrete reservoirs, access vault site lighting, and security provisions. The new reservoir site will have power service supplied by SDG&E. Design will include preparation of all electrical drawings and specifications. Intrusion and alarming will be sent to the existing City's control system at the pump station.

Instrumentation and Control. Prepare an Instrumentation and Control design for two 1 MG concrete reservoirs and associated yard structures. Prepare drawings for the expansion of the SCADA system, P&ID drawings, level control and electrically actuated seismic valves, control system block diagram drawings, radio system design (assumption: the radio signal can reach the pump station), installation detail drawings, and specifications.

Cathodic Protection. The cathodic protection design shall be performed by V&A as a subconsultant to Black & Veatch. V&A shall review the 60% design plans for the reservoirs and inlet/outlet piping. V&A shall conduct field measurements of the existing soil resistivity using the Wenner Four Electrode Method at the proposed reservoir/piping location. V&A will review the Geotechnical Report for soil type, moisture, resistivity and chemical analysis. V&A shall provide a letter report with the results of the soil resistivity testing, chemical analysis and recommendations for corrosion control. V&A will design a cathodic protection system for the reservoirs, associated piping and appurtenances. Test monitoring stations will be provided at minimum spacing of 1000 ft, at each buried insulated flange connection, connections to existing piping and at each crossing of natural gas or petroleum pipelines. Insulated flanges will be provided for the reservoir and piping. Cathodic Protection drawings and specifications will be submitted with the 90%, draft 100%, and 100% design submittals.

Landscaping. As a subconsultant to Black & Veatch, Garbini & Garbini shall prepare the landscaping for the project to include planting and irrigation for planting of the pipeline easement and slopes related to the reservoirs and access road. The slopes will be landscaped to blend with the existing natural landscaping theme in the area. Planting will be used to control erosion for slope areas. Trees and/or larger scale shrubs may be required to help obscure the tanks. Landscaping drawings and specifications will be submitted for the 60%, 90%, draft 100%, and 100% design submittals.

Task 224 – Opinion of Probable Construction Cost (Update). An opinion of probable construction costs will be prepared for the pipelines and reservoirs. The preliminary opinion of probable construction cost, prepared during the project definition phase, will be updated and provided to the City as part of the 90 and FINAL Draft (100%) submittals.

Additional Service AS.1: Preparation of 100% Design Package

Under this task B&V will prepare an additional 100% design submittal. If authorized this task will follow the initial 100% design submittal and incorporate all final City review comments.

TASK 230 – TEMPORARY SYSTEM IMPROVEMENTS DESIGN

Complete detailed construction drawings, specifications, and opinions of probable construction costs will be prepared for the Temporary System Improvements related to



VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES

CITY OF ESCONDIDO

Vista Verde Reservoir. The contract documents will be prepared to facilitate permitting and bidding of the project. A preliminary sheet list is shown on Exhibit C.

Construction drawings and technical specifications will be prepared for the installation of two pumps, associated piping and valves at the Vista Verde Pump Station and construction of a temporary bolted steel tank at the existing Vista Verde Reservoir site. The contract documents will include sufficient plans, sections, and details required. The contract drawings, sections, and details will be drawn at an appropriate scale to produce clear, accurate, easy-to-read drawings. Construction drawings will be complete and will be subject to final review and acceptance by the City.

Project front-end documents, special provisions, and technical specifications will be prepared in accordance with City requirements. The City will develop the front end documents provide to Black & Veatch for review and overall technical specification coordination.

The temporary improvements design will adhere to the City's design standards, regulations, policies, and procedures, for all work at the time of project advertisement.

Contract documents will be submitted to the City for review at the 60, 90, and FINAL complete levels. Two (2) full size and three (3) half size copies of the drawings and three (3) copies of the technical specifications will be submitted to the City as part of the 60, and 90, design submittals. Upon City acceptance of the 90 submittal, one (1) original full size bond set of drawings will be submitted to the City. In addition one (1) unbound, camera-ready original technical specification will be submitted.

A separate quality control review of the project design documents will be performed on each deliverable. The quality control review will be performed by personnel not directly associated with the project so that an independent review is assured. Review comments will be tabulated and a summary response memorandum will be provided that documents the resolution of review comments.

The following sections describe the applicable discipline work to be performed during the following deliverables:

- **Task 231 – 60% Design**
- **Task 232 – 90% Design**
- **Task 233 – Final**

Civil. Civil design of the temporary facilities includes the layout and piping connections for the temporary bolted steel tank to the existing piping adjacent to the existing reservoir.

Structural. Structural design for the temporary improvements includes the development of a performance specification for the bolted steel tank. The supplier will design the tank and foundation.



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Mechanical. Develop the mechanical design for the piping, valves, and pumps associated with the bolted steel tank and addition of one pump at the existing pump station.

Electrical. Prepare electrical design for the addition of up to two AFD driven pumps (space permitting) and provisions for connection of a portable engine generator at the existing pump station location and a new temporary tank at the existing tank site. Electrical system design includes review and revision of all pump, valve, piping, electrical drawings and specifications. Design will include preparation of all electrical drawings and specifications. Pumping system assumes 2 new pumps approximately 75 hp each. It is understood that pumps may be AFD driven. As part of the design, sufficient capacity and space will need to be verified at the existing MCC. The design will include modification to the pumping station MCC to allow connection of a portable engine generator.

I&C. Prepare an Instrumentation and Control design for the addition of two AFD driven pumps and provisions for connection of a new temporary tank with applicable level control. Prepare drawings for the expansion of the SCADA system, P&ID drawings, control system block diagram drawings, installation detail drawings, and specifications.

Task 234 – Opinion of Probable Construction Cost (Update). An opinion of probable construction costs will be prepared for the pipelines and reservoirs. The preliminary opinion of probable construction cost, prepared during the project definition phase, will be updated and provided to the City as part of the 90 and FINAL submittals.

TASK 240 – POTHOLING

Potholing services will be performed by O'Day Consultants as a subconsultant to Black & Veatch. Work will include 4 potholes to expose and locate subsurface utilities. This service will include the following:

- Pre-stake pothole locations.
- Obtain digital photo of each exposed utility.
- Prepare report with pavement type, thickness, base material, soil type (estimated by potholer), depth to top of utility, diameter, materials, and owner where possible (as staked during the as-built drawing research).
- Backfill and patch each hole, leaving a surface marker.
- Field survey marker position.
- Locate surface points and add pothole data to utility base map (survey by Golden Triangle).
- Use DigAlert to coordinate mark-outs by various utility companies and agencies.
- Perform pothole excavation.

TASK 250 – SURVEYING

Golden Triangle Land Surveying, Inc. as a subconsultant to Black & Veatch will perform the surveying services described below.

Aerial Control and Topographic Mapping

Field surveying of ground control points necessary to control the aerial photography, and two days of supplemental surveying. Topographic mapping will be produced within the red



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cloud line shown on the Attachment A. The anticipated CAD system is AutoCAD version 2008. Digital terrain data will be available upon request. Geo referenced orthophotography will also be part of the delivery package. A photo scale of 1"=300 ft. will be used to produce mapping at a usage scale of 1"= 40 ft. with a one-foot contour interval.

Utility Surveys

Initial utility measurements will be made photogrammetrically. Field survey, within the red cloud line, will be used to position these utilities and ensure proper identification. Painted ground mark-outs will be provided. Field surveying will be performed to measure these mark-outs, properly identify the utilities, and to supplement the photogrammetrically compiled located and to measure utilities not seen in the photography, plus measure storm and sewer inverts. This field survey includes the measurement of these mark-outs, utility feature identity, supplementation of the photogrammetrically compiled location and addition of features not seen in this photography, plus the measurement of storm and sewer inverts. The results of this analysis will be tabulated as well as incorporated into the topographic survey and CADD drawings.

Additional Service AS.2: Development of Easement Legal Plats and Descriptions

Review title report provided by the Client, prepare two (2) legal descriptions and plat exhibits. The easement plats will be provided to the Client for submittal to the City of Escondido for review and comment. Upon receipt of the comments, final plats and legal descriptions will be produced. The Client is responsible for obtaining title reports. All plats and legals will be sealed by a Land Surveyor registered in the State of California.

- A waterline easement approximately 270' by 30', three pipelines east of the reservoir tanks.
- A waterline easement approximately 60' by 30', west of the northern tip of Vista Verde Drive.

TASK 260 – GEOTECHNICAL INVESTIGATIONS

Allied Geotechnical, as a subconsultant to Black & Veatch will perform all geotechnical services. The geotechnical investigations include information review, field reconnaissance, planning, permitting, utility clearance, field exploration program, geotechnical laboratory testing, engineering analysis and report preparation.

Task 261 – Field Reconnaissance, Permitting & Utility Clearance Perform a site visit to select suitable location for the soil borings based on site access conditions and as-built utility information. Coordinate utility clearance of the proposed boring locations through Underground Service Alert. Obtain a soil boring permit (or permit waiver) from the County of San Diego Department of Environmental Health Services.

Task 262 – Field Exploration Program

Six soil borings will be performed for the project. A total of five borings will be performed in the area of the proposed reservoirs. Two borings will be advanced to a depth of 55 feet. The other two borings will be advanced 10 feet into the bedrock. A total depth of 25 feet has been assumed for these two borings. The fifth boring will be located in the area of the proposed access vault, and will be terminated when drilling refusal on bedrock is encountered, 20 feet depth assumed.



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The drilling operations will be performed using conventional hollow—stem auger (HAS) drilling methods. Where drilling refusal on bedrock is encountered, the five borings in the area of the proposed reservoirs will be extended using HQ rock coring methods to their target depth.

During drilling in soil overburden materials, Standard Penetration Test (SPT) will be performed with a specially manufacturer split-spoon sampler at selected depth intervals. Relatively undisturbed samples will be obtained by driving a 3-inch (OD) diameter modified California barrel sampler with a special cutting tip and inside lining of thin brass rings into the soils at the bottom of the borehole. In addition, loose bulk samples will also be collected from the borings.

Rock cores will be taken in 5-foot runs. Each core run will be visually logged and photographed prior to placement in wooden core boxes for storage and transportation to the laboratory. Information on the photographs will include the boring identification number, run number, depth interval, percent recover, and rock quality designation (RQD) index.

Upon completion of the field exploration activities, all borings will be backfilled with bentonite slurry. The work area will be cleaned and any excess soil and fluid will be removed for offsite disposal.

A seismic tomography, to develop the subsurface velocity structure, will be provided in the area of the proposed reservoirs. Overlapping seismic lines will consist of 24 geophones spaced 10-feet apart for a spread of 230 feet long. Depending on the geologic conditions, the depth of the subsurface profile reading will be up to 50 feet below the ground surface. A minimum of nine shot points will be performed per spread.

Task 263 – Geotechnical Laboratory Testing

Geotechnical laboratory tests will be performed on selected soil samples and rock cores to verify field classifications and to evaluate certain engineering characteristics. Laboratory tests will be performed in general conformance with ASTM or other generally accepted testing procedures.

Task 264 – Engineering Analysis and Report Preparation

The field data and laboratory test results will be analyzed and summarized in a written report including the findings, opinions and recommendations. The report will address the following issues:

- General surface and subsurface conditions;
- General geologic conditions and potential geologic hazards;
- Site-specific seismic design parameters in accordance with CBC 2010;
- Groundwater conditions, if encountered within the maximum depth of exploration;
- Soil excavation characteristics;
- Foundation design recommendations;
- Modulus of subgrade reaction;
- Soil pressure and settlement characteristics;
- Soil corrosivity characteristics; and



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- General construction-related considerations, including trench backfilling operations, pipe bedding, suitability of onsite soil materials for use as backfill and bedding materials, temporary sloped excavations and shoring, and construction dewatering, if applicable.

TASK 270 – ENVIRONMENTAL DOCUMENTATION

Helix Environmental, as a subconsultant to Black & Veatch, will perform all environmental documentation services as described below.

Task 271: Project Initiation

The initiation of the environmental component of the project will begin with a kick-off meeting between HELIX, Black & Veatch, and City Environmental and/or Engineering Staff. Prior to this meeting, HELIX will identify document and information needs (e.g., relevant plans, reports, ordinances, and/or studies applicable to the project).

Literature Review and Database Search

In addition to the information requested from the City, HELIX will conduct an in-house database search and review relevant documents and ordinances from the City and County, as applicable. HELIX also will review other readily available information pertaining to biological resources within the project area, including planning documents, California Natural Diversity Database, County of San Diego Biological Observation Database (BOD), United States Fish and Wildlife Service (USFWS) data and U.S. Geological Survey (USGS) data.

Task 272: Project Management and Meetings

Project management is an ongoing task and our scope and budget assumes 1 hour per month of Project Manager time and up to 2 hour total of Principal-in-Charge time, based on a total project performance period of 10 months. HELIX assumes that there would be regular coordination with Black & Veatch and City Staff during the detailed design stage of the proposed project. Anticipated coordination could take the form of conference calls, meetings, electronic mail (e-mail), and telephone calls. HELIX also will be available for meetings, if requested, during final design.

In addition to the project meetings noted under Tasks 171, HELIX's Project Manager may attend up to three project meetings during the contract period. Specifically, one meeting is assumed during detailed design to discuss potential design features and mitigation measures, and one meeting with Black & Veatch and City Staff is anticipated to discuss comments on the screencheck IS/Draft MND. The Project Manager will attend one City Council meeting.

For the purposes of this proposal, HELIX has assumed that most project meetings discussed herein will require four hours of time (including preparation and travel). Eight hours is assumed for the City Council hearing. No specific presentation graphics are anticipated for any of the above meetings.

Task 272.1: Technical Studies

Based on our knowledge of the project area and potential environmental issues, HELIX will provide studies and consultations related to biological and cultural resources. The analysis



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in the IS/MND will be informed by the biological and cultural resources technical studies, which will be included as appendices to the IS/MND.

HELIX will provide overall project management services as the project undergoes detailed design and environmental processing. Management tasks will consist of formal and informal communication with the project team, Black & Veatch and City Staff, regulatory agencies, and other applicable agencies. Other management responsibilities will include interfacing with Black & Veatch and City Staff on project description information, tracking budgets, and reviewing schedule progress. Quality assurance reviews of all major deliverables will be completed by senior HELIX staff prior to submittal to City Staff.

Task 273: Biological Resources Assessment (HELIX)

Potential effects on biological resources within the County (project site) and City (off-site slopes) will be evaluated for compliance with CEQA (the City of Escondido Draft Multiple Habitat Conservation Program [MHCP] Subarea Plan has “expired” and is not considered valid by the Wildlife Agencies). Effects on biological resources within the County are not likely because the site and unincorporated off-site areas to the north are developed with agricultural and residential uses. It is possible that indirect effects on biological resources within the City could occur, however, as the undeveloped slopes immediately off site and within the City limits contain sensitive Diegan coastal sage scrub which may be occupied by the federally listed threatened coastal California gnatcatcher. Effects on the gnatcatcher are regulated by the federal Endangered Species Act. Project compliance with other applicable regulations also will be addressed.

Task 273.1: Vegetation Mapping, General Botanical and Zoological Survey

Prior to conducting fieldwork, HELIX will review existing biological documents, conduct an in-house database search for sensitive species known to occur within the project area, and prepare field maps. HELIX will map vegetation and conduct a general botanical and zoological survey, including mapping sensitive species observed during the time of this survey. HELIX will map the vegetation within the project footprint and 50 feet beyond the footprint.

Task 273.2: Biological Resources Letter Report

HELIX will prepare a biological resources letter report incorporating the results of Task 3.1 above to be submitted to the City. This report will describe the survey methods employed and present the results of the fieldwork, including a map of the vegetation and description of the vegetation communities present. If the project impacts a natural vegetation community, the letter report also will include an impact assessment and recommend potential mitigation measures per City requirements.

Additional Service Task AS.3: Coastal California Gnatcatcher Surveys

As noted above, the off-site slopes within the City contain Diegan coastal sage scrub which may be occupied by the federally listed threatened coastal California gnatcatcher. The City is not a participating agency in the Natural Community Conservation Planning (NCCP) program. For non-participating agencies, the USFWS requires six protocol-level surveys for the coastal California gnatcatcher be completed between March 15 and June 30, at least seven days apart. HELIX is required under its 10(a)(1)(A) recovery permit (TE778195) to notify the USFWS 15 days in advance of starting the first survey and submit a written report to the USFWS within 45 days of completing the final survey. If project construction avoids



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the breeding season of the coastal California gnatcatcher, this optional service remains at the discretion of the City; if the breeding season cannot be avoided, this optional service becomes mandatory.

Task 274: Cultural Resources Investigation (Affinis)

Working under the direction of HELIX, Affinis will complete the following tasks:

Task 274.1: Literature and Records Search

An archaeological literature and records search will be obtained from the South Coastal Information Center at San Diego State University. This search will encompass a ½-mile radius of the project study area. Affinis will review the records search and relevant reports, as well as historic maps and aerial photographs.

Task 274.2: Native American Consultation

Affinis will contact the State of California Native American Heritage Commission (NAHC) for a check of the Sacred Lands Files. Individuals listed by the NAHC that may have an interest in the project will be contacted in writing. The Native American (Kumeyaay) community also will be contacted.

Task 274.3: Cultural Resources Survey

A cultural resources survey entailing a complete and intensive archaeological survey of the project site will be conducted by a team of two qualified archaeologists. Landforms within these areas likely to contain or exhibit archaeologically or historically sensitive cultural resources will be inspected to ensure that visible, potentially important cultural resources, if any, are discovered and documented. A Native American monitor also will accompany the archaeologists during the survey.

In the event the field survey results in the identification of archaeological sites or other cultural resources that require documentation, such cultural resources would be recorded by Affinis.

Task 274.4: Cultural Resources Report

Once the field investigation has been concluded, Affinis will prepare a report detailing the results of the records search, methods and results of the survey, and any recommendations for further cultural resources management, such as testing, if necessary.

Task 275: Environmental Compliance Documentation

In order to comply with CEQA, it is anticipated that the project will require the preparation of an IS Environmental Checklist and MND, which HELIX will prepare. CEQA environmental compliance services will be provided pursuant to the following regulations/guidelines:

- CEQA (Public Resources Code [PRC] Section 21000 et seq.); and
- Guidelines for Implementation of CEQA (California Code of Regulations [CCR] Section 15000 et seq.)

Significant effects related to agriculture resources are not expected based on the assumption that the portions of the affected parcels that would not be placed into a City-owned easement would remain in use as active avocado orchard. It is possible that the Initial Screening (IS) will identify potentially significant short-term construction environmental effects (air quality,



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noise, etc.). HELIX will work with Black & Veatch and City to identify targeted project design features that would potentially avoid significant effects to these issue areas, as applicable. If avoidance is not feasible, possible effects to these issue areas, as well as to biological and cultural resources if applicable, could be mitigated to a point where no significant effects would occur. As such, it is expected that project impacts would be fully mitigated and that an Mitigated Negative Declaration (MND) could be prepared to address the short-term construction impacts of the proposed project.

The proposed scope of work for preparation of the IS/MND includes the following tasks:

Task 275.1: Prepare Initial Study and Draft MND

The IS/Draft MND will be based on information provided by Black & Veatch and City Staff, as augmented by HELIX's and Affinis' technical studies where applicable.

- a. Prepare Initial Study Environmental Checklist. HELIX will prepare an administrative draft IS that includes an identification of environmental effects based on the questions included in the IS checklist. The City's IS checklist is based on Appendix G of the State CEQA Guidelines.
- b. Prepare Supplemental Comments. HELIX will prepare an administrative draft Supplemental Comments document that includes the following: a detailed description of the project, a description of the environmental setting, and a brief discussion of each answer to the IS checklist questions. The Supplemental Comments also will include (1) the identification, discussion, and development of appropriate mitigation measures to address any significant effects associated with short-term construction and/or long-term operation and maintenance of the proposed reservoir tanks, pipelines and appurtenances, and access road, as identified in the IS; and (2) lists of references and preparers that participated in the IS/Draft MND preparation. A summary list of design measures and mitigation measures to be incorporated into the project also will be included in the Supplemental Comments.
- c. Prepare Draft MND. HELIX will prepare an administrative Draft MND that complies with CEQA requirements, incorporates Items (a) and (b) above, and includes a statement of findings based on the results of the IS.
- d. Prepare Notice of Proposed Mitigated Negative Declaration. HELIX will prepare a Notice of Proposed Mitigated Negative Declaration according to the City's standard format, including brief discussions of the project location and description, location map, and public review information.

HELIX will provide BLACK & VEATCH and City Staff with five copies of the administrative Draft MND, including IS checklist, Supplemental Comments, and Notice of Proposed Mitigated Negative Declaration, for review and approval. Within 30 days of receipt of comments on the administrative Draft MND, HELIX will provide Black & Veatch and City Staff with a revised copy of the document. Within two weeks of receipt of comments on the revised administrative Draft MND, HELIX will provide Black & Veatch and City Staff with two copies of a screencheck Draft MND for review and final approval. Upon approval, the screencheck Draft MND becomes the Draft MND suitable for public circulation.



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Within two weeks of approval of the Draft MND, HELIX will provide the City with up to 10 printed and bound copies and 20 electronic compact disc (CD) copies of the approved Draft MND. The Draft MND will include all appendices and exhibits, with the printed copies of the Draft MND to include digital versions of the technical appendices on CDs bound into the backs of the MND books. One complete digital copy of the MND suitable for the City's website also will be provided by HELIX. Electronic submittals and digital data will conform to the City's requirements.

- e. Prepare State Clearinghouse Forms. HELIX will prepare and submit for City Staff review and approval a Notice of Completion and Environmental Document Transmittal (NOC and EDT) Form, as well as the State Clearinghouse Summary Form for Electronic Document Submittal. Once approved, 15 copies of the NOC and EDT Form, 15 copies of the State Clearinghouse Summary Form for Electronic Document Submittal, and 15 CD copies of the Draft MND (included in the count in Item [b] above) will be submitted to the City via courier or Federal Express. The City will distribute the Draft MND to potentially interested federal, state, regional, and local responsible and trustee agencies (including the State Clearinghouse); and other local agencies, including neighboring cities, interested parties, and individuals (as agreed upon by City Staff). HELIX will prepare and maintain a project mailing list for review and approval by the City. Based on past experience, it is assumed that the City will post the Notice of Proposed Mitigated Negative Declaration through the County Clerk, publish it in the *Daily Transcript* or other local newspaper of general circulation, mail the notice to the appropriate property owners and occupants, and pay the County Clerk's fee and the costs of publishing the notice.

Task 275.2: Prepare Final MND and Mitigation Monitoring and Reporting Program (MMRP)

- a. Respond to Comments on the Draft MND and Prepare the Administrative Final MND. HELIX will respond to comments made during the 30-day public review period for the Draft MND and prepare an administrative Final MND. HELIX will provide Black & Veatch and City Staff with five copies of the administrative Final MND, including preliminary responses to comments (RTCs), within 30 days after the end of the public review period.
- b. Prepare the Revised Administrative Final MND and Draft MMRP. HELIX will develop an MMRP to identify those responsible for the mitigation monitoring and reporting schedule, and completion requirements. HELIX will provide Black & Veatch and City Staff with five copies each of the draft MMRP and revised administrative Final MND within 30 days of receipt of comments on the administrative Final MND.
- c. Prepare the Screencheck Final MND and MMRP and Prepare the Final Documents. Within two weeks of receipt of comments on the revised administrative Final MND and draft MMRP, HELIX will provide Black & Veatch and City Staff with five copies of a screencheck Final MND and MMRP. Within two weeks of approval of the Final MND, HELIX will mail printed and bound (12) and electronic CD (30) copies of the Final MND with appendices and exhibits to the City for distribution to commenting agencies and interested parties, internally, and to the City Council for approval and adoption.



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- d. Prepare the Notice of Determination (NOD). HELIX will prepare and submit for City Staff review and approval an NOD. Following adoption of the Final MND, it is assumed that the City will send a copy of the approved NOD to the State Clearinghouse, post the NOD with the County Clerk, and pay the CDFG filing fee and the County Clerk's fee.

**TASK 280 – STORMWATER TREATMENT AND POLLUTION
PREVENTION PLAN**

Task 281: Stormwater Treatment

Conceptual Layout for LID, WQ, HMP & Drainage

Prepare a conceptual layout for approach to LID, Water Quality, Hydromodification Management, and Drainage features based on the preliminary site plan. This includes one (1) site visit to observe existing conditions and to help identify preferred discharge locations and methods (i.e. – surface outflow or connection to existing storm drain system), and an initial observation of the downstream channel characteristics as they relate to potential low-flow thresholds for hydromodification management criteria.

Storm Water Management Plan (SWMP)

Prepare and process through the County of San Diego, one (1) Major Storm Water Management Plan (SWMP) to identify possible post-construction pollutants and identify all proposed permanent storm water BMPs, including LID site design, source control, and treatment control measures for on-site. The project must comply with the requirements of the Municipal Storm Water Permit, Order No. R9-2007-0001 issued by the SDRWQCB on January 24, 2007 to the San Diego Municipal Copermittees. The Municipal Storm Water Permit includes several requirements with respect to design and construction of new projects. Specifically, this SWMP will also address low impact development (LID) requirements (including all permanent storm water BMPs) and hydromodification management, however, pursuant to County requirements a separate HMP report will be prepared specific to the hydromodification management requirements, modeling, and design solutions (see HMP discussion below).

This proposal includes calculations for two (2) permanent BMPs that will serve the entire site for water quality and hydromodification management (from 10% of the 2-year, or as determined if a channel assessment yields a higher low flow threshold, up to the 10-year storm event). Therefore, the BMPs will be designed to meet the treatment control (TC-BMP) requirements in conjunction with the hydromodification management analyses. This may be accomplished by designing the BMP as a bioretention facility with amended soil and a perforated sub drain (if feasible to connect to the existing storm drain system and/or surface outlet down gradient) or providing extended detention along the surface of the BMP for the water quality storm event. The report will include an Operation and Maintenance Plan (OMP) for the permanent BMPs, pursuant to County requirements.

Hydromodification Management Plan (HMP)

As stated above (refer to SWMP), this proposal includes calculations for two (2) BMPs that will serve the entire site for water quality and hydromodification management (from 10% of the 2-year, or as determined if a channel assessment yields a higher low flow threshold, up to the 10-year storm event). The project will be subject to hydromodification



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requirements (per the 2011 County of San Diego SUSMP, in accordance with the 2007 Municipal Permit). Therefore, continuous simulation modeling will be used pursuant to the Final HMP to address hydromodification management for all storm events from 10% of the 2-year up to the 10-year storm event. The default low flow threshold will be utilized unless a site visit identifies field conditions in the downstream channel that warrant a more detailed geomorphic assessment be completed to support use of a less conservative low-flow threshold (i.e. – 0.3xQ2 or 0.5xQ2). At this time, it is assumed that no SCCWRP Stream Assessment will be prepared; therefore, 10% of Q2 will be assumed in the modeling for the lower flow threshold.

The volume requirements and typical details will be prepared to meet requirements for water quality treatment and hydromodification management. The results will be summarized and presented within the drainage study, SWMP, and HMP, as applicable to each report. This subtask specifically includes the preparation of the HMP analyses and report specific to the HMP requirements. It will be prepared in accordance with the Final Hydromodification Management Plan (HMP), dated March 2011.

Agency Processing

Process the grading plan, drainage report and SWMP through County of San Diego and City of Escondido review and address comments received from each agency. An allocation of 20 hours has been established for this effort.

Task 282: Stormwater Pollution Prevention Plan

Prepare a SWPPP based on the requirements of the State Water Resources Control Board (SWRCB) National Pollutant Discharge Elimination System (NPDES) General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities Order No. 2009-0009-DWQ NPDES No. CAS000002 (adopted September 2, 2009). The scope and fee for the SWPPP includes two major tasks. The first task will be conducted to determine the Risk Level (either Risk Level 1, 2 or 3) for the project. The next task will be to prepare a SWPPP for the specific Risk Level determined by the Risk Determination Analysis.

The SWPPP will be uploaded electronically to the State Water Resources Control Board (SWRCB) via the Storm Water Multiple Applications and Report Tracking System (SMARTS) along with the other Permit Registration Documents (PRDs), including the Notice of Intent (NOI) and Site Maps. The client/owner will be the Legally Responsible Party (LRP) and will also be responsible for the permit fee, certification and submittal of the SWPPP on SMARTS. O'Day Consultants Engineering Company will act as the initial Qualified SWPPP Developer (QSD) for the preparation of the SWPPP; however the client/owner will assign a QSD and Qualified SWPPP Practitioner (QSP) for implementation of the SWPPP.

PHASE 3: BID PHASE SERVICES

BLACK & VEATCH will provide the following bid phase services:

- ▼ Assist the City Project Manager during the bidding period by responding to questions from bidders and resolve interpretations of the contract documents.
- ▼ Prepare up to two addenda to clarify the contract documents. It is assumed that the City will be responsible for distribution of these addenda.
- ▼ Attend pre-bid conference.



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OVERALL PROJECT ASSUMPTIONS

- The City will obtain all necessary permits (i.e. encroachment permits, etc.) not otherwise noted above.
- The City will pay for all permit fees.
- No special environmental permits will be required for field exploration activities.
- Drawings will be developed using AutoCAD 2010 and all word documents within Microsoft Word 2007.
- It's anticipated that the detailed design phase of the project will be completed within 12 months.
- Our fee will provide a code compliant design but does not include addressing the requirements of the 2008 National Electrical Code Article 708 Critical Operations Power Systems, which states:

"Critical operations power systems are those systems so classed by municipal, state, federal, or other codes by any governmental agency having jurisdiction or by facility engineering documentation establishing the necessity for such a system. These systems include but are not limited to power systems, HVAC, fire alarm, security, communications, and signaling for designated critical operations areas.

FPN No. 1: Critical operations power systems are generally installed in vital infrastructure facilities that, if destroyed or incapacitated, would disrupt national security, the economy, public health or safety; and where enhanced electrical infrastructure for continuity of operation has been deemed necessary by governmental authority"

The Authority Having Jurisdiction should establish the extents to which this article is applicable. Some requirements which may have significant impact on engineering fee include:

- a. Fire protection for feeder circuits.
 - b. Branch circuit distribution equipment needs to be located in same DCOA as the circuits it applies.
 - c. Feeder distribution equipment needs to be located in 2-hour fire rated spaces.
 - d. Feeder and branch circuits shall supply only equipment specified as required for critical operations use.
 - e. Fire protection (1-hour spaces or suppression system) required for existing and new switchgear rooms, battery charging areas, and generator room.
 - f. Alternate power source shall operate for 72 hours; potentially requiring more fuel tanks.
 - g. Adding additional ground fault protection at disconnecting means for the second level of all feeders.
- Based on the generally developed nature of the project site and surrounding area, this scope of work assumes that biological resources tasks would be limited. Focused species surveys are not anticipated to be necessary, with the exception of coastal California gnatcatcher



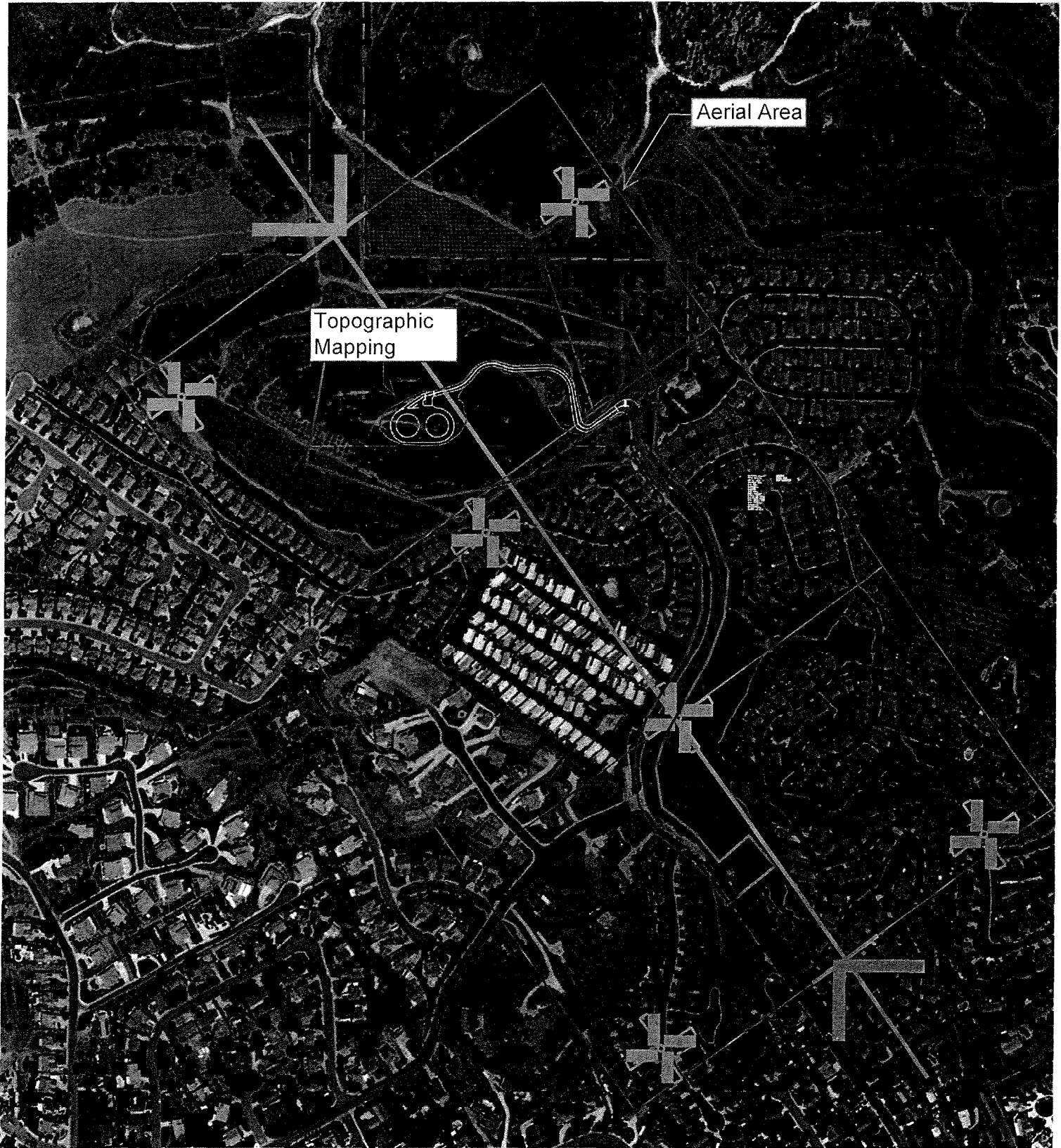
**VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES**

CITY OF ESCONDIDO

surveys in the event that the breeding season cannot be avoided. Should our vegetation and general biology survey of the project site result in a recommendation for (currently unanticipated) additional focused species and/or rare plant surveys (including, but not limited to, coastal California gnatcatcher surveys), the additional survey(s) would require an augment. In addition, costs associated with jurisdictional delineation, permit preparation or processing, additional meeting time (beyond that specified in Tasks 271, and 272), Potential to Occur analysis associated with Task 273.2, and/or biological resources technical studies (beyond those specified in Task 273) and other reports (“additional work”) are not included within this scope of work.

- This scope of work assumes that agriculture resources would not be significantly impacted by the project for the following reasons: (1) the areas within the affected parcels that would not be placed into an easement would remain in use as avocado orchards and (2) there are enough orchards remaining in the area and in the region overall to offset this relatively minor (i.e., less than four-acre) impact. In the unlikely event that significant impacts to agriculture resources are identified, this scope of work does not include preparation of mitigation strategy for such impacts.
- City Staff will provide all Black & Veatch and all subconsultants with permission to access all properties for purposes of conducting necessary surveys and evaluations.

Exhibit A



City of Escondido
Vista Verde Reservoir
Detailed Design

Exhibit B

Sheet No.	Dwg No.	Description
1	G-1	Title Sheet, Location Maps, and Sheet List
2	G-2	Legend and Abbreviations
3	G-3	General Notes
4	C-1	Horizontal Control Benchmarks and Paving Plan
5	C-2	Grading Plan
6	C-3	Reservoir Sections
7	C-4	Sump Sections
8	C-5	Yard Piping Plan
9	C-6	Yard Piping Plan
10	C-7	Inlet/Outlet Pipeline Profiles
11	C-8	Inlet/Overflow Pipeline and Reservoir Drain Profiles
12	C-9	Retaining Wall Plan and Profile
13	C-10	Reservoirs Interior Piping Plan and Sections
14	C-11	Valve Structure Plan and Sections
15	C-12	Underdrain Plan and Details
16	C-13	Floor Sump Plan, Sections and Details
17	C-14	Roof Hatch Plan and Sections
18	C-15	Roadway Sections
19	C-16	Civil Details
20	C-17	Civil Details
21	C-18	Civil Details
22	L-1	Irrigation Legend and Notes
23	L-2	Irrigation Plan - Reservoirs
24	L-3	Irrigation Plan - Access Roads and Pipeline
25	L-4	Irrigation Details
26	L-5	Irrigation Details
27	L-6	Planting Legend and Notes
28	L-7	Planting Plan - Reservoir
29	L-8	Planting Plan - Access Roads and Pipeline
30	L-9	Planting Details
31	S-1	Structural Notes
32	S-2	Structural Observation and Inspection Notes
33	S-3	Foundation Plan
34	S-4	Roof Framing Plan
35	S-5	Reservoir Section
36	S-6	Wall Sections and Details
37	S-7	Roof Reinforcing Details
38	S-8	Reservoir Structural Details
39	S-9	Reservoir Structural Details
40	S-10	Stairs sections and details
41	S-11	Reservoir Partial Roof Framing Details
42	S-12	Reservoir Partial Roof Framing Details
43	S-13	Reservoir Sump Plan and Sections
44	S-14	Valve Vault Plan and Section
45	S-15	Vault Details
46	E-1	Electrical Legend and Abbreviations
47	E-2	Reservoir One-Line Diagrams, Schematics, and Schedules
48	E-3	Reservoir Site Power and Lighting Plan
49	E-4	Miscellaneous Details
50	I-1	P&ID Legend and Abbreviations
51	I-2	P&ID Legend and Abbreviations
52	I-3	P&ID New Reservoirs and Valve Structure
53	I-4	Control System Block Diagram and Installation Details

City of Escondido
Vista Verde Reservoir
Temporary Improvements
Detailed Design

Exhibit C

Sheet No.	Dwg No.	Description
1	G-1	Title Sheet, Location Maps, and Sheet List
2	G-2	Legend and Abbreviations
3	G-3	General Notes
4	C-1	Horizontal Control Benchmarks and Paving Plan
5	C-2	Civil Details
6	M-1	Reservoir Piping Plan
7	M-2	Reservoir Piping Sections
8	M-3	Pump Station Plan
9	M-4	Pump Station Section
10	M-5	Mechanical Details
11	E-1	Electrical Legend and Abbreviations
12	E-2	Pump Station One-Line Diagrams
13	E-3	Pump Station Power Plan
14	E-4	Tank Site Power Plan
15	I-1	P&ID Legend and Abbreviations
16	I-2	P&ID Legend and Abbreviations
17	I-3	P&ID Pumping Station
18	I-4	P&ID Temporary Reservoir
19	I-5	Control System Block Diagram and Installation Details

City of Escondido
 Vista Verde Reservoir
 Fee Estimate - Phase 2: Detailed Design and Phase 3: Bid Phase Services

Task	Description	Project Director	Project Manager	Technical Advisor	QA/QC	Engineering Manager	Senior Electrical / I&C Engineer	Electrical Engineer	I&C Engineer	Project Engineer	Staff Engineer	CADD	Admin Staff	BAV Total Hours	Total Fee	Indirect Expenses (\$/75hour)	BAV Direct Expenses	Golden Triangle Land Surveying, Inc.	O'Day Consultants	Simon Wong Engineering	Catholic Protection - V&A	Landscaping - Garbini & Garbini	Environmental - HELIX	Geotechnical	Subcontractor Markup (3%)	Total		
PHASE 2 - DETAILED DESIGN																												
210 MEETINGS AND PROJECT MANAGEMENT																												
211	Project Administration		12							12		24		48	\$5,700	\$420										\$0	\$6,120	
212	Progress Meetings (7 total)	8	14							28		6		58	\$3,550	\$490										\$0	\$3,040	
213	Design Review/Workshops (5 total)	6	10							20		30		188	\$23,450	\$1,380										\$0	\$9,070	
	Subtotal	14	36	0	10	8	0	0	0	60	0	0	30													\$0	\$24,830	
RESERVOIR DESIGN																												
220	30% Design	6	26	50	40	12	22	36	60	18	18	12	16	162	\$81,610	\$7,010	\$1,500	\$23,820	\$23,880	\$7,020	\$6,260				\$1,680	\$108,200		
221	60% Design	6	18	38	20	6	26	20	60	18	18	12	16	174	\$44,000	\$7,760	\$2,500	\$12,840	\$12,900	\$7,020	\$6,260				\$1,290	\$67,265		
222	90% Design	2	8	14	16	4	72	12	36	8	44	10	236	\$30,980	\$1,980	\$2,500	\$9,395	\$10,500	\$4,980	\$8,100					\$0	\$66,435		
223	100% Design	2	8	14	16	4	72	12	36	8	44	10	236	\$30,980	\$1,980	\$2,500	\$9,395	\$10,500	\$4,980	\$8,100					\$0	\$66,435		
224	Opinion of Probable Construction Cost			2	4									42	\$5,500	\$370										\$0	\$6,000	
	Subtotal	14	62	102	80	24	130	68	222	44	270	38	1,044	\$144,660	\$9,140	\$6,500	\$45,055	\$47,970	\$12,000	\$23,985	\$0	\$0	\$0	\$0	\$0	\$3,880	\$203,100	
TEMPORARY IMPROVEMENTS DESIGN																												
230	60% Design	4	10	26	20	18	22	36	46	8	54	6	250	\$36,200	\$2,190	\$1,000										\$0	\$39,420	
231	90% Design	2	6	16	14	12	36	20	24	6	24	8	168	\$24,470	\$1,470	\$1,000										\$0	\$26,940	
233	100% Design	2	6	16	14	12	36	20	24	6	24	8	168	\$24,470	\$1,470	\$1,000										\$0	\$26,940	
234	Opinion of Probable Construction Cost		2	2	2	2	4	16	16	2	14	2	40	\$5,520	\$350											\$0	\$6,170	
	Subtotal	6	18	62	42	38	148	68	106	16	92	16	600	\$66,630	\$3,560	\$2,000										\$0	\$83,760	
240	Photolting													6	\$650	\$50		\$4,490	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$140	\$5,330
	Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	6	\$650	\$50	\$4,490	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$140	\$5,330
250	Surveying													8	\$850	\$70	\$8,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260	\$9,560
	Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	8	\$850	\$70	\$8,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260	\$9,560
260	Geotechnical Investigations													4	\$600	\$40										\$2,300	\$3,010	
261	Field Reconnaissance, Permitting & Utility Clearance													4	\$0	\$0										\$23,300	\$24,000	
262	Field Exploration Program													0	\$0	\$0										\$4,200	\$4,330	
263	Geotechnical Laboratory Testing													20	\$3,500	\$180										\$5,000	\$8,830	
264	Engineering Analysis and Report Preparation													24	\$4,100	\$220										\$34,800	\$40,170	
	Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	24	\$4,100	\$220	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,800	\$40,170	
270	Environmental Documentation													20	\$2,850	\$180										\$110	\$6,485	
271	Project Initiation													0	\$0	\$0										\$6,000	\$6,180	
272	Project Management and Meetings													0	\$0	\$0										\$260	\$8,665	
273	Biological Resources Assessment													0	\$0	\$0										\$140	\$4,560	
274	Cultural Resources Investigation													20	\$2,850	\$180										\$730	\$28,025	
275	Environmental Compliance Documentation													40	\$5,700	\$360										\$0	\$64,095	
	Subtotal	0	4	0	12	0	0	0	0	20	0	0	4	40	\$5,700	\$360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,400	\$54,095	
280	Stormwater Treatment and Pollution Prevention Plan													16	\$2,300	\$140										\$680	\$3,090	
281	Stormwater Treatment													16	\$2,300	\$140										\$21,640	\$22,080	
282	Stormwater Pollution Prevention Plan													32	\$4,600	\$280										\$220	\$2,660	
	Subtotal	0	4	0	8	0	0	0	0	16	0	0	0	32	\$4,600	\$280	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$870	\$3,640	
	PHASE 2 TOTALS	34	114	164	158	70	276	136	438	60	368	94	1,912	\$270,640	\$16,750	\$8,500	\$8,400	\$76,435	\$47,970	\$12,000	\$23,985	\$46,635	\$0	\$0	\$34,800	\$7,600	\$555,615	
PHASE 3 - BID PHASE SERVICES																												
300	Reservoir Bid Package													58	\$8,170	\$510		\$1,000	\$1,500	\$500						\$110	\$12,200	
310	Temporary Improvements Bid Package													32	\$4,510	\$280										\$0	\$4,790	
	Subtotal	0	6	0	22	0	6	6	42	0	4	4	0	90	\$12,680	\$790	\$0	\$1,000	\$1,500	\$500	\$0	\$0	\$0	\$0	\$0	\$110	\$17,080	
AS	Additional Services																									\$210	\$20,080	
AS.1	Additional 100% Design Packages													86	\$12,130	\$760		\$2,500	\$2,000	\$1,500	\$1,000					\$210	\$20,080	
AS.2	Development of Eminent Legal Plans and Descriptions													4	\$500	\$40		\$3,100	\$0	\$0	\$0					\$100	\$3,740	
AS.3	Coastal California Grantee Surveys													4	\$500	\$40		\$0	\$0	\$0	\$0					\$180	\$6,420	



CITY OF ESCONDIDO
CONSULTING AGREEMENT FOR DESIGN PROFESSIONALS

This Agreement is made this _____ day of _____, 20__.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: Craig Whittemore
760-839-4038
("CITY")

And: Black & Veatch Corporation
300 Rancheros Drive, Suite 250
San Marcos, CA 92069
Attn: Kevin Davis
760-510-7705
("CONSULTANT")

Witness that whereas:

- A. It has been determined to be in the CITY's best interest to retain the professional services of a consultant to provide detailed design including preparation of construction drawings and specifications for the Vista Verde Reservoir Replacement Project; and
- B. The CONSULTANT is considered competent to perform the necessary professional services for CITY;

NOW, THEREFORE, it is mutually agreed by and between CITY and CONSULTANT as follows:

- 1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
- 2. Compensation. The CITY will pay the CONSULTANT in accordance with the conditions specified in "Attachment A," in the sum of \$602,945. Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it.
- 3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.

4. Duties. CONSULTANT will be responsible for the professional quality, technical accuracy, timely completion, and coordination of all reports and other services furnished by the CONSULTANT under this Agreement, except that the CONSULTANT will not be responsible for the accuracy of information supplied by the CITY.
5. Personnel. The performance of services under this Agreement by certain professionals is significant to the CITY. CONSULTANT will assign the persons listed on "Attachment B," which is attached and incorporated by this reference, to perform the Services described in Paragraph 1, and will not add or remove persons from the list without the prior written consent of the CITY. CONSULTANT will not subcontract any tasks under this Agreement without obtaining the advance written consent of the CITY.
6. Termination. Either CONSULTANT or the CITY may terminate this Agreement with thirty (30) days advance written notice.
7. City Property. All original documents, drawings, electronic media, and other material prepared by CONSULTANT under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONSULTANT for any other purpose without prior written consent of the CITY.
8. Insurance.
 - a. The CONSULTANT shall secure and maintain at its own costs, for all operations, the following insurance coverage, unless reduced by the City Attorney:
 - (1) General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
 - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
 - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
 - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
 - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONSULTANT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the CONSULTANT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

 Acknowledged by CONSULTANT _____

 Waiver appropriate by CITY _____
 - c. Each insurance policy required above must be acceptable to the City Attorney:
 - (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
 - (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.

- (3) Both the General Liability and the Automotive Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The endorsement must be ISO Form CG2010 11/85 edition or its equivalent for General Liability endorsements and CA 20-01 for Automobile Liability endorsements.
 - (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work including its ongoing operations and products-completed operations hazard.
 - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
 - d. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.
9. Indemnification. CONSULTANT (which in this paragraph 9 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:
- a. Any claim of liability arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of CONSULTANT in the performance of this Agreement, excepting only those claims resulting from the sole negligence, active negligence or intentional misconduct of CITY, its employees, officials, or agents, not including CONSULTANT;
 - b. Any personal injuries, property damage or death that CONSULTANT may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by the CITY, or from any dangerous condition of property; or
 - c. Any injury or death which results or increases by any action taken to medically treat CONSULTANT.
10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void.
11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.
12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.

15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.
17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.
21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.
22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

Date: _____

(Contractor signature)

Title

(The above signature must be notarized)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.



BACKGROUND

The City of Escondido (City) intends to replace the existing 750,000 gallon Vista Verde Reservoir (Reservoir) with two (2) new 1.0 million gallon (MG) prestressed concrete reservoirs. The new reservoirs will be located on a new site located at the end of Vista Verde Way (see attached map) which is currently occupied by an Avocado orchard. In addition the condition of the existing reservoir is deteriorating. Providing a back-up system to the existing Vista Verde tank is imperative. This project entails design of the new reservoirs, reservoir site, and system modifications required to meet the City's goals of a larger and more reliable pressure zone. In addition intermediate improvements will be made to the existing pump station and reservoir to provide safeguards to the existing system in the event that the existing reservoir should fail prior to completion of the new reservoirs. The City will execute the project in two phases:

- ▼ **PHASE 1: PROJECT DEFINITION** – This phase provided the City with the basis of design for the new reservoir site and associated system modifications. Evaluations of three different site layout alternatives, including new tanks and access road, as well as temporary options to keep the system operational where performed. Recommended modifications where provided and are the basis for the Phase 2 work.
- ▼ **PHASE 2: DETAILED DESIGN** – This phase will provide the City with the detailed design and construction documents for the desired improvements, including drawings and specifications and environmental approvals.

The Phase 2 work will be based upon the technical memorandums developed under Phase 1:

- ▼ Technical Memorandum 1 – Conceptual Site Layout
- ▼ Technical Memorandum 2 – Temporary Alternatives for Keeping Existing System Operational
- ▼ **PHASE 3: BID PHASE SERVICES** – The scope of the bid phase services includes assisting the City throughout the bid phase of the project.

SCOPE OF WORK

PHASE 2: DETAILED DESIGN

Specific tasks associated with this phase of the project are summarized below:

- ▼ Task 210 – Meetings and Project Management
- ▼ Task 220 – Design – Drawings and Specifications
- ▼ Task 230 – Temporary Improvements Design
- ▼ Task 240 – Potholing
- ▼ Task 250 – Surveying
- ▼ Task 260 – Geotechnical Investigations
- ▼ Task 270 – Environmental Documentation
- ▼ Task 280 – Storm Water Treatment and Pollution Prevention Plan



TASK 210 – MEETINGS AND PROJECT MANAGEMENT

Overall project management will be provided throughout the duration of the project. It's anticipated that the project duration will last 12 months.

Task 211 - Project Administration. Perform administrative tasks as required to facilitate completion of all tasks defined within this Scope of Work. The project administrative tasks to be performed include:

- ▼ Provide monthly invoices with status report defining progress to date of all tasks, cost expenditures, and an updated schedule.
- ▼ Maintain a project schedule identifying major project tasks with duration and milestones. This schedule will be regularly updated to highlight critical path tasks.
- ▼ Deliverables will be prepared utilizing the following software packages:
 - Microsoft Word 2007
 - Microsoft Excel 2007
 - Microsoft Project 2007
 - AutoCAD 2010

Task 212 - Progress Meetings. Routine project progress meetings will be held with the City on at least a monthly basis and a total number of seven (7) progress meetings will be held during detailed design. An agenda will be prepared in advance of each meeting. Summary minutes will be prepared to document the significant discussion points and decisions that occur in each meeting. Action items will be tabulated and resolved in subsequent meetings. Minutes will be distributed to the City Project Manager within ten (10) working days after the meeting.

Task 213 - Design Review Workshops. Contract documents shall be submitted to the City for review at the 60 and 90 completion levels for the Reservoir Design bid package and the 60 and 90 completion levels for the Temporary Improvements Design bid package. A two week time period is planned for the City review of each submittal. Final City review comments will be provided following the completion of each review.

Review workshops (up to 5 total) will be held with the City staff at the 60%, 90% and initial FINAL 100% (if authorized) completion stage for the Reservoir Design bid package and the 60% and 90% completion stage for the Temporary Improvements Design bid package to review the City's comments. Summary minutes will be prepared to document the significant discussion points and decisions that occur in each meeting. Action items will be tabulated and resolved in subsequent meetings. Minutes will be distributed to the City Project Manager within ten (10) working days after the meeting.

TASK 220 – RESERVOIR DESIGN

Complete detailed construction drawings, specifications, and opinions of probable construction costs will be prepared for Vista Verde Reservoir. The contract documents will be prepared to facilitate permitting and bidding of the project. A preliminary sheet list is shown on Exhibit B.



VISTA VERDE RESERVOIR – SCOPE OF WORK PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES

CITY OF ESCONDIDO

Construction drawings and technical specifications will be prepared to facilitate bidding the two new 1 MG reservoirs, access vault, inlet and outlet pipelines, site work, and access roadway. The contract documents will include sufficient plans, sections, and details required to make connection to the City's Vista Verde Pressure Zone. The contract drawings, sections, and details will be drawn at an appropriate scale to produce clear, accurate, easy-to-read drawings. Construction drawings will be complete and will be subject to final review and acceptance by the City.

Project front-end documents, special provisions, and technical specifications will be prepared in accordance with City requirements. The City will develop the front end documents provide to Black & Veatch for review and overall technical specification coordination.

The Vista Verde Reservoir will adhere to the City's design standards, regulations, policies, and procedures, for all work at the time of project advertisement. The design will adhere to applicable County of San Diego design standards, regulations, policies and procedures. All work will be performed and work products prepared in such a fashion to be approved by the County of San Diego.

Contract documents will be submitted to the City for review at the 60 and 90 levels. Two (2) full size and three (3) half size copies of the drawings and three (3) copies of the technical specifications will be submitted to the City as part of the 60, 90 and 100% design (if authorized). Upon City acceptance of the FINAL submittal, one (1) original full size bond set of drawings will be submitted to the City. In addition one (1) unbound, camera-ready original technical specification will be submitted.

A separate quality control review of the project design documents will be performed on each deliverable. The quality control review will be performed by personnel not directly associated with the project so that an independent review is assured. Review comments will be tabulated and a summary response memorandum will be provided that documents the resolution of review comments.

The following sections describe the applicable discipline work to be performed during the following deliverables:

- **Task 221 – 60% Design**
- **Task 222 – 90% Design**
- **Task 223 – 100% Design**

Civil. Civil design of the Vista Verde facilities will include site and grading plans; pipeline plan and profiles, from the proposed reservoirs to the tie-in connection at the intersection of Madrone Glen and Vista Verde Way; access road improvements; and site utilities, structures and details. Site utilities consist of storm drainage, electrical (power and control), telecommunications, lighting, and security.

The following scope of work is based on the assumption that a major grading permit will be required from the County of San Diego, and that those plans will be processed through the



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County Department of Public Works for permit issuance, as well as the City of Escondido for review for compliance with project requirements.

Prepare one detailed site grading and improvement plan, based on the preliminary design identified as Option #2 at a scale of 1"=40'. The grading plan will include horizontal and vertical design necessary for the construction of finish grading, drainage swales and ditches, asphalt berm, access road paving, stormwater treatment basins and retaining walls. Provide only horizontal and vertical control for the retaining walls, and specify Regional Standard Drawings for actual wall construction. The grading plan will reference and provide horizontal control for the placement of the reservoir tanks and vaults. All excess grading excavation will be exported off-site. The new reservoir inlet and outlet pipes will connect to the existing system within the Vista Verde Way and Madrone Glen intersection. No other improvements to the existing water main will be required.

Prepare a temporary erosion control plan identifying erosion control Best Management Practices (BMPs). Perform a final drainage analysis and report based upon the ultimate site condition depicted in the site grading plan. It is assumed for this item that the drainage will be discharged on-site, and that there will be no off-site drainage improvements required.

Perform earthwork quantity calculations and prepare applications for the "L" grading plan submittal to the County of San Diego.

Structural. Simon Wong Engineering, as a subconsultant to Black & Veatch, shall perform all structural design. Work will include the structural design for the Vista Verde facilities including the prestressed circular concrete reservoirs (two identical 1 MG (84' diameter by 25' deep) which are at grade and a cast-in-place concrete access vault with no roof at the project site. The design of each reservoir structure includes the floor slab, roof slab, cast-in-place core wall, and prestressed wrapping. The Type I AWWA D-110 reservoirs will be designed to be competitively bid with the exception of the prestress wrapping to be done only by DYK. The reservoirs will be designed for lateral seismic loads and hoop stresses created by static and dynamic water pressure. Conventional spread footings for soil mitigation is not anticipated. The reservoir foundations shall be conventional membrane slab on grade with walls and columns.

Mechanical. Develop mechanical design criteria for the Vista Verde facilities. Provide detailed design drawings and specifications for mechanical equipment including valves and appurtenances. Details of mechanical equipment and reservoir appurtenances will be developed including:

- ▼ Level Sensor
- ▼ Vents
- ▼ Inlet piping and valves
- ▼ Drain piping and valves
- ▼ Overflow piping and valves
- ▼ Underdrains
- ▼ Access Hatches
- ▼ Seismic Connections



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Electrical. Prepare electrical design for two 1 MG concrete reservoirs, access vault site lighting, and security provisions. The new reservoir site will have power service supplied by SDG&E. Design will include preparation of all electrical drawings and specifications. Intrusion and alarming will be sent to the existing City's control system at the pump station.

Instrumentation and Control. Prepare an Instrumentation and Control design for two 1 MG concrete reservoirs and associated yard structures. Prepare drawings for the expansion of the SCADA system, P&ID drawings, level control and electrically actuated seismic valves, control system block diagram drawings, radio system design (assumption: the radio signal can reach the pump station), installation detail drawings, and specifications.

Cathodic Protection. The cathodic protection design shall be performed by V&A as a subconsultant to Black & Veatch. V&A shall review the 60% design plans for the reservoirs and inlet/outlet piping. V&A shall conduct field measurements of the existing soil resistivity using the Wenner Four Electrode Method at the proposed reservoir/piping location. V&A will review the Geotechnical Report for soil type, moisture, resistivity and chemical analysis. V&A shall provide a letter report with the results of the soil resistivity testing, chemical analysis and recommendations for corrosion control. V&A will design a cathodic protection system for the reservoirs, associated piping and appurtenances. Test monitoring stations will be provided at minimum spacing of 1000 ft, at each buried insulated flange connection, connections to existing piping and at each crossing of natural gas or petroleum pipelines. Insulated flanges will be provided for the reservoir and piping. Cathodic Protection drawings and specifications will be submitted with the 90%, draft 100%, and 100% design submittals.

Landscaping. As a subconsultant to Black & Veatch, Garbini & Garbini shall prepare the landscaping for the project to include planting and irrigation for planting of the pipeline easement and slopes related to the reservoirs and access road. The slopes will be landscaped to blend with the existing natural landscaping theme in the area. Planting will be used to control erosion for slope areas. Trees and/or larger scale shrubs may be required to help obscure the tanks. Landscaping drawings and specifications will be submitted for the 60%, 90%, draft 100%, and 100% design submittals.

Task 224 – Opinion of Probable Construction Cost (Update). An opinion of probable construction costs will be prepared for the pipelines and reservoirs. The preliminary opinion of probable construction cost, prepared during the project definition phase, will be updated and provided to the City as part of the 90 and FINAL Draft (100%) submittals.

Additional Service AS.1: Preparation of 100% Design Package

Under this task B&V will prepare an additional 100% design submittal. If authorized this task will follow the initial 100% design submittal and incorporate all final City review comments.

TASK 230 – TEMPORARY SYSTEM IMPROVEMENTS DESIGN

Complete detailed construction drawings, specifications, and opinions of probable construction costs will be prepared for the Temporary System Improvements related to



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Vista Verde Reservoir. The contract documents will be prepared to facilitate permitting and bidding of the project. A preliminary sheet list is shown on Exhibit C.

Construction drawings and technical specifications will be prepared for the installation of two pumps, associated piping and valves at the Vista Verde Pump Station and construction of a temporary bolted steel tank at the existing Vista Verde Reservoir site. The contract documents will include sufficient plans, sections, and details required. The contract drawings, sections, and details will be drawn at an appropriate scale to produce clear, accurate, easy-to-read drawings. Construction drawings will be complete and will be subject to final review and acceptance by the City.

Project front-end documents, special provisions, and technical specifications will be prepared in accordance with City requirements. The City will develop the front end documents provide to Black & Veatch for review and overall technical specification coordination.

The temporary improvements design will adhere to the City's design standards, regulations, policies, and procedures, for all work at the time of project advertisement.

Contract documents will be submitted to the City for review at the 60, 90, and FINAL complete levels. Two (2) full size and three (3) half size copies of the drawings and three (3) copies of the technical specifications will be submitted to the City as part of the 60, and 90, design submittals. Upon City acceptance of the 90 submittal, one (1) original full size bond set of drawings will be submitted to the City. In addition one (1) unbound, camera-ready original technical specification will be submitted.

A separate quality control review of the project design documents will be performed on each deliverable. The quality control review will be performed by personnel not directly associated with the project so that an independent review is assured. Review comments will be tabulated and a summary response memorandum will be provided that documents the resolution of review comments.

The following sections describe the applicable discipline work to be performed during the following deliverables:

- **Task 231 – 60% Design**
- **Task 232 – 90% Design**
- **Task 233 – Final**

Civil. Civil design of the temporary facilities includes the layout and piping connections for the temporary bolted steel tank to the existing piping adjacent to the existing reservoir.

Structural. Structural design for the temporary improvements includes the development of a performance specification for the bolted steel tank. The supplier will design the tank and foundation.



Mechanical. Develop the mechanical design for the piping, valves, and pumps associated with the bolted steel tank and addition of one pump at the existing pump station.

Electrical. Prepare electrical design for the addition of up to two AFD driven pumps (space permitting) and provisions for connection of a portable engine generator at the existing pump station location and a new temporary tank at the existing tank site. Electrical system design includes review and revision of all pump, valve, piping, electrical drawings and specifications. Design will include preparation of all electrical drawings and specifications. Pumping system assumes 2 new pumps approximately 75 hp each. It is understood that pumps may be AFD driven. As part of the design, sufficient capacity and space will need to be verified at the existing MCC. The design will include modification to the pumping station MCC to allow connection of a portable engine generator.

I&C. Prepare an Instrumentation and Control design for the addition of two AFD driven pumps and provisions for connection of a new temporary tank with applicable level control. Prepare drawings for the expansion of the SCADA system, P&ID drawings, control system block diagram drawings, installation detail drawings, and specifications.

Task 234 – Opinion of Probable Construction Cost (Update). An opinion of probable construction costs will be prepared for the pipelines and reservoirs. The preliminary opinion of probable construction cost, prepared during the project definition phase, will be updated and provided to the City as part of the 90 and FINAL submittals.

TASK 240 – POTHOLING

Potholing services will be performed by O'Day Consultants as a subconsultant to Black & Veatch. Work will include 4 potholes to expose and locate subsurface utilities. This service will include the following:

- Pre-stake pothole locations.
- Obtain digital photo of each exposed utility.
- Prepare report with pavement type, thickness, base material, soil type (estimated by potholer), depth to top of utility, diameter, materials, and owner where possible (as staked during the as-built drawing research).
- Backfill and patch each hole, leaving a surface marker.
- Field survey marker position.
- Locate surface points and add pothole data to utility base map (survey by Golden Triangle).
- Use DigAlert to coordinate mark-outs by various utility companies and agencies.
- Perform pothole excavation.

TASK 250 – SURVEYING

Golden Triangle Land Surveying, Inc. as a subconsultant to Black & Veatch will perform the surveying services described below.

Aerial Control and Topographic Mapping

Field surveying of ground control points necessary to control the aerial photography, and two days of supplemental surveying. Topographic mapping will be produced within the red



cloud line shown on the Attachment A. The anticipated CAD system is AutoCAD version 2008. Digital terrain data will be available upon request. Geo referenced orthophotography will also be part of the delivery package. A photo scale of 1"=300 ft. will be used to produce mapping at a usage scale of 1"= 40 ft. with a one-foot contour interval.

Utility Surveys

Initial utility measurements will be made photogrammetrically. Field survey, within the red cloud line, will be used to position these utilities and ensure proper identification. Painted ground mark-outs will be provided. Field surveying will be performed to measure these mark-outs, properly identify the utilities, and to supplement the photogrammetrically compiled located and to measure utilities not seen in the photography, plus measure storm and sewer inverts. This field survey includes the measurement of these mark-outs, utility feature identity, supplementation of the photogrammetrically compiled location and addition of features not seen in this photography, plus the measurement of storm and sewer inverts. The results of this analysis will be tabulated as well as incorporated into the topographic survey and CADD drawings.

Additional Service AS.2: Development of Easement Legal Plats and Descriptions

Review title report provided by the Client, prepare two (2) legal descriptions and plat exhibits. The easement plats will be provided to the Client for submittal to the City of Escondido for review and comment. Upon receipt of the comments, final plats and legal descriptions will be produced. The Client is responsible for obtaining title reports. All plats and legals will be sealed by a Land Surveyor registered in the State of California.

- A waterline easement approximately 270' by 30', three pipelines east of the reservoir tanks.
- A waterline easement approximately 60' by 30', west of the northern tip of Vista Verde Drive.

TASK 260 – GEOTECHNICAL INVESTIGATIONS

Allied Geotechnical, as a subconsultant to Black & Veatch will perform all geotechnical services. The geotechnical investigations include information review, field reconnaissance, planning, permitting, utility clearance, field exploration program, geotechnical laboratory testing, engineering analysis and report preparation.

Task 261 – Field Reconnaissance, Permitting & Utility Clearance Perform a site visit to select suitable location for the soil borings based on site access conditions and as-built utility information. Coordinate utility clearance of the proposed boring locations through Underground Service Alert. Obtain a soil boring permit (or permit waiver) from the County of San Diego Department of Environmental Health Services.

Task 262 – Field Exploration Program

Six soil borings will be performed for the project. A total of five borings will be performed in the area of the proposed reservoirs. Two borings will be advanced to a depth of 55 feet. The other two borings will be advanced 10 feet into the bedrock. A total depth of 25 feet has been assumed for these two borings. The fifth boring will be located in the area of the proposed access vault, and will be terminated when drilling refusal on bedrock is encountered, 20 feet depth assumed.



The drilling operations will be performed using conventional hollow—stem auger (HAS) drilling methods. Where drilling refusal on bedrock is encountered, the five borings in the area of the proposed reservoirs will be extended using HQ rock coring methods to their target depth.

During drilling in soil overburden materials, Standard Penetration Test (SPT) will be performed with a specially manufacturer split-spoon sampler at selected depth intervals. Relatively undisturbed samples will be obtained by driving a 3-inch (OD) diameter modified California barrel sampler with a special cutting tip and inside lining of thin brass rings into the soils at the bottom of the borehole. In addition, loose bulk samples will also be collected from the borings.

Rock cores will be taken in 5-foot runs. Each core run will be visually logged and photographed prior to placement in wooden core boxes for storage and transportation to the laboratory. Information on the photographs will include the boring identification number, run number, depth interval, percent recover, and rock quality designation (RQD) index.

Upon completion of the field exploration activities, all borings will be backfilled with bentonite slurry. The work area will be cleaned and any excess soil and fluid will be removed for offsite disposal.

A seismic tomography, to develop the subsurface velocity structure, will be provided in the area of the proposed reservoirs. Overlapping seismic lines will consist of 24 geophones spaced 10-feet apart for a spread of 230 feet long. Depending on the geologic conditions, the depth of the subsurface profile reading will be up to 50 feet below the ground surface. A minimum of nine shot points will be performed per spread.

Task 263 – Geotechnical Laboratory Testing

Geotechnical laboratory tests will be performed on selected soil samples and rock cores to verify field classifications and to evaluate certain engineering characteristics. Laboratory tests will be performed in general conformance with ASTM or other generally accepted testing procedures.

Task 264 – Engineering Analysis and Report Preparation

The field data and laboratory test results will be analyzed and summarized in a written report including the findings, opinions and recommendations. The report will address the following issues:

- General surface and subsurface conditions;
- General geologic conditions and potential geologic hazards;
- Site-specific seismic design parameters in accordance with CBC 2010;
- Groundwater conditions, if encountered within the maximum depth of exploration;
- Soil excavation characteristics;
- Foundation design recommendations;
- Modulus of subgrade reaction;
- Soil pressure and settlement characteristics;
- Soil corrosivity characteristics; and



- General construction-related considerations, including trench backfilling operations, pipe bedding, suitability of onsite soil materials for use as backfill and bedding materials, temporary sloped excavations and shoring, and construction dewatering, if applicable.

TASK 270 – ENVIRONMENTAL DOCUMENTATION

Helix Environmental, as a subconsultant to Black & Veatch, will perform all environmental documentation services as described below.

Task 271: Project Initiation

The initiation of the environmental component of the project will begin with a kick-off meeting between HELIX, Black & Veatch, and City Environmental and/or Engineering Staff. Prior to this meeting, HELIX will identify document and information needs (e.g., relevant plans, reports, ordinances, and/or studies applicable to the project).

Literature Review and Database Search

In addition to the information requested from the City, HELIX will conduct an in-house database search and review relevant documents and ordinances from the City and County, as applicable. HELIX also will review other readily available information pertaining to biological resources within the project area, including planning documents, California Natural Diversity Database, County of San Diego Biological Observation Database (BOD), United States Fish and Wildlife Service (USFWS) data and U.S. Geological Survey (USGS) data.

Task 272: Project Management and Meetings

Project management is an ongoing task and our scope and budget assumes 1 hour per month of Project Manager time and up to 2 hour total of Principal-in-Charge time, based on a total project performance period of 10 months. HELIX assumes that there would be regular coordination with Black & Veatch and City Staff during the detailed design stage of the proposed project. Anticipated coordination could take the form of conference calls, meetings, electronic mail (e-mail), and telephone calls. HELIX also will be available for meetings, if requested, during final design.

In addition to the project meetings noted under Tasks 171, HELIX's Project Manager may attend up to three project meetings during the contract period. Specifically, one meeting is assumed during detailed design to discuss potential design features and mitigation measures, and one meeting with Black & Veatch and City Staff is anticipated to discuss comments on the screencheck IS/Draft MND. The Project Manager will attend one City Council meeting.

For the purposes of this proposal, HELIX has assumed that most project meetings discussed herein will require four hours of time (including preparation and travel). Eight hours is assumed for the City Council hearing. No specific presentation graphics are anticipated for any of the above meetings.

Task 272.1: Technical Studies

Based on our knowledge of the project area and potential environmental issues, HELIX will provide studies and consultations related to biological and cultural resources. The analysis



in the IS/MND will be informed by the biological and cultural resources technical studies, which will be included as appendices to the IS/MND.

HELIX will provide overall project management services as the project undergoes detailed design and environmental processing. Management tasks will consist of formal and informal communication with the project team, Black & Veatch and City Staff, regulatory agencies, and other applicable agencies. Other management responsibilities will include interfacing with Black & Veatch and City Staff on project description information, tracking budgets, and reviewing schedule progress. Quality assurance reviews of all major deliverables will be completed by senior HELIX staff prior to submittal to City Staff.

Task 273: Biological Resources Assessment (HELIX)

Potential effects on biological resources within the County (project site) and City (off-site slopes) will be evaluated for compliance with CEQA (the City of Escondido Draft Multiple Habitat Conservation Program [MHCP] Subarea Plan has “expired” and is not considered valid by the Wildlife Agencies). Effects on biological resources within the County are not likely because the site and unincorporated off-site areas to the north are developed with agricultural and residential uses. It is possible that indirect effects on biological resources within the City could occur, however, as the undeveloped slopes immediately off site and within the City limits contain sensitive Diegan coastal sage scrub which may be occupied by the federally listed threatened coastal California gnatcatcher. Effects on the gnatcatcher are regulated by the federal Endangered Species Act. Project compliance with other applicable regulations also will be addressed.

Task 273.1: Vegetation Mapping, General Botanical and Zoological Survey

Prior to conducting fieldwork, HELIX will review existing biological documents, conduct an in-house database search for sensitive species known to occur within the project area, and prepare field maps. HELIX will map vegetation and conduct a general botanical and zoological survey, including mapping sensitive species observed during the time of this survey. HELIX will map the vegetation within the project footprint and 50 feet beyond the footprint.

Task 273.2: Biological Resources Letter Report

HELIX will prepare a biological resources letter report incorporating the results of Task 3.1 above to be submitted to the City. This report will describe the survey methods employed and present the results of the fieldwork, including a map of the vegetation and description of the vegetation communities present. If the project impacts a natural vegetation community, the letter report also will include an impact assessment and recommend potential mitigation measures per City requirements.

Additional Service Task AS.3: Coastal California Gnatcatcher Surveys

As noted above, the off-site slopes within the City contain Diegan coastal sage scrub which may be occupied by the federally listed threatened coastal California gnatcatcher. The City is not a participating agency in the Natural Community Conservation Planning (NCCP) program. For non-participating agencies, the USFWS requires six protocol-level surveys for the coastal California gnatcatcher be completed between March 15 and June 30, at least seven days apart. HELIX is required under its 10(a)(1)(A) recovery permit (TE778195) to notify the USFWS 15 days in advance of starting the first survey and submit a written report to the USFWS within 45 days of completing the final survey. If project construction avoids



the breeding season of the coastal California gnatcatcher, this optional service remains at the discretion of the City; if the breeding season cannot be avoided, this optional service becomes mandatory.

Task 274: Cultural Resources Investigation (Affinis)

Working under the direction of HELIX, Affinis will complete the following tasks:

Task 274.1: Literature and Records Search

An archaeological literature and records search will be obtained from the South Coastal Information Center at San Diego State University. This search will encompass a ½-mile radius of the project study area. Affinis will review the records search and relevant reports, as well as historic maps and aerial photographs.

Task 274.2: Native American Consultation

Affinis will contact the State of California Native American Heritage Commission (NAHC) for a check of the Sacred Lands Files. Individuals listed by the NAHC that may have an interest in the project will be contacted in writing. The Native American (Kumeyaay) community also will be contacted.

Task 274.3: Cultural Resources Survey

A cultural resources survey entailing a complete and intensive archaeological survey of the project site will be conducted by a team of two qualified archaeologists. Landforms within these areas likely to contain or exhibit archaeologically or historically sensitive cultural resources will be inspected to ensure that visible, potentially important cultural resources, if any, are discovered and documented. A Native American monitor also will accompany the archaeologists during the survey.

In the event the field survey results in the identification of archaeological sites or other cultural resources that require documentation, such cultural resources would be recorded by Affinis.

Task 274.4: Cultural Resources Report

Once the field investigation has been concluded, Affinis will prepare a report detailing the results of the records search, methods and results of the survey, and any recommendations for further cultural resources management, such as testing, if necessary.

Task 275: Environmental Compliance Documentation

In order to comply with CEQA, it is anticipated that the project will require the preparation of an IS Environmental Checklist and MND, which HELIX will prepare. CEQA environmental compliance services will be provided pursuant to the following regulations/guidelines:

- CEQA (Public Resources Code [PRC] Section 21000 et seq.); and
- Guidelines for Implementation of CEQA (California Code of Regulations [CCR] Section 15000 et seq.)

Significant effects related to agriculture resources are not expected based on the assumption that the portions of the affected parcels that would not be placed into a City-owned easement would remain in use as active avocado orchard. It is possible that the Initial Screening (IS) will identify potentially significant short-term construction environmental effects (air quality,



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noise, etc.). HELIX will work with Black & Veatch and City to identify targeted project design features that would potentially avoid significant effects to these issue areas, as applicable. If avoidance is not feasible, possible effects to these issue areas, as well as to biological and cultural resources if applicable, could be mitigated to a point where no significant effects would occur. As such, it is expected that project impacts would be fully mitigated and that an Mitigated Negative Declaration (MND) could be prepared to address the short-term construction impacts of the proposed project.

The proposed scope of work for preparation of the IS/MND includes the following tasks:

Task 275.1: Prepare Initial Study and Draft MND

The IS/Draft MND will be based on information provided by Black & Veatch and City Staff, as augmented by HELIX's and Affinis' technical studies where applicable.

- a. Prepare Initial Study Environmental Checklist. HELIX will prepare an administrative draft IS that includes an identification of environmental effects based on the questions included in the IS checklist. The City's IS checklist is based on Appendix G of the State CEQA Guidelines.
- b. Prepare Supplemental Comments. HELIX will prepare an administrative draft Supplemental Comments document that includes the following: a detailed description of the project, a description of the environmental setting, and a brief discussion of each answer to the IS checklist questions. The Supplemental Comments also will include (1) the identification, discussion, and development of appropriate mitigation measures to address any significant effects associated with short-term construction and/or long-term operation and maintenance of the proposed reservoir tanks, pipelines and appurtenances, and access road, as identified in the IS; and (2) lists of references and preparers that participated in the IS/Draft MND preparation. A summary list of design measures and mitigation measures to be incorporated into the project also will be included in the Supplemental Comments.
- c. Prepare Draft MND. HELIX will prepare an administrative Draft MND that complies with CEQA requirements, incorporates Items (a) and (b) above, and includes a statement of findings based on the results of the IS.
- d. Prepare Notice of Proposed Mitigated Negative Declaration. HELIX will prepare a Notice of Proposed Mitigated Negative Declaration according to the City's standard format, including brief discussions of the project location and description, location map, and public review information.

HELIX will provide BLACK & VEATCH and City Staff with five copies of the administrative Draft MND, including IS checklist, Supplemental Comments, and Notice of Proposed Mitigated Negative Declaration, for review and approval. Within 30 days of receipt of comments on the administrative Draft MND, HELIX will provide Black & Veatch and City Staff with a revised copy of the document. Within two weeks of receipt of comments on the revised administrative Draft MND, HELIX will provide Black & Veatch and City Staff with two copies of a screencheck Draft MND for review and final approval. Upon approval, the screencheck Draft MND becomes the Draft MND suitable for public circulation.



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Within two weeks of approval of the Draft MND, HELIX will provide the City with up to 10 printed and bound copies and 20 electronic compact disc (CD) copies of the approved Draft MND. The Draft MND will include all appendices and exhibits, with the printed copies of the Draft MND to include digital versions of the technical appendices on CDs bound into the backs of the MND books. One complete digital copy of the MND suitable for the City's website also will be provided by HELIX. Electronic submittals and digital data will conform to the City's requirements.

- e. Prepare State Clearinghouse Forms. HELIX will prepare and submit for City Staff review and approval a Notice of Completion and Environmental Document Transmittal (NOC and EDT) Form, as well as the State Clearinghouse Summary Form for Electronic Document Submittal. Once approved, 15 copies of the NOC and EDT Form, 15 copies of the State Clearinghouse Summary Form for Electronic Document Submittal, and 15 CD copies of the Draft MND (included in the count in Item [b] above) will be submitted to the City via courier or Federal Express. The City will distribute the Draft MND to potentially interested federal, state, regional, and local responsible and trustee agencies (including the State Clearinghouse); and other local agencies, including neighboring cities, interested parties, and individuals (as agreed upon by City Staff). HELIX will prepare and maintain a project mailing list for review and approval by the City. Based on past experience, it is assumed that the City will post the Notice of Proposed Mitigated Negative Declaration through the County Clerk, publish it in the *Daily Transcript* or other local newspaper of general circulation, mail the notice to the appropriate property owners and occupants, and pay the County Clerk's fee and the costs of publishing the notice.

Task 275.2: Prepare Final MND and Mitigation Monitoring and Reporting Program (MMRP)

- a. Respond to Comments on the Draft MND and Prepare the Administrative Final MND. HELIX will respond to comments made during the 30-day public review period for the Draft MND and prepare an administrative Final MND. HELIX will provide Black & Veatch and City Staff with five copies of the administrative Final MND, including preliminary responses to comments (RTCs), within 30 days after the end of the public review period.
- b. Prepare the Revised Administrative Final MND and Draft MMRP. HELIX will develop an MMRP to identify those responsible for the mitigation monitoring and reporting schedule, and completion requirements. HELIX will provide Black & Veatch and City Staff with five copies each of the draft MMRP and revised administrative Final MND within 30 days of receipt of comments on the administrative Final MND.
- c. Prepare the Screencheck Final MND and MMRP and Prepare the Final Documents. Within two weeks of receipt of comments on the revised administrative Final MND and draft MMRP, HELIX will provide Black & Veatch and City Staff with five copies of a screencheck Final MND and MMRP. Within two weeks of approval of the Final MND, HELIX will mail printed and bound (12) and electronic CD (30) copies of the Final MND with appendices and exhibits to the City for distribution to commenting agencies and interested parties, internally, and to the City Council for approval and adoption.



- d. Prepare the Notice of Determination (NOD). HELIX will prepare and submit for City Staff review and approval an NOD. Following adoption of the Final MND, it is assumed that the City will send a copy of the approved NOD to the State Clearinghouse, post the NOD with the County Clerk, and pay the CDFG filing fee and the County Clerk's fee.

TASK 280 – STORMWATER TREATMENT AND POLLUTION PREVENTION PLAN

Task 281: Stormwater Treatment

Conceptual Layout for LID, WQ, HMP & Drainage

Prepare a conceptual layout for approach to LID, Water Quality, Hydromodification Management, and Drainage features based on the preliminary site plan. This includes one (1) site visit to observe existing conditions and to help identify preferred discharge locations and methods (i.e. – surface outflow or connection to existing storm drain system), and an initial observation of the downstream channel characteristics as they relate to potential low-flow thresholds for hydromodification management criteria.

Storm Water Management Plan (SWMP)

Prepare and process through the County of San Diego, one (1) Major Storm Water Management Plan (SWMP) to identify possible post-construction pollutants and identify all proposed permanent storm water BMPs, including LID site design, source control, and treatment control measures for on-site. The project must comply with the requirements of the Municipal Storm Water Permit, Order No. R9-2007-0001 issued by the SDRWQCB on January 24, 2007 to the San Diego Municipal Copermittees. The Municipal Storm Water Permit includes several requirements with respect to design and construction of new projects. Specifically, this SWMP will also address low impact development (LID) requirements (including all permanent storm water BMPs) and hydromodification management, however, pursuant to County requirements a separate HMP report will be prepared specific to the hydromodification management requirements, modeling, and design solutions (see HMP discussion below).

This proposal includes calculations for two (2) permanent BMPs that will serve the entire site for water quality and hydromodification management (from 10% of the 2-year, or as determined if a channel assessment yields a higher low flow threshold, up to the 10-year storm event). Therefore, the BMPs will be designed to meet the treatment control (TC-BMP) requirements in conjunction with the hydromodification management analyses. This may be accomplished by designing the BMP as a bioretention facility with amended soil and a perforated sub drain (if feasible to connect to the existing storm drain system and/or surface outlet down gradient) or providing extended detention along the surface of the BMP for the water quality storm event. The report will include an Operation and Maintenance Plan (OMP) for the permanent BMPs, pursuant to County requirements.

Hydromodification Management Plan (HMP)

As stated above (refer to SWMP), this proposal includes calculations for two (2) BMPs that will serve the entire site for water quality and hydromodification management (from 10% of the 2-year, or as determined if a channel assessment yields a higher low flow threshold, up to the 10-year storm event). The project will be subject to hydromodification



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requirements (per the 2011 County of San Diego SUSMP, in accordance with the 2007 Municipal Permit). Therefore, continuous simulation modeling will be used pursuant to the Final HMP to address hydromodification management for all storm events from 10% of the 2-year up to the 10-year storm event. The default low flow threshold will be utilized unless a site visit identifies field conditions in the downstream channel that warrant a more detailed geomorphic assessment be completed to support use of a less conservative low-flow threshold (i.e. – $0.3xQ_2$ or $0.5xQ_2$). At this time, it is assumed that no SCCWRP Stream Assessment will be prepared; therefore, 10% of Q_2 will be assumed in the modeling for the lower flow threshold.

The volume requirements and typical details will be prepared to meet requirements for water quality treatment and hydromodification management. The results will be summarized and presented within the drainage study, SWMP, and HMP, as applicable to each report. This subtask specifically includes the preparation of the HMP analyses and report specific to the HMP requirements. It will be prepared in accordance with the Final Hydromodification Management Plan (HMP), dated March 2011.

Agency Processing

Process the grading plan, drainage report and SWMP through County of San Diego and City of Escondido review and address comments received from each agency. An allocation of 20 hours has been established for this effort.

Task 282: Stormwater Pollution Prevention Plan

Prepare a SWPPP based on the requirements of the State Water Resources Control Board (SWRCB) National Pollutant Discharge Elimination System (NPDES) General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities Order No. 2009-0009-DWQ NPDES No. CAS000002 (adopted September 2, 2009). The scope and fee for the SWPPP includes two major tasks. The first task will be conducted to determine the Risk Level (either Risk Level 1, 2 or 3) for the project. The next task will be to prepare a SWPPP for the specific Risk Level determined by the Risk Determination Analysis.

The SWPPP will be uploaded electronically to the State Water Resources Control Board (SWRCB) via the Storm Water Multiple Applications and Report Tracking System (SMARTS) along with the other Permit Registration Documents (PRDs), including the Notice of Intent (NOI) and Site Maps. The client/owner will be the Legally Responsible Party (LRP) and will also be responsible for the permit fee, certification and submittal of the SWPPP on SMARTS. O'Day Consultants Engineering Company will act as the initial Qualified SWPPP Developer (QSD) for the preparation of the SWPPP; however the client/owner will assign a QSD and Qualified SWPPP Practitioner (QSP) for implementation of the SWPPP.

PHASE 3: BID PHASE SERVICES

BLACK & VEATCH will provide the following bid phase services:

- ▼ Assist the City Project Manager during the bidding period by responding to questions from bidders and resolve interpretations of the contract documents.
- ▼ Prepare up to two addenda to clarify the contract documents. It is assumed that the City will be responsible for distribution of these addenda.
- ▼ Attend pre-bid conference.



OVERALL PROJECT ASSUMPTIONS

- The City will obtain all necessary permits (i.e. encroachment permits, etc.) not otherwise noted above.
- The City will pay for all permit fees.
- No special environmental permits will be required for field exploration activities.
- Drawings will be developed using AutoCAD 2010 and all word documents within Microsoft Word 2007.
- It's anticipated that the detailed design phase of the project will be completed within 12 months.
- Our fee will provide a code compliant design but does not include addressing the requirements of the 2008 National Electrical Code Article 708 Critical Operations Power Systems, which states:

"Critical operations power systems are those systems so classed by municipal, state, federal, or other codes by any governmental agency having jurisdiction or by facility engineering documentation establishing the necessity for such a system. These systems include but are not limited to power systems, HVAC, fire alarm, security, communications, and signaling for designated critical operations areas.

FPN No. 1: Critical operations power systems are generally installed in vital infrastructure facilities that, if destroyed or incapacitated, would disrupt national security, the economy, public health or safety; and where enhanced electrical infrastructure for continuity of operation has been deemed necessary by governmental authority"

The Authority Having Jurisdiction should establish the extents to which this article is applicable. Some requirements which may have significant impact on engineering fee include:

- a. Fire protection for feeder circuits.
 - b. Branch circuit distribution equipment needs to be located in same DCOA as the circuits it applies.
 - c. Feeder distribution equipment needs to be located in 2-hour fire rated spaces.
 - d. Feeder and branch circuits shall supply only equipment specified as required for critical operations use.
 - e. Fire protection (1-hour spaces or suppression system) required for existing and new switchgear rooms, battery charging areas, and generator room.
 - f. Alternate power source shall operate for 72 hours; potentially requiring more fuel tanks.
 - g. Adding additional ground fault protection at disconnecting means for the second level of all feeders.
- Based on the generally developed nature of the project site and surrounding area, this scope of work assumes that biological resources tasks would be limited. Focused species surveys are not anticipated to be necessary, with the exception of coastal California gnatcatcher



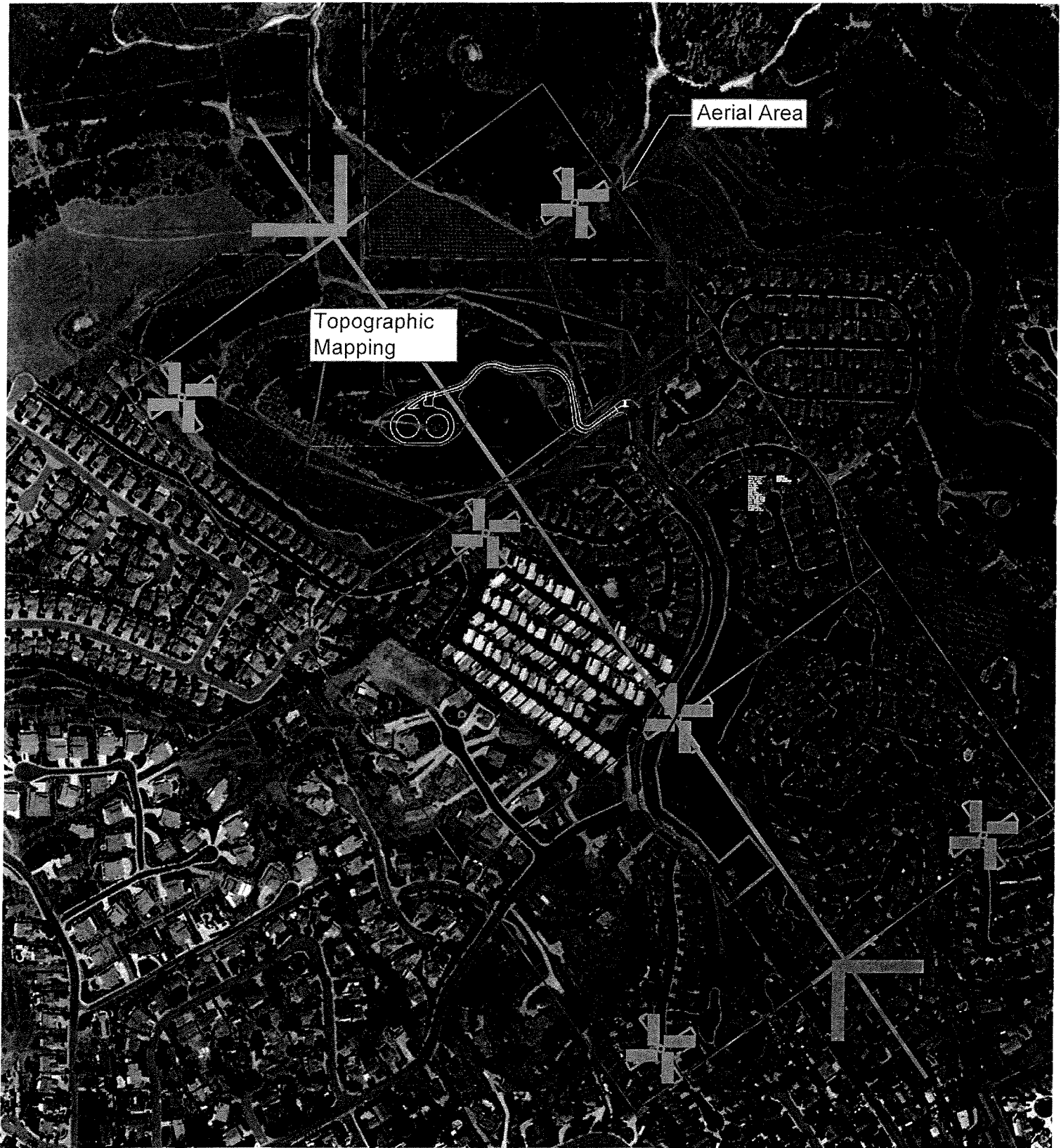
**VISTA VERDE RESERVOIR – SCOPE OF WORK
PHASE 2: DETAILED DESIGN / PHASE 3 BID SERVICES**

CITY OF ESCONDIDO

surveys in the event that the breeding season cannot be avoided. Should our vegetation and general biology survey of the project site result in a recommendation for (currently unanticipated) additional focused species and/or rare plant surveys (including, but not limited to, coastal California gnatcatcher surveys), the additional survey(s) would require an augment. In addition, costs associated with jurisdictional delineation, permit preparation or processing, additional meeting time (beyond that specified in Tasks 271, and 272), Potential to Occur analysis associated with Task 273.2, and/or biological resources technical studies (beyond those specified in Task 273) and other reports (“additional work”) are not included within this scope of work.

- This scope of work assumes that agriculture resources would not be significantly impacted by the project for the following reasons: (1) the areas within the affected parcels that would not be placed into an easement would remain in use as avocado orchards and (2) there are enough orchards remaining in the area and in the region overall to offset this relatively minor (i.e., less than four-acre) impact. In the unlikely event that significant impacts to agriculture resources are identified, this scope of work does not include preparation of mitigation strategy for such impacts.
- City Staff will provide all Black & Veatch and all subconsultants with permission to access all properties for purposes of conducting necessary surveys and evaluations.

Exhibit A



City of Escondido
Vista Verde Reservoir
Detailed Design

Exhibit B

Sheet No.	Dwg No.	Description
1	G-1	Title Sheet, Location Maps, and Sheet List
2	G-2	Legend and Abbreviations
3	G-3	General Notes
4	C-1	Horizontal Control Benchmarks and Paving Plan
5	C-2	Grading Plan
6	C-3	Reservoir Sections
7	C-4	Sump Sections
8	C-5	Yard Piping Plan
9	C-6	Yard Piping Plan
10	C-7	Inlet/Outlet Pipeline Profiles
11	C-8	Inlet/Overflow Pipeline and Reservoir Drain Profiles
12	C-9	Retaining Wall Plan and Profile
13	C-10	Reservoirs Interior Piping Plan and Sections
14	C-11	Valve Structure Plan and Sections
15	C-12	Underdrain Plan and Details
16	C-13	Floor Sump Plan, Sections and Details
17	C-14	Roof Hatch Plan and Sections
18	C-15	Roadway Sections
19	C-16	Civil Details
20	C-17	Civil Details
21	C-18	Civil Details
22	L-1	Irrigation Legend and Notes
23	L-2	Irrigation Plan - Reservoirs
24	L-3	Irrigation Plan - Access Roads and Pipeline
25	L-4	Irrigation Details
26	L-5	Irrigation Details
27	L-6	Planting Legend and Notes
28	L-7	Planting Plan - Reservoir
29	L-8	Planting Plan - Access Roads and Pipeline
30	L-9	Planting Details
31	S-1	Structural Notes
32	S-2	Structural Observation and Inspection Notes
33	S-3	Foundation Plan
34	S-4	Roof Framing Plan
35	S-5	Reservoir Section
36	S-6	Wall Sections and Details
37	S-7	Roof Reinforcing Details
38	S-8	Reservoir Structural Details
39	S-9	Reservoir Structural Details
40	S-10	Stairs sections and details
41	S-11	Reservoir Partial Roof Framing Details
42	S-12	Reservoir Partial Roof Framing Details
43	S-13	Reservoir Sump Plan and Sections
44	S-14	Valve Vault Plan and Section
45	S-15	Vault Details
46	E-1	Electrical Legend and Abbreviations
47	E-2	Reservoir One-Line Diagrams, Schematics, and Schedules
48	E-3	Reservoir Site Power and Lighting Plan
49	E-4	Miscellaneous Details
50	I-1	P&ID Legend and Abbreviations
51	I-2	P&ID Legend and Abbreviations
52	I-3	P&ID New Reservoirs and Valve Structure
53	I-4	Control System Block Diagram and Installation Details

City of Escondido
 Vista Verde Reservoir
 Temporary Improvements
 Detailed Design

Exhibit C

Sheet No.	Dwg No.	Description
1	G-1	Title Sheet, Location Maps, and Sheet List
2	G-2	Legend and Abbreviations
3	G-3	General Notes
4	C-1	Horizontal Control Benchmarks and Paving Plan
5	C-2	Civil Details
6	M-1	Reservoir Piping Plan
7	M-2	Reservoir Piping Sections
8	M-3	Pump Station Plan
9	M-4	Pump Station Section
10	M-5	Mechanical Details
11	E-1	Electrical Legend and Abbreviations
12	E-2	Pump Station One-Line Diagrams
13	E-3	Pump Station Power Plan
14	E-4	Tank Site Power Plan
15	I-1	P&ID Legend and Abbreviations
16	I-2	P&ID Legend and Abbreviations
17	I-3	P&ID Pumping Station
18	I-4	P&ID Temporary Reservoir
19	I-5	Control System Block Diagram and Installation Details

City of Escondido
Vista Verde Reservoir
Fee Estimate - Phase 2: Detailed Design and Phase 3: Bid Phase Services

Task	Description	Project Director	Project Manager	Technical Advisor / QA/QC	Engineering Manager	Senior Electrical / I&C Engineer	Electrical Engineer	I&C Engineer	Project Engineer	Staff Engineer	CADD	Admin Staff	B&V Total Hours	Total Fee	Indirect Expenses (\$/5thour)	B&V Direct Expenses	Golden Triangle Land Surveying, Inc.	O'Day Consultants	Simon Wong Engineering	Catholic Protection - V&A	Landscaping - Garbini & Garbini	Environmental - HELIX	Geotechnical	Subconsultant Markup (%)	Total	
PHASE 2 - DETAILED DESIGN																										
210 MEETINGS AND PROJECT MANAGEMENT																										
210	Project Administration											24	48	\$5,700	\$420										\$0	\$6,120
211	Progress Meetings (7 total)	8	14									6	56	\$8,550	\$480										\$0	\$9,030
212	Design Review Workshops (5 total)	6	10									20	54	\$9,200	\$470										\$0	\$9,670
	Subtotal	14	36	0	10	0	0	0	0	0	0	30	158	\$23,450	\$1,380	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,830
220 RESERVOIR DESIGN																										
221	60% Design	6	26	50	40	12	22	36	90	18	150	12	462	\$64,040	\$4,040	\$1,500		\$22,820	\$23,980		\$8,260			\$1,660	\$126,300	
222	90% Design	6	18	35	20	8	36	20	60	18	76	16	314	\$44,000	\$2,500	\$2,500		\$12,840	\$13,480		\$7,625			\$1,230	\$97,455	
223	100% Design	2	8	14	16	4	72	12	36	8	44	10	226	\$30,990	\$1,980	\$2,500		\$9,395	\$10,500		\$4,980			\$990	\$69,435	
224	Option of Probable Construction Cost			2	4		4		36				42	\$5,630	\$370				\$45,055	\$47,970		\$12,000		\$0	\$6,000	
	Subtotal	14	52	102	80	24	130	68	222	44	270	38	1,044	\$144,660	\$9,140	\$6,500	\$0	\$45,055	\$47,970	\$12,000	\$23,985	\$0	\$0	\$0	\$3,880	\$293,190
230 TEMPORARY IMPROVEMENTS DESIGN																										
231	60% Design	4	10	26	20	18	22	36	46	8	54	6	250	\$36,230	\$2,190	\$1,000									\$0	\$39,420
232	90% Design	2	6	16	14	12	36	20	24	6	24	8	169	\$24,470	\$1,470	\$1,000									\$0	\$28,940
233	100% Design	2	8	5	8	72	12	12	20	2	14	2	142	\$20,310	\$1,240										\$0	\$21,550
234	Option of Probable Construction Cost			2	2		16		20				40	\$5,520	\$350										\$0	\$6,870
	Subtotal	6	18	52	42	38	146	68	106	16	92	16	600	\$86,530	\$5,250	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$93,780
240	Potholing												6	\$650	\$50			\$4,490	\$0	\$0	\$0	\$0	\$0	\$0	\$140	\$5,330
	Subtotal	0	0	0	0	0	0	0	4	4	0	2	6	\$650	\$50	\$0	\$4,490	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$140	\$5,330
250	Surveying												8	\$850	\$70		\$8,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260	\$9,580
	Subtotal	0	0	0	0	0	0	0	4	4	0	2	8	\$850	\$70	\$8,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260	\$9,580
260	Geotechnical Investigations												4	\$600	\$40										\$2,300	\$3,010
261	Field Reconnaissance, Permitting & Utility Clearance												0	\$0	\$0										\$23,300	\$24,000
262	Field Exploration Program												0	\$0	\$0										\$4,200	\$4,330
263	Geotechnical Laboratory Testing												20	\$3,600	\$180										\$5,000	\$6,830
264	Engineering Analysis and Report Preparation												24	\$4,100	\$220										\$34,800	\$40,170
	Subtotal	0	0	10	5	0	0	0	6	0	0	2	24	\$4,100	\$220	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,800	\$40,170
270 Environmental Documentation																										
271	Project Initiation												20	\$2,850	\$180											\$3,345
272	Project Management and Meetings												0	\$0	\$0											\$6,000
273	Biological Resources Assessment												0	\$0	\$0											\$8,605
274	Cultural Resources Investigation												0	\$0	\$0											\$4,420
275	Environmental Compliance Documentation												20	\$2,850	\$180											\$24,265
	Subtotal	0	4	0	12	0	0	0	20	0	0	4	40	\$5,700	\$360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,400	\$54,095
280 Stormwater Treatment and Pollution Prevention Plan																										
281	Stormwater Treatment												16	\$2,300	\$140			\$21,640	\$0	\$0	\$0	\$0	\$0	\$0	\$650	\$3,090
282	Stormwater Pollution Prevention Plan												16	\$2,300	\$140			\$21,640	\$0	\$0	\$0	\$0	\$0	\$0	\$230	\$2,660
	Subtotal	0	4	0	8	0	0	0	16	0	4	0	32	\$4,600	\$280	\$0	\$42,280	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$870	\$34,640
PHASE 2 TOTALS																										
		34	114	164	158	70	276	136	438	60	368	94	1,912	\$270,640	\$16,750	\$8,500	\$8,400	\$47,835	\$12,000	\$23,985	\$46,635	\$34,800	\$7,600	\$1,400	\$555,615	
PHASE 3 - BID PHASE SERVICES																										
300	Reservoir Bid Package												58	\$8,170	\$510			\$1,000	\$1,500	\$500	\$500	\$0	\$0	\$0	\$110	\$12,280
310	Temporary Improvements Bid Package												32	\$4,510	\$280										\$0	\$4,790
	Subtotal	0	0	0	0	0	0	0	0	0	0	0	90	\$12,680	\$790	\$0	\$1,000	\$1,500	\$800	\$500	\$0	\$0	\$0	\$110	\$17,080	
AS Additional Services																										
AS.1	Additional 100% Design Package												86	\$12,130	\$750			\$2,500	\$2,000	\$1,500	\$1,000	\$0	\$0	\$0	\$210	\$20,090
AS.2	Development of Easement Legal Plats and Descriptions												4	\$500	\$40			\$3,100	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$3,740
AS.3	Coastal California Gatecatcher Surveys												4	\$900	\$40			\$5,700	\$0	\$0	\$0	\$0	\$0	\$0	\$180	\$6,420

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 14
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Jim Maher, Chief of Police
SUBJECT: FY 2011-12 General Fund Police Budget Adjustments

RECOMMENDATION:

It is requested that Council approve FY 2011-12 adjustments to the General Fund Police Budget in the amount of \$71,370.

FISCAL ANALYSIS:

Adjustments will increase the FY 2011-12 Police General Fund Budget by \$71,370 and revenue budgets by the same amount, to offset unbudgeted expenses incurred by the Police Department.

PREVIOUS ACTION:

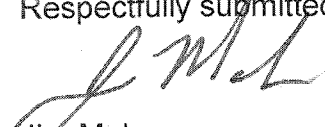
City Council approved the FY 2011-12 General Fund Budget on June 8, 2011.

BACKGROUND:

Periodically, outside agencies request assistance with special details or events. During FY 2011-12, the Police Department incurred expenses and received commitments to reimburse the following:

U.S. Dept. of Justice - Internet Crimes Against Children Task Force (Training)	\$ 910
Outside Agency Overtime Reimbursement (SDG&E, Downtown Business Association, San Diego Zoo)	\$17,320
San Diego County Regional Gang Task Force (Overtime)	\$15,020
State 9-1-1 (ProQA Software, 9-1-1 for Kids, Cal-NENA Conference)	<u>\$38,120</u>
	\$71,370

Respectfully submitted,


Jim Maher
Chief of Police

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 15

Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Jim Maher, Chief of Police
SUBJECT: FY 2012-13 Department of Alcoholic Beverage Control Local Law Enforcement Grant

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2012-108 authorizing the Chief of Police to receive a \$65,000 grant award from the California Department of Alcoholic Beverage Control (ABC), execute contract documents related to the grant, and approve budget adjustments to spend grant funds to enhance local efforts to reduce alcohol-related problems in the community.

PREVIOUS ACTION:

City Council adopted Resolution #2008-130 approving a \$70,992 Department of Alcoholic Beverage Control Local Law Enforcement Grant on July 9, 2008.

BACKGROUND:

The California Department of Alcoholic Beverage Control (ABC) has awarded the Escondido Police Department a \$65,000 grant to:

1. Identify disruptive and disorderly retail alcoholic beverage outlets;
2. Implement fast track enforcement to remedy or eliminate problems;
3. Create new and multidisciplinary community-supported programs that incorporate the resources of ABC, local agencies and State agencies; and
4. Utilize enforcement strategies that target illegal purchasing of alcoholic beverages as well as the illegal sale of alcoholic beverages.

Grant projects must incorporate ABC enforcement strategies into a comprehensive local program. ABC programs include:

1. License Education of Alcohol and Drugs (LEAD) – A free voluntary prevention and education program for retail licensees, employees and applicants;
2. Informed Merchants Preventing Alcohol-Related Crime Tendencies (IMPACT) – A prevention and education program to teach licensees how to help reduce alcohol-related

- crime. IMPACT partners an ABC investigator with a law enforcement officer to visit licensed outlets in a marked vehicle. IMPACT teams educate licensees and view premises for compliance with laws;
3. Shoulder Tap – Program in which a minor decoy under the supervision of law enforcement officers, solicits adults outside licensed stores to purchase alcohol. Individuals who furnish alcohol to minors are arrested. Shoulder Tap is typically implemented in locations where complaints have been received about minors shoulder tapping adults to purchase alcohol;
 4. Retail Operating Standards Task Force (ROSTF) – A proactive strategy to address public nuisance problems at the point of sale on a community-wide scale. Investigators and police officers gather evidence about violations regarding public nuisance conditions at the premises of package stores and bars. Licensees who violate the law are placed on notice to comply;
 5. Cops in Shops – A program in which off-duty plain-clothes officers pose as employees in licensed alcohol outlets to issue citations or make arrests for illegal purchase of alcohol.

If approved by your action today, grant funds will be used to pay overtime expenses for officers to conduct ABC programs and pay salary expenses for a temporary part-time employee. Funds will also be used to purchase binoculars for observation during operations and vehicle chargers for portable police radios. During the grant period, July 1, 2012 to June 30, 2013, grant funds will increase enforcement efforts and enhance public awareness campaigns to promote safety in the community.

Respectfully submitted,



Jim Maher
Chief of Police

RESOLUTION NO. 2012-108

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE CHIEF OF POLICE TO RECEIVE A \$65,000 GRANT FROM THE CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL ("ABC") AND TO EXECUTE CONTRACT DOCUMENTS RELATED TO THE GRANT

WHEREAS, the City of Escondido desires to reduce alcohol-related problems in the community; and

WHEREAS, the Escondido Police Department desires to conduct specific programs to address this goal including the 2012-13 Alcoholic Beverage Control Project; and

WHEREAS, the 2012-13 Alcoholic Beverage Control Project will be funded in part through the Grant Assistance to Local Law Enforcement Agencies Project administered by the Department of Alcoholic Beverage Control, hereafter referred to as ABC.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council authorizes the City of Escondido Chief of Police to receive a \$65,000 grant from the ABC and execute, on its behalf, grant contract documents, in substantially similar form to that which is attached and incorporated to this Resolution as Exhibit "1," and subject to final approval as to form by the City

Attorney, including any extensions or amendments thereof, and any subsequent contract with the State in relation thereto.

BE IT FURTHER RESOLVED that grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

IT IS ALSO AGREED that this award is not subject to local hiring freezes.

STATE OF CALIFORNIA
STANDARD AGREEMENT
 STD 213 (Rev 06/03)

AGREEMENT NUMBER 12G-LA12
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:
 STATE AGENCY'S NAME
DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
 CONTRACTOR'S NAME
City of Escondido through the Escondido Police Department
- The term of this Agreement is: **July 1, 2012** through **June 30, 2013**
- The maximum amount of this Agreement is: **\$ 65,000**
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	4 page(s)
Exhibit B – Budget Detail and Payment Provisions	3 page(s)
Exhibit C* – General Terms and Conditions	GTC 610
Check mark one item below as Exhibit D:	
<input checked="" type="checkbox"/> Exhibit - D Special Terms and Conditions (Attached hereto as part of this agreement)	1 page(s)
<input type="checkbox"/> Exhibit - D* Special Terms and Conditions	
Exhibit E – Additional Provisions	_____ page(s)

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.



CONTRACTOR		California Department of General Services Use Only <input checked="" type="checkbox"/> Exempt per: SCM 4.04.3
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) City of Escondido through the Escondido Police Department		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Jim Maher, Chief		
ADDRESS 1163 N. Centre City Parkway Escondido, CA 92026		
STATE OF CALIFORNIA		
AGENCY NAME Department of Alcoholic Beverage Control		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Ed Jimenez, Assistant Director, Administration		
ADDRESS 3927 Lennane Drive, Suite 100; Sacramento, CA 95834		

Exhibit A

SCOPE OF WORK

Summary:

The Escondido Police Department serves a population of approximately 147,514 residents in North San Diego County. According to 2010 SANDAG statistics, there are approximately 47,600 households in the City of Escondido and the median income is \$56,259. The breakdown of Escondido's population is 67,213 Hispanic, 65,042 White, 7,373 Asian/Pacific Islander, 3,011 Black, 801 American Indian, and 4,074 other.

The Escondido Police Department is comprised of 158 authorized sworn full-time officers, 62 full-time and 14 part-time non-sworn personnel. The Chief of Police, Assistant Chief of Police, Captain, seven Lieutenants, and 23 Sergeants command the following divisions and personnel: the Patrol Division (70), Investigations Bureau (28), Traffic Division (12), Task Forces (3), Special Enforcement Team (4), School Liaison Officers (2), Training Division (1), Reserve Officers (7), and Volunteers (33). Additionally, the Police Department has a Crime Lab, a Property and Evidence Facility, a Crime Analysis and Technology Division, a Records Division, and Communications Division. The Investigations Division includes the Special Investigations Unit, in which a sergeant, five detectives and four officers are responsible for monitoring ABC licensees and investigating ABC violations.

The Escondido Police Department is requesting \$99,856 in grant funds from the Department of Alcoholic Beverage Control. These funds will allow the Escondido Police Department to conduct 1,215 hours of alcohol enforcement during the grant period. It is the goal of the Escondido Police Department to lower alcohol related incidents through education, public awareness, enhanced officer training, and enforcement by utilizing community-supported programs and the resources of ABC as well as other State and local agencies.

The City of Escondido currently has 201 ABC Licensees, of these 103 are off-sale type establishments and 98 are on-sale licensees.

The Escondido Police Department plans to use grant funds for the following operations:

- 12 Minor Decoy/Shoulder Tap Details
- 50 IMPACT Inspections
- 16 Roll Call Trainings
- 8 Discretionary Operations
- Press Releases Highlighting Operation Results

Press releases will be used to highlight enforcement actions, and the TRACE program will be used in alcohol related fatal collisions. Arrests and citations will be tracked to evaluate the effectiveness of reducing minors' access to alcohol. The enforcement operations will focus on: identifying alcohol establishments that conduct business in a disorderly and disruptive manner, contributing to quality of life problems in the surrounding community, and/or who illegally cater to minor patrons; identifying and targeting alcohol establishments who participate in other illicit activities such as drug trade and prostitution; educating ABC licensees on the proper, legal and responsible manner of business expected by the ABC and City of Escondido.

Exhibit A

SCOPE OF WORK

Problem Statement:

Despite the Escondido Police Department's participation in crime prevention, traffic safety and youth intervention programs over the years, according to the Office of Traffic Safety, the City of Escondido has consistently ranked among the worst cities for alcohol-related collisions. In 2010, the City of Escondido ranked 3rd worst out of 53 similarly sized cities with 106 individuals killed or injured in alcohol-related collisions.

The alcohol-related collision problem is compounded by the fact that Escondido is a gateway to four large Indian gaming casinos where the legal age to gamble is 18. While consuming alcohol is only legal for those over the age of 21, grant funds would be used to target ABC locations, using minor decoy operations, to deter sales to minors who might get into a car and drive to a casino.

Escondido has 201 licensed ABC establishments within its boundaries. Many licensees are in close proximity to each other resulting in inordinate calls for service at some locations. Three licensees had a combined total of 150 calls for service in 2011. These calls were primarily related to fights, public drunkenness, DUIs, narcotics or general disturbances. These calls for service deplete police resources during high-volume call times, i.e. nights and weekends.

According to the OTS 2010 rankings, based on "Daily Vehicle Miles Traveled," the City of Escondido ranked:

- 1st out of 53 similar sized cities for alcohol-involved collisions for drivers 21 to 34
- 2nd out of 53 similar sized cities for alcohol-involved collisions
- 10th out of 53 similar sized cities for collisions occurring at nighttime (9PM-3AM)
- 4th out of 53 similar sized cities for collisions involving Hit & Run

However, the City of Escondido has steadily improved its ranking in the category of collisions involving intoxicated individuals under the age of 21. In 2007, the City ranked 2nd worst out of 52 similarly sized cities, with 20 individuals injured or killed or injured. In 2010, the City of Escondido improved to 26th out of 53 similarly sized cities, with 6 individuals killed or injured.

The Escondido Police Department believes that these improvements are a direct result of continued aggressive enforcement and education made available through ABC and Office of Traffic Safety grants. This illustrates the Department's effectiveness in targeted and ongoing efforts and the excellent working relationships forged between the Escondido Police Department and ABC.

In 2010 the Escondido Police Department conducted Operation Roadhouse in conjunction with the ABC's Special Operations Unit. The detail targeted seven bars within the city, based on reports of drug sales and possible prostitution activities within the establishments. Each of the licensed businesses were directly involved in drug sales or had intimate knowledge of what was occurring. The detail culminated in 15 arrests and the closure of two of the bars. However, investigators have recently developed information that drug sales continue inside several establishments. Specific, targeted undercover operations utilizing police, ABC, Code Enforcement and other government services should aid in the identification and prosecution of offending licensees and their employees.

Exhibit A

SCOPE OF WORK

Project Description:

It is the goal of the Escondido Police Department to lower alcohol-related incidents through education, public awareness, and enhanced officer training. The Department will continue to pinpoint alcohol establishments that conduct business in a disorderly and disruptive manner and that illegally cater to minor patrons. These bothersome locations have a negative impact upon the surrounding community, contributing to higher crime rates and blighted conditions.

The Escondido Police Department, if awarded a GAP grant, will:

- Conduct 12 minor decoy/shoulder tap programs from July 1, 2012 to June 30, 2013.
- Coordinate and conduct IMPACT and ROSTF inspections at fifty (50) licensed establishments by June 30, 2013. This will include a mix of on-sale and off-sale premises.
- Track DUI's and public intoxication arrests as a "last point of sale" that can be traced back to ABC licensed establishments and forward that information to the ABC San Marcos office. Information will be shared with uniformed personnel so they can focus enforcement at problem premises.
- Continue to utilize the TRACE program as a resource for follow up reporting in alcohol related vehicle fatalities.
- Conduct 8 discretionary operations. These operations can/will include: Using detectives and uniformed officers together to seek out persons who may be underage and inside licensed establishments. Conducting undercover operations to identify and arrest those selling and/or using drugs in and around licensed establishments.
- Conduct TAPPED operations to seek party hosts that are over serving alcohol and/or serving to minors. Due to the fact the City of Escondido continues to rank as one of the worst similar sized cities with drivers under the age of 21 being involved in collisions involving alcohol, an emphasis will be placed on apprehending underage drinkers before they get behind the wheel of a vehicle.
- Additionally, EPD will work closely with prevention groups such as MADD and North Inland Community Prevention Program (N.I.C.P.P) to educate officers, as well as members of the public.
- Conduct prostitution enforcement that is taking place in or about an ABC licensed businesses.
- Collect and review complaints from Escondido Police Department's Crime Analysis unit to determine locations that use inordinate police services due to intoxicated patrons/persons.

Exhibit A

SCOPE OF WORK

- Publicize grant objectives and results via press releases. The Escondido Police Department currently issues press releases that highlight police efforts in ABC enforcement, this helps the public be more aware that alcohol can be abused in the wrong hands.
- Continue to use ABC's "cheat sheet" for officers regarding ABC violations.
- Conduct sixteen (16) role call briefing trainings during the grant to patrol officers in the area of ABC violations and their role in enforcement actions. Officers need to be reminded that enforcing ABC violations is important part of reducing minors in possession, public drunkenness, and DUI where minors are concerned.

Project Personnel:

The Special Investigations Unit (SIU) will coordinate all ABC enforcement/inspections/trainings for the Escondido Police Department. SIU will draw on resources from within the Police Department, other investigators, patrol officers, Crime Suppression Division officers, ABC grant liaison personnel, ABC San Marcos personnel, as well as members from MADD, NICPP and the DEA.

The Special Investigations Unit (SIU) of the Investigations Division is comprised of Sergeant Craig Miller, Detective Ross Umstot, Detective Chris Zack, Detective Arthur Stephens and Detective John Mahin, as well as a four-person street team (SET Team) comprised of officers. Three detectives are primarily assigned to narcotics related offenses, and one detective is responsible for ABC regulation and enforcement and vice related offenses and regulations. All members of SIU and SET have received extensive training in undercover work, as well as conducting surveillances.

Detective Umstot is tasked with investigating all matters dealing with ABC enforcement, licensee regulations, conducting IMPACT inspections, coordinating decoy/shoulder tap operations and U/C-Task Force operations at ABC licensees. Detective Umstot will be the Project Coordinator. Detective Zack coordinated the ABC GAP Grant the Department received in fiscal year 2008-2009. Detective Zack compiled a year-long operations list in the past grant and will assist again if the Department is successful in obtaining a grant for 2012-2013.

Each detail will be evaluated as to the appropriate number of personnel needed. The project coordinator will ensure the personnel are dedicated to each ABC detail to accomplish not only the goals of the grant, but those of the City of Escondido in reducing alcohol violations.

Depending on the type of operation (shoulder tap, minor decoy, U/C operation) experience has shown that the Escondido Police Department will use between 2 and 10 officers for each operation.

The Department will work with its grant liaison officer and the San Marcos ABC office to make sure there is a "resident expert" on each operation for questions that arise. The collaboration of Police Department personnel and the grant liaison officer is essential for successful operations. Grant funds allow the Department to focus ABC details on problem premises and sales to minors i.e.; shoulder taps and minor decoy operations.

Securing a GAP grant, the City of Escondido will be able to significantly address minors' access to alcohol and licensee responsibilities by allowing an additional 1,215 hours of enforcement oriented operations targeting ABC violations that would otherwise not be funded.

Exhibit "B"

BUDGET DETAIL

[To be attached after negotiations are completed]

Exhibit "C"

GENERAL TERMS AND CONDITIONS

[To be attached]

Exhibit D

Special Terms and Conditions

1. Disputes: Any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Director, Department of Alcoholic Beverage Control, or designee, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Department shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the State a written appeal addressed to the Director, Department of Alcoholic Beverage Control. The decision of the Director of Alcoholic Beverage Control or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, Contractor shall proceed diligently with the performance of the contract and in accordance with the decision of the State.
2. Termination Without Cause: Either party may terminate this agreement at any time for any reason upon ten (10) days written notice. No penalty shall accrue to either party because of contract termination.
3. Contract Validity: This contract is valid and enforceable only if adequate funds are appropriated in Item 2100-101-3036, Budget Act of 2012, for the purposes of this program.
4. Contractor Certifications: By signing this agreement, Contractor certifies compliance with the provisions of CCC 307, Standard Contractor Certification Clauses. This document may be viewed at www.ols.dgs.ca.gov/standard+language.
5. If the State determines that the grant project is not achieving its goals and objectives on schedule, funding may be reduced by the State to reflect this lower level of project activity.



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 16

Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Jim Maher, Chief of Police
SUBJECT: FY 2010 Urban Area Security Initiative (UASI) Grant Modification

RECOMMENDATION:

It is requested that Council authorize the Escondido Police Department to accept an additional \$4,166 in funding from the Department of Homeland Security (DHS) for the FY 2010 Urban Area Security Initiative (UASI) Grant, authorize the Chief of Police to submit grant documents on behalf of the City and authorize staff to establish budgets to spend grant funds.

FISCAL ANALYSIS:

This action will have no impact on the General Fund Budget. Grant funds will be used purchase a mobile police radio.

PREVIOUS ACTION:

On October April 13, 2011 Council accepted a \$246,000 Urban Area Security Initiative (UASI) Grant from the Department of Homeland Security.

BACKGROUND:

The City of San Diego Office of Homeland Security approved an additional allocation of \$4,166 to purchase a mobile radio for the Escondido Police Department's armored vehicle. The armored vehicle, which was also purchased with UASI grant funds, responds to incidents involving high powered weapons. Accepting these additional grant funds will enhance countywide interoperable communication during critical incidents.

Respectfully submitted,

Jim Maher
Chief of Police

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 17

Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Gilbert Rojas, Director of Finance
SUBJECT: Management and Concession contract for Reidy Creek Golf Course

RECOMMENDATION:

It is requested that Council approve Resolution 2012-123 authorizing the Mayor and the City Clerk to execute the Management Agreement and Concession Agreement with JC Resorts, LLC and its affiliate, JC Management, LLC.

FISCAL ANALYSIS:

JC Resorts has managed the Reidy Creek Golf Course from its opening in 2002 until June 30, 2012. The original ten-year contract paid JC Resorts a monthly management fee plus a variable fee. The previous management fee increased annually by 4%. The proposed new contract keeps the management fee at the FY11/12 rate for the first two years, followed by a 4% increase for the next three years and a 3% increase for the remaining five years. Attached is a Summary of Benefits that the City has received over the last ten-year contract and will continue to receive with this contract.

PREVIOUS ACTION:

In March 2001 the City Council approved a ten-year management contract with JC Resorts to operate Reidy Creek Golf Course on behalf of the City. The first year of this contract was a consulting agreement.

BACKGROUND:

Reidy Creek is an 18-hole executive municipal golf course that opened in 2002. It is partially located within the planned Brookside master planned community that was developed by New Urban West, Inc. The golf course is located on North Broadway between Country Club Lane/Rincon Avenue and north of Jesmond Dene Road. The course is constructed on an approximately 65 acres of which 25 acres was owned by the City and 40 acres was transferred to the City by New Urban West.

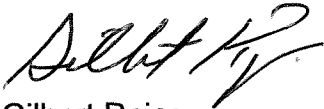
A 25 acre portion of the Property also serves as a flood control detention basin for large storms when runoff exceeds the capacity of the Reidy Creek channel running through the site. The Course would

create an approximate 100 foot wide naturally contoured drainage channel with a 40 foot wide natural bottom. Flows from Reidy Creek that exceed system capacity from north of the site would be diverted and detained west of North Broadway on holes 11 through 17 of the golf course.

The City issued a request for proposals to enter into a Management Agreement and a Lease and Concession Agreement for operation and maintenance of Reidy Creek Golf Course. Four proposals were received in response to this request. JC Resorts was selected as the most qualified to provide such services and staff negotiated the Management Agreement and Lease and Concession Agreement. JC Resorts manages several golf courses throughout Southern California, including Encinitas Ranch (owned by the City of Encinitas), Twin Oaks, Temecula Creek Inn, Oaks North and Rancho Bernardo Creek Inn. The Management Agreement provides that JC Resorts will be responsible for all operations and maintenance of the golf course facility and will be paid a fee for these services. The Lease and Concession Agreement allows JC Resorts to provide certain food and beverage for the golf course. The term of both agreements is ten years.

Reidy Creek has shown a net profit on operations the last 4 years; however, the course revenue is not enough to cover the debt service on the Bond issue that financed a majority of the golf course.

Respectfully submitted,



Gilbert Rojas
Director of Finance

RESOLUTION NO. 2012-123

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A GOLF COURSE MANAGEMENT AGREEMENT AND A LEASE AND CONCESSION AGREEMENT WITH JC MANAGEMENT LLC AND JC RESORTS LLC FOR MANAGEMENT SERVICES AND LEASE OF THE SNACK BAR FACILITY OF THE REIDY CREEK GOLF COURSE

WHEREAS, the City entered into a Golf Course Consulting and Management Agreement for the operation and maintenance of the Reidy Creek Golf Course ("Golf Course") with JC Resorts LLC on March 1, 2001; and

WHEREAS, the City, concurrently with the Management Agreement, entered into a Lease and Concession Agreement to provide food and beverage services to the Golf Course with JC Resorts LLC on March 1, 2001; and

WHEREAS, the term of those agreements expire on June 30, 2012; and

WHEREAS, a Lease and Concession Agreement has been negotiated with JC Resorts LLC to lease the snack bar facility and to provide certain food and beverage services for the Golf Course; and

WHEREAS, a Management Agreement has been negotiated with JC Management LLC, an Affiliate of JC Resorts LLC, to supervise, operate and manage the Golf Course;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and City Clerk are authorized to execute, on behalf of the City, a Management Agreement with JC Management LLC and a Lease and Concession Agreement with JC Resorts LLC. A copy of the Management Agreement is attached as Exhibit "1" and incorporated by this reference. A copy of the Lease and Concession Agreement is attached as Exhibit "2" and incorporated by this reference.

**GOLF COURSE CONSULTING AND
MANAGEMENT AGREEMENT**

By and Between

CITY OF ESCONDIDO
a California municipal corporation

("Owner")

and

JC MANAGEMENT LLC
a California limited liability company

("Manager")

DATED: _____, 2012

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Exhibit "A" THE GOLF COURSE

GOLF COURSE CONSULTING AND MANAGEMENT AGREEMENT

THIS GOLF COURSE CONSULTING AND MANAGEMENT AGREEMENT (the "**Agreement**") is dated as of _____, 2012 by and between the **CITY OF ESCONDIDO**, a California municipal corporation (hereinafter referred to as the "**Owner**") and **JC MANAGEMENT LLC**, a California limited liability company (hereinafter referred to as "**Manager**"). Owner and Manager are sometimes hereinafter referred to as the "**parties**."

RECITALS:

A. Owner is the owner of approximately 65 acres designated for an 18-hole (executive) municipal golf course, maintenance building and yard, clubhouse and storage area commonly referred to as the Reidy Creek Golf Course (the "**Golf Course**") located in San Diego County, City of Escondido, and more particularly described in Exhibit "A" attached hereto and incorporated herewith.

B. Manager is qualified in the development, supervision, operation and management of golf course properties and Manager is qualified to supervise, operate and manage the Golf Course.

C. Owner desires to retain Manager to manage and operate the Golf Course on behalf of Owner and Manager has agreed to manage and operate the Golf Course upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Manager agree as follows:

ARTICLE I. **DEFINITIONS**

1.1. Defined Terms. When used in this Agreement, including any exhibits or schedules attached hereto, the following terms shall have the meanings ascribed to them in this paragraph 1.1 unless the context indicates a contrary intent:

"Affiliate" shall mean and all derivations thereof, shall mean (a) as to any Person which is not an individual, any other Person controlling, controlled by or under common control with such Person, including, without limitation, any partner, member, shareholder, officer or director of such Person, as the case may be, and (b) with respect to any Person who is an individual, such individual's parents, spouse, direct lineal or adoptive descendants and their spouses, siblings, nieces, nephews and/or first cousins and/or one or more trusts created solely for the benefit of such individual or any such family members. For the purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the

direction of management and policies of a Person, whether through ownership of voting securities or a partnership or membership interest, by contract or otherwise.

“Approved Annual Business Plan” shall mean a plan covering the operation and maintenance of the Golf Course for the applicable Budget Period, prepared by Manager and approved by Owner in accordance with paragraph 8.1(b) of this Agreement, as such plan may be amended from time to time.

“Bonds” shall mean the \$6,300,000 aggregate principal amount of Escondido Joint Powers Financing Authority 2001 Lease Revenue Bonds (Reidy Creek Project) authorized by and at any time Outstanding under the Indenture.

“Bond Debt Service” shall mean, during any period of computation, the amount obtained for such period by totaling the following amount: (a) the principal amount of all Outstanding serial Bonds coming due and payable by their terms in such period; (b) the minimum principal amount of all Outstanding term Bonds scheduled to be redeemed by operation of mandatory sinking fund deposits in such period, together with any premium thereon; and (c) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

“Budget Period” shall mean a period of time consisting of a Fiscal Year.

“Capital Expense Funding Requirement” shall mean the amount of funds to be set aside by Owner to pay for capital expense items to maintain the Golf Course in accordance with paragraph 2.2 of this Agreement. Owner and Manager shall review Capital Expense Funding Requirements prior to February 1st of each Budget Period and agree to the amount of funds, if any, needed to maintain the Golf Course. Owner shall deposit into the Operating Account the Capital Expense Funding Requirement within thirty (30) days of such determination.

“Corporate Personnel” shall mean certain employees of Manager that perform services at or with respect to multiple properties, including properties other than the Golf Course and including from locations other than the Golf Course, and that in such event such employees shall be treated as Golf Course Personnel Expenses to the extent that their services are reasonably attributable to the Golf Course; provided, however, that any allocated costs incurred by Manager in performance of its obligations hereunder shall be prorated based upon a reasonable nexus and benefit among all properties which benefit from such expenditure. Corporate Personnel shall include centralized accounting, risk management, information technology, human resources, and marketing.

“Equipment and Supplies” shall mean all equipment and supplies, including furniture, fixtures and equipment (FF&E), together with all replacements thereof and additions thereto, used or useful in the operation of the Golf Course.

“Event of Default” shall mean the occurrence of any of the events described in paragraphs 12.3 or 12.4 of this Agreement, together with the expiration of any cure period applicable to such event.

“First Term Year” shall mean the time period commencing on the Management Commencement Date and concluding on the first anniversary of the first day of the month in which the Management Commencement Date occurs.

“Fiscal Year” shall mean a year beginning on July 1 of one calendar year and ending on June 30 of the following year.

“Golf Course Personnel” shall mean all individuals performing services for the Golf Course, whether employees of Manager or its Affiliates.

“Golf Course Personnel Expenses” shall mean all costs and expenses relating to the employment of any Golf Course Personnel, including reasonable costs in the course of, and necessary for the performance of, obligations hereunder, including, without limitation, all direct and allocated wages, salaries, benefits, taxes, and similar expenses relating to Golf Course Personnel and Corporate Personnel.

“Gross Revenue” shall mean gross receipts of every kind and nature from the use and operation of all or any portion of the Golf Course whatsoever, whether for cash, credit or barter, including, without limitation: green fees; rental fees for golf carts, golf clubs and bags, and other rental items; golf bag storage charges; reservation fees; fees for golf handicap and service; rental and concession payments; revenue generated from space rentals and from meetings, banquets, parties, receptions, tournaments, and other group gatherings; revenues from golf schools; rental income from communication site lease agreements; amounts received as compensation for lessons and clinics; receipts from special events; receipts from vending machines; proceeds of any business interruption insurance (net of Manager’s reasonable cost of settling such claim with the insurance carrier); and proceeds of any condemnation award made with respect to any temporary taking of any Equipment and Supplies; provided, however, Gross Revenues shall not include amounts received on food and beverage sales (it being understood that such sales are the subject of a Lease and Concession Agreement of even date herewith), condemnation awards or receipts from sales of Equipment and Supplies under threat of condemnation other than any award made in a temporary taking and in the nature of an award for lost income; proceeds of property insurance (other than business interruption insurance); rebates, refunds and discounts (but not credit and card discounts paid to a credit card system) to customers given in the ordinary course of obtaining such revenues; excise, sales, use and similar taxes collected directly from customers as a part of the price of any goods or services and which are accounted for by Manager to any governmental agency or authority; tips and gratuities paid to Manager or any of its employees; or income or interest derived from cash, securities and other property acquired and held for investment by Manager. Sales upon credit and any other sales or provision of service with respect to which payment is not immediately received shall be treated on an accrual basis and shall be included in the gross receipts for the period during which the goods or services to which such sale relates are delivered or performed.

“Hazardous Materials” shall mean any substance or material containing one or more of any of the following: hazardous material, hazardous waste, hazardous substance, regulated substance, petroleum, pollutant, contaminant, or asbestos, as such terms are defined as of the Management Commencement Date or thereafter defined in any applicable laws, or otherwise generally understood, in such concentrations or amounts as may require clean-up or removal, or which may present a significant risk of harm to guests, invitees, or Golf Course Personnel. This includes, but is not limited to, the following:

(a) Hazardous wastes listed, or having the characteristics designating them as hazardous, pursuant to the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6921) or any amendments thereto, including any waste on an EPA list and all solid waste if it contains elements or materials on the EPA list or any amendments thereto as set forth in 40 CFR §§261.1-261.2.

(b) Hazardous substances within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or “Superfund”) CERCLA 42 U.S.C. §§ 9601 et seq (42 U.S.C. §§ 9601(14) and 9602) or any amendment thereto, including those listed by the Environmental Protection Agency at 40 C.F.R. § 302.4 or any amendment thereto.

(c) Hazardous substances within the meaning of California Health and Safety Code § 25316.

(d) Any solid waste within the meaning of the Hazardous Waste Control Act of 1973 (HWCA) (California Health & Safety Code §§25100-25257.1) including those known as "non-RCRA" hazardous wastes. 22 Cal. Code Regs. §66261.101.

(e) Any discharge, hazardous substance, or waste within the meaning of the Porter-Cologne Water Quality Control Act (Porter-Cologne Act) (California Water Code §§13000-16104) or the Clean Water Act (33 USC §§1251-1387).

(f) Any hazardous waste or other discharges within the meaning of California Health & Safety Code §§ 25280-25299.8 (underground storage of hazardous substances), 25159.10-25159.25 (toxic injection wells), 25208-25208.17 (toxic pits), or 25180.7, 25189.5, 25192, 25249.5-25249.13 (the Safe Drinking Water and Toxic Enforcement Act of 1986, commonly called Proposition 65).

(g) Any substance or material deleterious to fish, plants, mammals, or birds, or any other unlawful deposit pursuant to California Fish & Game Code §5650.

“Improvement” shall mean each improvement constructed by Owner on the Golf Course.

“Indenture” shall mean the Indenture of Trust dated as of April 1, 2001, between the Escondido Joint Powers Financing Authority (of which Owner is a member) and the Trustee relating to the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by supplemental Indenture.

“Legal Requirements” shall mean any and all laws, statutes, ordinances, codes, orders, rules, regulations, permits, licenses, authorizations, entitlements, official orders and requirements of, and conditions imposed by, all federal, state and local governmental regulatory agencies and authorities which are as of the date hereof or hereafter become applicable to the Golf Course or the operation thereof, including, without limitation, any of the foregoing relating in any way to Hazardous Materials or environmental matters.

“Management Fee” shall mean the Periodic Fixed Fee and Percentage Fee set forth in paragraph 6.1 of the Agreement.

“Operating Contracts” shall mean all contracts now or hereafter entered into for the maintenance, management, and operation of the Golf Course, including, without limitation, all such contracts for utilities to be provided for the Golf Course and all such contracts for Equipment and Supplies.

“Operating Expenses” shall mean, for any period of measurement, all costs and expenses which relate to the maintenance and operation of the Golf Course and/or any services or concessions operated in connection therewith, which costs and expenses shall include, without limitation, ordinary and extraordinary maintenance and repair costs, advertising and promotion expenses, administrative and general office expenses, costs of inventories, Equipment and Supplies, costs of goods and services provided or performed in connection with the operation of the Golf Course, such as water, sewer and other utilities, office and other supplies, commissions, credit card discounts and commissions, music and entertainment, fuel, licenses and permits, refuse removal, vermin control and similar services, Golf Course Personnel Expenses, including travel expenses, any maintenance or monitoring systems or requirements in effect from time to time with respect to the Golf Course, the monthly Management Fee, equipment lease financing expense, the cost of any insurance provided in accordance with the terms of this Agreement and any other then unpaid amounts payable to Manager or others with respect to any of the foregoing. The parties acknowledge and agree that Manager operates and may from time to time in the future operate additional golf courses and resort properties besides the Golf Course, and that Manager shall have the right in the exercise of its reasonable business judgment to determine to procure certain services and goods, and incur certain expenses in connection therewith, in the aggregate with some or all of such additional golf courses and properties. In such event, the calculation of **“Operating Expenses”** with respect to the Golf Course shall include (a) with respect to any such aggregate expenses incurred pursuant to Centralized Purchasing, as contemplated by paragraph 3.5 hereof, only the amounts chargeable to the Golf Course pursuant to said paragraph 3.5, and (b) with respect to any other such aggregate expenses (including without limitation salaries and similar expenses of employees spending less than all of their time on matters related to the Golf Course), only such portion of such aggregated expenses as Manager reasonably concludes are allocable to the Golf Course. **“Operating Expenses”** shall not include, however, (i) any depreciation of any Improvements or Equipment and Supplies, (ii) any income, property or similar taxes payable by Owner or Manager, whether related to the Golf Course or otherwise, (iii) Bond Debt Service; (iv) the cost of capitalized fixed assets purchased for the Golf Course (the threshold for capitalization of specific assets shall be \$1,000) pursuant to the Capital Expense Funding Requirement.

“Operating Expenses Reserve” shall mean, for each month, an amount equal to all Operating Expenses anticipated to be expended during the immediately following calendar month (including the monthly Management Fee and such Operating Expenses as are indicated by the Approved Annual Business Plan).

“Outstanding” when used as of any particular time with reference to Bonds or any additional Bonds authorized by the Indenture, shall mean (subject to the provisions of Section 11.09 of the Indenture) all Bonds or additional Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture.

“Owner Board” shall mean the Board of Directors of Owner, or such other appropriate governing body of Owner.

“Person” shall mean an individual, partnership, corporation, limited liability company, association, government or any department or agency thereof, trustee, trust, or any other entity or organization.

“Rancho Bernardo Inn” shall mean Rancho Bernardo Inn, 17550 Bernardo Oaks Drive San Diego, CA 92128.

“Term” shall mean the Management Commencement Date through June 30, 2022.

“Term Year” shall mean (a) the First Term Year, or (b) in the case of each subsequent Term Year after the First Term Year, each full year after the first anniversary of the first day of the month on which the Management Commencement Date occurs.

“Trustee” shall mean BNY Western Trust Company, a banking corporation organized and existing under the laws of the State of California, or its successors, as provided in the Indenture.

“Unavoidable Delay” shall mean any delay due to such causes as strikes; lockouts; acts of God; inability to obtain labor, materials, equipment or supplies; governmental restrictions; moratoria; initiatives; referenda; a war or enemy action or invasion; terrorist act and/or threats of terrorism; civil commotion; insurrection; a riot; mob violence; malicious mischief or sabotage; an unusual failure of transportation; fire or any other casualty; unusually adverse weather conditions; a condemnation; any restraining order or any law, order or regulation of any governmental, quasi-governmental, judicial or military authority; or other similar causes or circumstances beyond the control of Manager, any of which has the effect of delaying, hindering or preventing Manager’s performance of its obligations hereunder, provided (i) Manager shall have notified Owner of such event by notice given not later than fifteen (15) days after Manager has knowledge of the occurrence of such event, and (ii) Manager shall use reasonable efforts to minimize the effects thereof.

1.2. Index of Other Defined Terms. In addition to those terms defined above, the following terms shall have the respective meanings given thereto in the paragraphs indicated below.

<u>Defined Terms</u>	<u>Paragraph</u>
Agreement	Preamble
Annual Operating Report	8.3(b)(ii)
Business Plan Disapproval Notice	8.1(b)
Centralized Purchasing	3.5
Colachis	13.1
Data	3.7
Golf Course	Recital "A"
Key Employee	3.1(b)
Management Commencement Date	12.1
Manager	Preamble
Manager Advances	7.4
Manager Legal Requirements	14.1(a)
Manager Marks	3.6
Manager Representatives	11.2
Management Period	12.1
Monthly Disbursement Date	7.3(a)
Monthly Operating Report	8.3(b)(i)
Notice of Operating Account Deficiency	7.2
Owner	Preamble
Owner Legal Requirements	14.1(b)
Owner's Representatives	11.3
Parties	Preamble
Percentage Fee	6.1(b)
Percentage Fee Cap	6.2
Periodic Fixed Fee	6.1(a)
Preliminary Annual Business Plan	8.1(a)
Transfer	13.1
WARN Act	12.6(e)
Year End Financials	8.3(b)(ii)

1.3. Accounting Terms. For purposes of this Agreement, all accounting terms not otherwise defined herein or in any Exhibit shall have the meanings ascribed to them in conformity with generally accepted accounting practices and principles consistently applied.

ARTICLE II.
RETENTION OF MANAGER

2.1. Agreement to Consult and Manage. Owner hereby appoints and retains Manager, and Manager hereby accepts such appointment and retention, as the exclusive manager of the Golf Course during the Term with full power and authority to carry out all responsibilities of Manager upon the terms and subject to the conditions hereinafter set forth.

2.2. Standards of Performance; Relationship Between Owner and Manager. Manager accepts the relationship of trust and confidence established between Manager and Owner by the terms of this Agreement. Manager shall manage, operate and maintain the Golf Course as an executive municipal daily fee golf course. Manager covenants with Owner to furnish its best skill and judgment in performing its obligations hereunder, and shall at all times provide such supervision, management, operating and maintenance services in a manner which maintains the good name and business reputation of Owner. Manager shall perform its duties and obligations under this Agreement in an efficient, expeditious, prudent and economical manner, consistent with the commercial interests of Owner as reasonably understood by Manager, in accordance with standard industry practices with respect to the management and operation of similarly situated golf courses in comparable residential developments of the type described in this paragraph. Notwithstanding the foregoing, Manager's obligations under this Agreement are subject to (a) Owner's approval of the Annual Business Plans reasonably appropriate for the operations contemplated hereby, (b) the availability of funds in the Operating Account sufficient to cover the Operating Expenses, including the Operating Expenses Reserve associated herewith, (c) funds provided by Owner to meet the Capital Expense Funding Requirement for each Budget Period; and (d) payment of all amounts due to Manager hereunder.

ARTICLE III.
EMPLOYEES; ACQUISITION AND OWNERSHIP
OF EQUIPMENT AND SUPPLIES

3.1. Employees of Manager.

(a) **Golf Course Personnel.** Manager shall employ, on its behalf and not as employees of Owner, at all times a sufficient number of capable employees to enable it to fulfill Manager's obligations hereunder, properly, adequately, safely and economically and in accordance with the standards set forth in this Agreement. All matters pertaining to the employment, training, supervision, compensation, promotion and discharge of such employees shall be the sole responsibility of Manager; provided, however, that if Owner determines that the continued employment of any employee of Manager at the Golf Course is not in the best interest of Owner or the Golf Course, Owner shall so notify Manager in writing. Upon receipt of such notice, Manager shall take appropriate steps, consistent with applicable law, to cause such employee to cease his or her affiliation with the Golf Course.

(b) **Non-Solicitation.** Without Manager's express written consent, Owner shall not directly or indirectly, knowingly solicit (on behalf of itself or any third party), hire or enter into any contract for services with any person who, at the time of such action is, or at any time during a period of twelve (12) months immediately preceding such action, was one of Manager's or its Affiliate's "Key Employees" including the Vice President of Golf Operations, Head Golf Professional, Golf Course Superintendent, Director of Maintenance, or any other executive level employee of Manager or its Affiliate. If Owner does solicit (on behalf of itself or any third party), hire or enter into a contract for services such person contrary to the above, it shall pay Manager, as liquidated damages and not as a penalty, an amount equal to 1.5 times the annual salary earned by said individual at the time of termination of such employee's employment with Manager.

3.2. Ownership of Golf Course. Manager is entering into this Agreement as an independent contractor to provide the services set forth in this Agreement. By entering into this Agreement, Manager acknowledges that it is acquiring no rights whatsoever in the Golf Course, or any portion thereof (including the Improvements and any trade names, trademarks, logos, emblems and similar identifying matters) or the Equipment and Supplies, except a nonexclusive and revocable license to enter upon the Golf Course and use the Equipment and Supplies, if and to the extent reasonably necessary to carry out its obligations pursuant to this Agreement. Manager further agrees that it will not assert, in any legal action or otherwise, any additional right or interest in the Golf Course, or any portion thereof (including the Improvements and any trade names, trademarks, logos, emblems and similar identifying matters) or the Equipment and Supplies, and will not record any lis pendens or any similar notice of lien against the Golf Course, or any portion thereof (including the Improvements and any trade names, trademarks, logos, emblems, and similar identifying matters) under any circumstances. In no event shall Manager alter or improve any portion of the Golf Course, except as otherwise expressly permitted under this Agreement (including, without limitation, Article X hereof).

3.3. Operating Contracts. Manager shall, subject to the Approved Annual Business Plan, execute all Operating Contracts necessary or appropriate for the maintenance, management and operation of the Golf Course in accordance with this Agreement. All such Operating Contracts shall be executed in the name of Manager on its own behalf. Manager promptly shall notify Owner in writing of Manager's execution of any material Operating Contract, and, if requested by Owner, promptly shall deliver to Owner a true, correct and complete copy thereof. Manager's execution of any Operating Contract shall be subject to any and all restrictions set forth in Article V hereof. All Operating Contracts shall provide that, notwithstanding any termination of this Agreement by Owner and subsequent management of the Golf Course by Owner or a third party, the counter-party thereto shall, at Owner's request, continue its performance thereunder under the terms and conditions of such Operating Contract. If Manager is then managing other golf courses similar to the Golf Course, Manager shall use its commercially reasonable efforts to utilize the same individuals or entities under the Operating Contracts as are performing similar services or providing similar supplies for Manager in connection with such other golf courses, if such a procedure would result in cost savings to Owner.

3.4. Acquisition of Equipment and Supplies. Manager shall, at Owner's expense and in accordance with the Approved Annual Business Plan, as applicable, purchase and keep

the Golf Course adequately furnished with all necessary Equipment and Supplies. The cost of such Equipment and Supplies shall be charged to Owner at net cost and Owner shall be credited with all rebates, refunds, allowances and other discounts allowed to the purchaser, whether such purchaser is Manager or a third party. For purposes of clarification, both Owner and Manager agree that all Equipment and Supplies acquired pursuant to this paragraph 3.4 are exclusively the property of Owner.

3.5. Centralized Purchasing. Manager, at its discretion, may adopt a centralized purchasing system whereby services or Equipment and Supplies are procured and/or purchased for participating golf courses from suppliers designated by Manager or from or through any of Manager's Affiliates ("**Centralized Purchasing**"). Manager may cause the Golf Course to participate in such Centralized Purchasing and Manager or an Affiliate of Manager shall receive pro-rata reimbursement for any additional overhead expense attributable to Centralized Purchasing. At the request of Owner, Manager shall furnish to Owner a price list of all services or Equipment and Supplies proposed or to be purchased by Manager through its Centralized Purchasing. Notwithstanding the foregoing, the cost to the Golf Course of any purchase accomplished through the Centralized Purchasing, (including the aforementioned fee) taking into account the quality and payment terms of the items purchased, shall be no greater than the cost of which such services and items could be obtained by Golf Course from unaffiliated third parties, (without payment of the aforementioned expense reimbursement). If such maximum amount is determined to have been exceeded, the excess shall be rebated immediately by Manager to Owner. All such purchases shall be made by Manager as agent for and at the sole risk of Owner. Manager makes no representations or warranty with respect to such services and items so purchased and shall not be responsible for defects in any property acquired, but shall enforce third party warranties regarding such services and items.

3.6. Manager Marks. Owner hereby acknowledges that "**Manager Marks**" (as hereinafter defined), and the goodwill associated therewith are the sole and exclusive property of Manager, and may be used by Manager and its Affiliates for any purpose. "Manager Marks" shall mean the principal registration mark "*JC Resorts*," "*JC Golf*" and "*JC Management*" and all other service marks, trademarks, trade names, insignias and logos owned exclusively or licensed by Manager during the Term of this Agreement. Owner shall not acquire any right, title or interest of any kind or nature whatsoever in or to the Manager Marks or the goodwill associated therewith and may not itself use the Manager Marks or apply for registration rights in the Manager Marks. Additionally, Owner shall not contest the rights of Manager or its Affiliates with respect to the Manager Marks, including any additions or improvements thereto, by whomever developed.

3.7. Intellectual Property. Any and all data which Manager collects, develops or produces during the Term, whether alone or jointly, with Owner or others, which relate to the operation of the Golf Course (collectively the "**Data**"), shall be joint property belonging to Manager and Owner. As joint owners of the Data, Manager and Owner shall be free to deal with and dispose of, in whole or in part, its ownership interest in the Data without the consent of the other party, and without accounting to the other party so long as it can do so without exposing the other party to any liability. In no event, however, shall either party be entitled to grant any exclusive license or other exclusive right in any aspect of the Data or in any intellectual property right associated with any Data to any person or entity, unless the granting party has obtained the

non-granting party's prior written consent for such grant, which consent may be withheld by the non-granting party in its sole discretion.

ARTICLE IV.
RIGHTS AND RESPONSIBILITIES OF MANAGER AND OWNER

4.1. Manager Obligations During the Term. Subject to any requirements, restrictions or limitations set forth elsewhere in this Agreement (including, without limitation, the requirements set forth in paragraph 2.2), Manager shall perform or cause to be performed all tasks reasonably necessary or appropriate in connection with the ongoing operation, management, maintenance, repair and upkeep of the Golf Course. In performing such tasks Manager shall, at a minimum, do the following:

(a) Interview, select and retain consultants and other professionals as may be reasonably necessary or appropriate for the maintenance and operation of the Golf Course as set forth in the Approved Annual Business Plan, as applicable.

(b) Perform all ministerial acts and duties reasonably relating to (i) the payment in accordance with the Approved Annual Business Plan, as applicable, of all indebtedness, taxes and assessments on personal property, and other undisputed obligations due or to become due with respect to the Golf Course that accrue on or after the Management Commencement Date, (ii) the preparation, submission and processing of all claims regarding the Golf Course (other than claims under any insurance to be maintained by Owner hereunder, with respect to which Manager will reasonably cooperate with Owner in its preparation, submission and processing of claims), (iii) the prosecution of any appeal of any tax or assessment on personal property for the Golf Course, and (iv) the giving and receipt of notices, reports and other communications arising out of, connected with or incidental to the management, maintenance or preservation of the Golf Course.

(c) Subject to the Approved Annual Business Plan and Capital Expense Funding Requirement, maintain the premise and operations to ensure the safety and wellbeing of all visitors.

(d) Maintain and operate the Golf Course in accordance with the Escondido Municipal Code, State, and Federal regulations relating to waste, discharge, or hazardous materials.

(e) Diligently pursue the collection of all sums due and owing to Owner or Manager from all purchasers of goods and/or services relating to the Golf Course.

(f) Subject to the Approved Annual Business Plan, as applicable, purchase and maintain at the Golf Course all Equipment and Supplies.

(g) Subject to the Approved Annual Business Plan, as applicable, pay, when due, all costs and expenses of every kind associated with the management, maintenance and operation of the Golf Course, as provided for herein.

(h) Comply in all respects with the Approved Annual Business Plan, as applicable (except to the extent provided under paragraphs 7.3 and 8.2).

(i) Subject to the Approved Annual Business Plan, as applicable, repair or replace, as reasonably necessary, all Equipment and Supplies.

4.2. Management Period.

(a) **Manager.** In addition to any obligations under paragraph 4.1, during the Management Period, and subject to any requirements, restrictions or limitations set forth elsewhere in this Agreement (including, without limitation, the requirements set forth in paragraph 2.2), Manager shall, at a minimum, do the following:

(i) Fully comply, and cause the operations of the Golf Course to fully comply, with all Legal Requirements; provided, however, that the foregoing shall not apply to any Legal Requirements governing construction and construction quality, compliance with which, as set forth in paragraph 4.2(b), shall be the sole responsibility of the Owner.

(ii) Apply for, obtain and maintain in full force and effect, at Owner's expense, all permits, licenses designated by Owner or necessary or appropriate for the management, maintenance and operation of the Golf Course. All such permits and licenses shall be the sole and exclusive property of Owner other than any permit or license personal to the party providing services.

(iii) Immediately advise Owner of any discovery by Manager of any Hazardous Materials in, on or about the Golf Course, promptly following such discovery jointly determine with Owner the actions which should be taken to ensure that the presence of such Hazardous Materials in, on or about the Golf Course will not constitute a violation of any Legal Requirement, and upon approval by Owner of any actions recommended by Manager, promptly take, or cause to be taken, such actions.

(iv) Fully cooperate with and provide any necessary or appropriate documents, materials and information to, any financial institution or other lender designated by Owner.

(v) Make recommendations to Owner from time to time concerning improvements and modifications to the Golf Course.

(vi) Obtain and maintain in full force and effect all insurance reasonably required to be maintained by Manager pursuant to Article XI hereof.

(vii) Comply with all agreements governing or affecting the Golf Course that Manager has been provided with, including, without limitation, mortgages, deeds of trust, regulatory agreements, declarations of covenants, conditions and restrictions, and similar documents, copies of which shall be provided to Manager upon execution of this Agreement.

(viii) Prepare and allow inspection by Owner of the plans, books, records and other materials specified in Article VIII, below.

(ix) Maintain in full force and effect all Operating Contracts (other than such Operating Contracts as may be replaced by a new Operating Contract) reasonably necessary or appropriate for the ongoing management, maintenance and operation of the Golf Course in accordance with this Agreement.

(x) Negotiate, prepare, review and, subject to the restrictions set forth in Article V, execute all agreements reasonably necessary or appropriate for the management, maintenance and operation of the Golf Course.

(xi) Obtain all warranties provided by, and lien waivers from, laborers, materialmen and contractors in connection with any Improvements made pursuant to Article X.

(b) **Owner.** During the Management Period, and subject to any requirements, restrictions or limitations set forth elsewhere in this Agreement (including, without limitation, the requirements set forth in paragraph 2.2), Owner:

(i) May design, construct and install Improvements on the Golf Course, provided, however, Owner shall provide Manager no less than thirty(30) days notice prior to commencement of construction of the Improvements, with a copy of the plans for the proposed Improvements. Within fifteen (15) days of receipt thereof, Manager shall review the plans for the Improvements and shall approve or disapprove the same, which approval shall not be unreasonably withheld. If Owner wishes to proceed with the Improvements notwithstanding the disapproval of Manager, the parties shall revise the Approved Annual Business Plan, as applicable, to reflect any negative impact that the construction and/or implementation of the Improvements will have on Golf Course operations. All Improvements constructed by Owner or at the direction of Owner shall be constructed in a workmanlike manner in accordance with standard construction industry practices.

(ii) Shall provide Manager with notice and copies of all agreements governing or affecting the Golf Course, including, without limitation, mortgages, deeds of trust, regulatory agreements, declarations of covenants, conditions and restrictions, and similar documents.

(iii) May not modify or amend any agreement governing or affecting the Golf Course in such a manner that imposes additional, substantial burdens on the Manager or results in the substantial reduction of Gross Revenues, as defined herein, without the written consent of Manager which shall not be unreasonably withheld. The sole remedy for breach of this paragraph shall be the right of Manager to (i) amend the Approved Annual Business Plan with Owner's approval, which shall not be unreasonably withheld, and (ii) if such modification or amendment of any agreement governing or affecting the Golf Course results in a substantial burden on Manager, an increase in the Management Fee proportionate to such additional burden.

ARTICLE V. **RESTRICTED ACTIVITIES OF MANAGER**

5.1. Without the prior written consent of Owner, which consent may be granted or withheld in Owner's sole discretion, Manager shall not do, or cause or permit to be done, any of the following during the Term of this Agreement:

(a) Borrow or lend money, or enter into any other agreement, in the name of Owner.

(b) Assign, transfer, pledge, compromise or release any of the claims of or debts of \$5,000 or more due Owner, except upon payment in full.

(c) Arbitrate or consent to the arbitration or settlement of any claim of or against Owner or any other dispute or controversy involving Owner.

(d) Make, execute or deliver in the name of Owner, or with respect to any of the assets of Owner, any assignment for the benefit of creditors or any bond, confession of judgment, chattel mortgage, security instrument, deed, guarantee, indemnity bond or surety bond.

(e) Lease, sell, transfer, assign, convey, pledge, encumber, mortgage, hypothecate or otherwise dispose of property of the Golf Course, or, except as contemplated in the Approved Annual Business Plan, as applicable, lease, sell, transfer, assign, convey, pledge, encumber, mortgage, hypothecate or otherwise dispose of any Equipment and Supplies or enter into any contract for any such purpose.

(f) In the name of or on behalf of Owner, endorse any note, or become a surety, guarantor, or accommodation party to any obligation.

(g) Violate any Legal Requirement.

(h) Commence or maintain in the name of or on behalf of Owner any action or proceeding, whether judicial, administrative or otherwise.

(i) Engage in, or permit, suffer or allow the occurrence of, any storage, holding, release, emission, discharge, generation, abatement, disposition, handling, or transportation of any Hazardous Materials. Notwithstanding the foregoing, Manager need not secure the prior written consent of Owner before utilizing, in connection with the reasonable and necessary operation and maintenance of the Golf Course, fertilizers, pesticides, and fuel, provided such substances are utilized in compliance with all applicable laws and regulations and the procedures approved by Owner as required in subparagraph (j) below.

(j) Except for fertilizers, pesticides and fuel reasonably necessary for operation and maintenance of the Golf Course, and except for any other substances and materials reasonably necessary for the operation and maintenance of the Golf Course (all of which substances and materials shall be used, installed, kept and maintained in compliance with all applicable Legal Requirements), place or cause to be placed in, on, or around the Golf Course any Hazardous Materials. In the event Manager discovers or obtains actual knowledge of the existence of any Hazardous Materials in, on or around the Golf Course other than permitted to be so located in compliance with this Agreement, Manager shall promptly notify Owner. Manager shall not be responsible for any Hazardous Materials (i) present on the Golf Course prior to the date hereof, unless deposited thereon by Manager or Affiliate, (ii) placed on the Golf Course in accordance with the terms of this Agreement, (iii) which becomes present on the Golf Course after the date hereof as a result of an act of God or a third party, or (iv) which becomes present

on the Golf Course after termination of this Agreement and all extensions hereof; provided, however, Manager shall promptly notify Owner of any notice received by Manager from any governmental authority of any actual or threatened violation of any applicable laws, regulation or ordinances governing the use, storage or disposal of any Hazardous Materials and shall cooperate reasonably with Owner in responding to such notice and correcting or contesting any alleged violation. Manager hereby agrees to indemnify, defend (with attorneys approved by Owner, which approval shall not be unreasonably withheld) and hold Owner free and harmless from any cost, expense, penalty or other liability incurred by Owner as a result of any breach by Manager of its obligations under this paragraph. Owner hereby agrees to indemnify, defend (with attorneys approved by Manager, which approval shall not be unreasonably withheld) and hold Manager free and harmless from any cost, expense, penalty or other liability incurred by Manager as a result of or in connection with or arising from Hazardous Materials other than that caused by Manager's breach of this Article V.

ARTICLE VI.
COMPENSATION TO MANAGER

6.1 Management Fee. Commencing on the Management Commencement Date, Owner shall pay Manager for services rendered under this Agreement a Management Fee for each month of the operating Term (and proportionally for any fraction of a month) comprised of the following:

- (a) A Periodic Fixed Fee to be paid during the following time periods:
 - (i) First Term Year. Commencing on July 1, 2012 and continuing through June 30, 2013, the sum of \$66,000 to be paid in equal monthly installments of \$5,500.
 - (ii) Second Term Year. Commencing on July 1, 2013 and continuing through June 30, 2014, the sum of \$66,000 to be paid in equal monthly installments of \$5,500.
 - (iii) Third Term Year. Commencing on July 1, 2014 and continuing through June 30, 2015, the sum of \$68,640 to be paid in equal monthly installments of \$5,720.
 - (iv) Fourth Term Year. Commencing on July 1, 2015 and continuing through June 30, 2016, the sum of \$71,386 to be paid in equal monthly installments of \$5,949.
 - (v) Fifth Term Year. Commencing on July 1, 2016 and continuing through June 30, 2017, the sum of \$74,241 to be paid in equal monthly installments of \$6,187.
 - (vi) Sixth Term Year. Commencing on July 1, 2017 and continuing through June 30, 2018, the sum of \$76,468 to be paid in equal monthly installments of \$6,372.

(vii) Seventh Term Year. Commencing on July 1, 2018 and continuing through June 30, 2019, the sum of \$78,762 to be paid in equal monthly installments of \$6,564.

(viii) Eighth Term Year. Commencing on July 1, 2019 and continuing through June 30, 2020, the sum of \$81,125 to be paid in equal monthly installments of \$6,760.

(ix) Ninth Term Year. Commencing on July 1, 2020 and continuing through June 30, 2021, the sum of \$83,559 to be paid in equal monthly installments of \$6,963.

(x) Tenth Term Year. Commencing on July 1, 2021 and continuing through June 30, 2022, the sum of \$86,066 to be paid in equal monthly installments of \$7,172.

(b) In addition to the Periodic Fixed Fee, a "**Percentage Fee**" equal to zero and 75/100 percent (0.75%) of Gross Revenues, which Percentage Fee shall be paid monthly and calculated in the manner set forth in paragraph 6.3 below.

6.2. Percentage Fee Cap. The Percentage Fee mandated in paragraph 6.1(b) for any Fiscal Year shall not exceed 20% of the Periodic Fixed Fee for the applicable Term Year. Thus, the Percentage Fee Cap for each Term Year is as follows:

<u>Term Year</u>	<u>Percentage Fee Cap</u>
First	\$13,200
Second	\$13,200
Third	\$13,728
Fourth	\$14,277
Fifth	\$14,848
Sixth	\$15,294
Seventh	\$15,752
Eighth	\$16,225
Ninth	\$16,712
Tenth	\$17,213

6.3. Payments of Management Fee.

(a) Manager shall be paid the Periodic Fixed Fee for each month on the first day of such month (except with respect to the Periodic Fixed Fee paid pursuant to Paragraph

6.1(a)(i) for the first partial month, which fee for such partial month shall be paid within five (5) days of the Management Commencement Date).

(b) The Percentage Fee for each month shall be paid on or before the 20th day of the following month. The Monthly Operating Report required to be prepared pursuant to paragraph 8.3(b)(i) shall include a statement calculating the amount of the Percentage Fee.

6.4. Out-of-Pocket Costs. In addition to the compensation described in paragraph 6.1 above, throughout the Term, Manager shall also be reimbursed from time to time for all of its reasonable, direct out-of-pocket costs actually paid in the course of, and necessary for the performance of, obligations hereunder, including, without limitation, all Golf Course Personnel Expenses.

ARTICLE VII.

BANK ACCOUNTS, DEPOSITS AND WITHDRAWALS

7.1. Operating Account. On or before the Management Commencement Date, Manager shall establish one or more bank accounts for the Golf Course, which accounts (collectively, the "**Operating Account**") shall be used by Manager for the deposit on a daily basis of all Gross Revenues collected from the operation of the Golf Course. Manager and Manager's designee(s), whose names shall be disclosed to Owner, shall be sole signatory on the Operating Account. Manager shall not allow any funds withdrawn from the Operating Account to be commingled with any other funds or bank accounts of Manager.

7.2. Deposits Into Operating Account. From and after the Management Commencement Date, Manager shall deposit into the Operating Account all Gross Revenues received with respect to the Golf Course promptly following receipt thereof. If at any time Manager determines that the funds on deposit in, or projected to be on deposit in, the Operating Account (taking into account reasonably anticipated Gross Revenues) will be insufficient to pay, as and when due, Operating Expenses reasonably anticipated to be incurred in accordance with the Approved Annual Business Plan during the immediately succeeding thirty (30) calendar days, Manager shall have the right to provide written notice (a "**Notice of Operating Account Deficiency**") to Owner of the amount of such anticipated deficiency. The Notice of Operating Account Deficiency shall set forth the anticipated amount of the deficiency. Within ten (10) days following receipt of a Notice of Operating Account Deficiency, Owner shall deliver to Manager for deposit into the Operating Account an amount equal to the anticipated deficiency specified on the Notice of Operating Account Deficiency.

7.3. Withdrawals from Operating Account. Manager shall use the funds in the Operating Account as follows:

(a) **Monthly Withdrawals.** On the first business day of each calendar month from and after the Management Commencement Date, (each "**Monthly Disbursement Date**") Manager shall use the funds in the Operating Account in the following order of priority:

(i) First, to the payment of any outstanding or accrued Management Fees and to reimburse Manager for any outstanding Manager Advances;

(ii) Next, Manager shall retain in the Operating Account an amount sufficient to pay for (A) all unpaid Operating Expenses (other than Management Fees previously paid pursuant to paragraph 8.3(a)(i)), (B) all Operating Expenses anticipated to be expended during such calendar month, as indicated by the Approved Annual Business Plan;

(iii) Next, to the extent that there are funds remaining on deposit in the Operating Account in excess of the amounts necessary for the application of the foregoing clauses (i) through (ii), Manager shall retain in the Operating Account an additional amount equal to the Operating Expenses Reserve; and

(iv) Next, to the extent that there are funds remaining on deposit in the Operating Account in excess of the amounts necessary for the application of the foregoing clauses (i) through (iii), Manager shall disburse the balance of such funds to Owner.

Manager shall have the right to withdraw funds retained in the Operating Account pursuant to the foregoing clauses (ii) and (iii) as and when necessary in order to pay any accrued and unpaid Operating Expenses to the extent that the same are consistent with the Approved Annual Business Plan; provided, however, Manager, in the performance of its duties under this Agreement may not deviate by more than ten percent (10%) from any budget department set forth in the Approved Annual Business Plan.

(b) Notwithstanding the foregoing, Manager shall not use any funds in the Operating Account for the payment of any outstanding or accrued Management Fees or any outstanding Manager Advances if JC RESORTS LLC has any past due rent payments or late fees pursuant to the Lease and Concession Agreement concurrently executed with this Agreement.

(c) **Withdrawals to Pay Expenses.** In addition, Manager shall use funds from time to time on deposit in the Operating Account to pay accrued and unpaid Operating Expenses.

7.4. Manager Advances For Operating Expenses. The parties acknowledge that Manager shall have the right, but not the obligation, to advance its own funds (collectively, the "**Manager Advances**") to pay Operating Expenses consistent at all times with paragraph 7.3. Any Manager Advances shall be reimbursed pursuant to paragraph 7.3.

7.5. No Other Withdrawals From Operating Account. Except for disbursements and withdrawals made in accordance with paragraphs 6.1, 6.2, 6.3, 7.3, 7.4, 7.7, 12.4(c) and 12.5 hereof and expenditures made in connection with an emergency as contemplated by paragraph 8.2 hereof, Manager shall not have the right to withdraw or disburse funds from the Operating Account unless such withdrawal or disbursement first has been approved in writing by Owner.

7.6. Separate Accounts of Manager. Notwithstanding the provisions of paragraphs 7.1 and 7.7, Manager shall establish a separate account for the payment of all payroll expenses of the Golf Course Personnel (which account may be a general payroll account established by Manager for the payroll expenses of all employees of Manager). Manager may withdraw funds from the Operating Account from time to time for deposit into such separate payroll account; provided, however, that (a) in no event shall the amount so withdrawn from the Operating Account exceed the actual amount necessary to pay the Golf Course Personnel, (b) in no event

shall any such withdrawal from the Operating Account occur more than two (2) business days prior to the date upon which such funds are to be paid out of the separate payroll account to the Golf Course Personnel, and (c) any sums so withdrawn immediately shall be deposited into such separate payroll account.

7.7. **Change of Banks.** If so directed by Owner in writing, Manager shall change a depository bank or any depository arrangements effected pursuant to this Agreement.

7.8. **Adjustment of Capital Expense Funding Requirement.** In the event that Manager determines in its reasonable judgment that the Capital Expense Funding Requirement is insufficient to provide for anticipated capital and other expenses for any Budget Period, the parties shall negotiate in good faith an increase to the Capital Expense Funding Requirement.

ARTICLE VIII. **FINANCIAL AND REPORTING MATTERS**

8.1. Annual Business Plan.

(a) **Submission of Preliminary Annual Business Plan.** No later than sixty (60) days prior to the commencement of each Budget Period, Manager shall submit to Owner for Owner's written approval, which approval shall not be unreasonably withheld, a proposed budget and business plan (the "**Preliminary Annual Business Plan**") for the Golf Course for the next Budget Period. The Preliminary Annual Business Plan shall include such operating and capital budgets, fee schedules and plans as Owner may from time to time direct for the Budget Period.

(b) **Approval of Preliminary Annual Business Plan.** Each Preliminary Annual Business Plan is subject to the written approval of Owner, not to be unreasonably withheld. Subject at all times to paragraph 8.1(d), Owner shall have thirty (30) days from its receipt of the Preliminary Annual Business Plan and other materials required under paragraph 8.1(b) to approve or disapprove the Preliminary Annual Business Plan, which approval not be unreasonably withheld. If Owner fails to disapprove the Preliminary Annual Business Plan in writing within ten (10) days after receipt of written notice from Manager that Owner's thirty (30) day approval period has expired, the same shall be deemed approved. If required by Owner, Manager shall make a presentation to Owner summarizing the major expenditures and changes in the Preliminary Annual Business Plan as compared to the prior Budget Period. If Owner disapproves the Preliminary Annual Business Plan, Owner shall give Manager written notice (the "**Business Plan Disapproval Notice**") of such setting forth Owner's reasons for such disapproval. As soon as reasonably practical after Manager's receipt of the Business Plan Disapproval Notice, but in no event more than fifteen (15) days thereafter, Manager shall submit to Owner, for its written approval, a revised Preliminary Annual Business Plan which shall resolve all matters previously disapproved by Owner. The Preliminary Annual Business Plan, as approved by Owner or modified as set forth herein, shall be referred to in this Agreement as the "**Approved Annual Business Plan.**" If the Approved Annual Business Plan is modified with the approval of Owner during any Budget Period, the most current modified plan shall be deemed the Approved Annual Business Plan under this Agreement.

(c) In the event the Management Commencement Date does not correspond with the start of the Fiscal Year, the first and last business plans shall be prepared for the partial Fiscal Years.

(d) Owner Acknowledgment and Consent to Changes in the Approved Annual Business Plan. Owner acknowledges, notwithstanding Manager's experience and expertise in relation to the operation and management of facilities similar to the Golf Course, projections contained in each Approved Annual Business Plan are estimates only and further are subject to and may be affected by changes in financial, economic and other conditions and circumstances beyond Manager's control. The Approved Annual Business Plan should not be relied upon as a guarantee of performance. Owner shall consent to reasonable changes or amendments to the Approved Annual Business Plan.

8.2. Emergency Expenditures. Whenever, by reason of circumstances beyond the control of Manager, emergency expenditures up to Five Thousand Dollars (\$5,000) are in the opinion of Manager required to be made for the lawful or safe operation of the Golf Course, Manager may make such expenditures, notwithstanding that such expenditures are not provided for in the Approved Annual Business Plan. Manager, in all events, shall take reasonable steps to secure Owner's prior consent and shall advise Owner as soon as possible of the nature of the emergency, the proposed remedy and the cost thereof. Emergency expenditures include those incurred as a result of an unanticipated natural disaster or other natural phenomenon, the effects of which could not have been prevented or avoided by the exercise of due care or foresight, or are necessitated in Manager's reasonable judgment, for the protection of life or health, compliance with Legal Requirements or the preservation of the assets of Owner.

8.3. Books and Reports.

(a) **Book of Account.** Throughout the Management Period, Manager shall maintain in accordance with generally accepted accounting principles, consistently applied, full and separate books and records for the Golf Course with entries supported by documentation sufficient to allow Owner to ascertain the accuracy of such books and records. Manager shall maintain and safeguard such books and records at Manager's office at the Rancho Bernardo Inn, or at such other location as may be agreed upon in writing. Manager shall provide copies of such books and records to Owner at other locations upon receipt by Manager of a request therefor from Owner. Manager shall ensure such control over accounting and financial transactions as is necessary to protect Owner's assets from theft, error or fraudulent activity by Manager's employees.

(b) **Reports.**

(i) Manager shall prepare and submit to Owner, on or before the twentieth (20th) of each calendar month during the Management Period and the twentieth (20th) day of the calendar month immediately following any month in which this Agreement is terminated, a "**Monthly Operating Report**", which Monthly Operating Report shall be in such form and contain such operating information as Owner may reasonably require and shall include a report of a statement of income and expenses (including the Management Fee) for the Golf Course for the preceding month and a balance sheet for the Golf Course, each prepared on an

accrual basis, and, if requested by Owner, an analysis of variances from the Approved Annual Business Plan, as applicable.

(ii) Manager shall prepare and submit to Owner no later than ninety (90) days after the end of each Fiscal Year an "**Annual Operating Report**" for the immediately preceding Fiscal Year (or in the case of a partial Fiscal Year at the beginning or end of the Management Period, an Annual Operating Report for such partial Fiscal Year), which Annual Operating Report shall be in such form and contain such information as Owner may reasonably require, including, without limitation, the information described in paragraph 8.3(b)(i) above (collectively, the "**Year End Financials**").

(c) **Supporting Documentation.** As additional supporting documentation for the monthly financial statements and Year End Financials required under paragraph (b) above, unless otherwise directed by Owner, Manager shall make available at Manager's principal office at the Rancho Bernardo Inn, the following: (i) all bank statements and bank deposit slips; (ii) detailed cash receipts and disbursement records; (iii) detailed trial balances for receivables and payables and billed and unbilled revenue items; (iv) paid invoices; (v) supporting documentation for payroll, payroll taxes and employee benefits; (vi) appropriate details of accrued expenses and property records; (vii) daily or weekly reports maintained by Manager in connection with its ongoing operation and management of the Golf Course; and (viii) information necessary for preparation of Owner's tax returns, including a description of and a statement of accounts expended in connection with repairs, capital improvements, taxes and professional fees.

8.4. Owner's Right to Audit. All books, records and supporting documentation maintained by Manager pursuant to this Article VIII shall be the sole and exclusive property of Owner, and shall be made available to Owner at Owner's request at reasonable times during normal business hours, and, in addition, in connection with independent financial audits of Owner, as well as audits by any governmental authority. Owner, or persons appointed by Owner, may, during ordinary business hours, examine all books, records and files maintained for Owner by Manager. Owner may perform any audit or investigation relating to Manager's activities at any office of Manager if such audit or investigation relates to Manager's activities for Owner. Without limiting the provisions of paragraph 8.4 hereof, should Owner or Owner's employees or representatives discover any errors in record keeping, Manager shall correct such discrepancies promptly upon discovery and make necessary adjustments. Manager shall inform Owner in writing of the action taken to correct any audit discrepancies.

ARTICLE IX. REPRESENTATIONS AND WARRANTIES

9.1. Owner's Representations and Warranties. As a material inducement for Manager to enter into this Agreement, Owner represents and warrants to Manager that as of the Management Commencement Date:

(a) Owner is duly organized, validly existing, and in good standing under the laws of its state of organization, is duly qualified to do business in the state in which the Golf Course is located, and has full power, authority, and legal right to execute, perform and timely observe all of the provisions of this Agreement to be performed or observed by Owner. This

Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of Owner enforceable in accordance with the terms hereof.

(b) To the best of Owner's knowledge, there is no claim, litigation, proceedings or governmental investigation pending against or relating to Owner, the properties or business of Owner or the transactions contemplated by this Agreement, which does or may reasonably be expected to materially and adversely affect the ability of Owner to enter into this Agreement or to carry out its obligations hereunder, and there is no basis for any such claim, litigation, proceedings or governmental investigation, except as has been fully disclosed in writing to Manager.

(c) This Agreement constitutes a valid and binding obligation of Owner and does not and will not constitute a breach of or default under any of the organizational or governing documents of Owner or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Owner is a party or by which it or any substantial portion of its assets (including the Golf Course) is bound or affected.

(d) No approval of any third party (including any ground lessor or the holder of any Mortgage) is required for Owner's execution and performance of this Agreement that has not been obtained prior to the execution of this Agreement.

(e) Owner, at its own expense, shall maintain in full force and effect starting on the Management Commencement Date and throughout the Management Period its legal existence and the rights required for it timely to observe and perform all of the terms and conditions of this Agreement.

(f) Owner is the sole owner of a fee interest in and to the Golf Course as defined in Recital A of this Agreement, subject to customary title exceptions. Owner has full power, authority and legal right to own a fee interest in and to such real and personal property.

9.2. Manager's Representations and Warranties. As a material inducement to Owner to enter into this Agreement, Manager represents and warrants to Owner that as of the Management Commencement Date:

(a) Manager is duly organized, validly existing, and in good standing under the laws of its state of organization, is duly qualified to do business in the state in which the Golf Course is located, and has full power, authority, and legal right to execute, perform and timely observe all of the provisions of this Agreement to be performed or observed by Manager. This Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of Manager enforceable in accordance with the terms hereof.

(b) There is no claim, litigation, proceedings or governmental investigation pending against or relating to Manager, the properties or business of Manager or the transactions contemplated by this Agreement, which does or may reasonably be expected to materially and adversely affect the ability of Manager to enter into this Agreement or to carry out its obligations hereunder, and there is no basis for any such claim, litigation, proceedings or governmental investigation, except as has been fully disclosed in writing to Owner.

(c) This Agreement constitutes a valid and binding obligation of Manager and does not and will not constitute a breach of or default under any of the organizational or governing documents of Manager or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Manager is a party or by which it or any substantial portion of its assets is bound or affected.

(d) No approval of any third party is required for Manager's execution and performance of this Agreement that has not been obtained prior to the execution of this Agreement.

(e) Manager, at its own expense, shall maintain in full force and effect starting on the Management Commencement Date and throughout the Management Period its legal existence and the rights required for it timely to observe and perform all of the terms and conditions of this Agreement.

ARTICLE X.

ALTERATIONS AND IMPROVEMENTS

10.1. Approvals; Execution of Agreements. Unless expressly provided to the contrary in this Agreement, previously approved by Owner in writing or contemplated in the Approved Annual Business Plan, Manager shall not make any alterations of or Improvements to the Golf Course. Following any approval by Owner of any such alterations or Improvements, Manager shall negotiate, and submit to Owner for its approval (which approval shall not be unreasonably withheld), all necessary agreements relating to such alterations and Improvements. Owner may, at its option, require that such agreements be executed in the name of Owner or Manager.

10.2. Supervision. Throughout the Management Period, Manager shall, if and to the extent requested by Owner, coordinate and supervise all minor alterations of and Improvements to the Golf Course and in connection therewith shall take such actions as Owner may direct and all steps necessary or appropriate to cause such alterations and Improvements to be completed in a timely, efficient, economical and workmanlike manner, and in accordance with all Legal Requirements.

ARTICLE XI.

INSURANCE, INDEMNITY AND CASUALTY

11.1. Insurance Requirements of Manager

(a) **Insurance Types.**

(i) Effective as of the Management Commencement Date, Manager shall obtain all insurance required to be obtained by Manager under this Agreement.

(ii) Unless otherwise noted, all insurance described under this Article XI to be carried by Manager will be maintained by Manager at Owner's expense in accordance with the Approved Annual Business Plan, as applicable, with insurance carriers who are legally operating in the State of California, with an AM Best rating of A-Class VII or higher and

acceptable to Owner, which acceptance shall not be unreasonably withheld. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of this Agreement or such longer period as may be specified herein. Manager may provide the insurance described in this Article XI in whole or in part through a policy or policies covering other liabilities and projects of Manager. Owner shall not be entitled to a pro rata refund for partial year coverage on pre-paid insurance premiums in the event of any early termination.

(b) Evidence of Insurance. As evidence of specified insurance coverage, Owner will accept certificates issued by Manager's insurance carrier showing such policies in force for the specified period, but Owner has the right to review certified policies as reasonably necessary. Such evidence shall be delivered to Owner promptly on or before the Management Commencement Date. Each policy and certificate shall be subject to the reasonable approval by Owner and shall provide that such policy shall not be subject to material alteration to the detriment of Owner or Manager or cancellation without thirty (30) days' notice in writing to be delivered by registered mail to Owner. Should any policy expire or be canceled before the expiration of this Agreement and Manager fails immediately to procure other insurance as specified, Owner reserves the right, but shall have no obligation, to procure such insurance.

(c) Damages. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Manager should maintain or the extent of Manager's responsibility for payment of damages resulting from its operations under this Agreement.

(d) Worker's Compensation Insurance. Throughout the Management Period, Manager shall maintain Worker's Compensation Insurance, including Employer's Liability, at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable State Worker's Compensation Insurance Laws in effect from time to time. Manager may elect to go with a large deductible program wherein Owner will share loss(es) under the deductible but benefit from the savings in premiums (Owner, may at its option, elect to go with a stand-alone policy if they do not want to participate in such large deductible program).

(e) Comprehensive General Liability Insurance. Throughout the Management Period, Manager shall maintain Comprehensive or Commercial Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, with a combined single limit for bodily injury and property damage of Ten Million Dollars (\$10,000,000), or limit carried, whichever is greater, covering Operations, Independent Contractors, Products and Completed Operations, Contractual Liability covering the indemnification contained in paragraph 11.3. Such Insurance specified in this paragraph provisions with respect to Severability of Interest and Cross Liability, Personal Injury and Explosion, Collapse and Underground Hazards (X, C, U) and liquor law liability. The limits of liability of the insurance coverage specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

(f) Automobile Liability Insurance. Throughout the Management Period, Manager shall maintain owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles (excepting golf carts and other motorized

golf course equipment for which liability shall be insured under paragraph 11.1(e) above) utilized by Manager in connection with this Agreement with a combined single limit for bodily injury and property damage of Ten Million Dollars (\$10,000,000) or limit carried, whichever is greater.

(g) Comprehensive Dishonesty, Destruction and Disappearance (3-D Bond). Throughout the Management Period, Manager shall obtain and maintain throughout the Management Period a 3-D Bond, or equivalent, in an amount not less than Twenty-Five Thousand Dollars (\$25,000), or limit carried, whichever is greater, from a surety or insurance company reasonably acceptable to Owner covering as a minimum Depositor's Forgery and all Manager's employees who may handle funds or property in connection with the Golf Course.

(h) Business Interruption Insurance. Throughout the Management Period, Manager shall maintain business interruption insurance of a type and in amounts sufficient to cover loss of profits and rent, management fees, any mortgage payments, real estate taxes, hazard insurance premiums and adequate cleaning, lighting and maintenance of the Golf Course for a period of at least twelve (12) months, and with a waiting period of no more than seven (7) days.

(i) Special Form Insurance. Throughout the Management Period, Manager shall maintain "Special Form Insurance" covering loss or damage to buildings, equipment and supplies on a replacement cost basis.

(j) Employment Practices Liability Insurance. Throughout the Management Period, Manager shall maintain Employment Practices Liability Insurance in an amount of not less than \$2,000,000.

(k) Named Insured. Owner shall be included as a named insured under the coverage specified in paragraphs 11.1(e), 11.1(f), 11.1(g), 11.1(h) and 11.1(i) with the following endorsement or provision included within each applicable policy: "It is understood and agreed that coverage afforded by this Policy shall also apply to Owner, its officers, directors, members, agents, servants, employees, divisions, subsidiaries, partners, shareholders, and affiliated companies as named insureds. This insurance is primary and any other insurance maintained by such additional insured is non-contributing with this insurance as respects claims or liability arising out of or resulting from acts or omissions by or on behalf of the named insured."

(l) Indemnification. Manager hereby agrees to indemnify, defend (with attorneys approved by Owner, which approval shall not be unreasonably withheld) and hold Owner free and harmless from any cost, expense, penalty or other liability incurred by Owner as a result of any breach by Manager of its obligations under this Section 11.1.

11.2. Indemnification by Owner. To the extent permitted by law, during the Management Period of the Agreement, Owner shall indemnify, protect, defend (through counsel reasonably satisfactory to Manager), and hold harmless Manager and Manager's Affiliates, shareholders, partners, officers, directors, trustees, beneficiaries, members, employees, agents, and legal representatives and the successors and assigns of each of the foregoing (collectively, the "Manager Representatives") from, and Manager Representatives shall not be liable to Owner for, any and all liability, loss, cost, claims (whether administrative or judicial) or expense

(including, without limitation, damage to Owner's property, workers compensation and/or employee claims, third party claims and reasonable attorneys' fees and expenses) resulting from or arising from or relating to the ownership, development, construction, management, operation or maintenance of the Golf Course (collectively, the "**Liabilities**"), except to the extent those Liabilities arise from (a) Manager's or a Manager's Representatives willful or criminal misconduct, gross negligence or fraud in connection with or relating to the performance by Manager of its obligations under this Agreement, except to the extent that such Manager's misconduct, gross negligence or fraud is caused by, is a result of, or is done at the direction of an Owner Indemnified Party, or (b) any acts by Manager or Manager's Representatives that are beyond the scope of authority that Manager reasonably believes it has been granted pursuant to this Agreement.

(a) **Duty to Defend.** Manager will notify Owner of any action, suit, or proceeding potentially giving rise to an indemnity obligation hereunder, and Owner may, and upon Manager's request shall, at Owner's expense, defend such action, suit, or proceeding, or cause the same to be defended by counsel designated by Manager.

(b) **Survival.** The obligations of Owner under this paragraph 11.2 shall survive the expiration or earlier termination /of this Agreement (regardless of the basis therefor).

(c) **Insurance.** Notwithstanding anything to the contrary in this Section 11.2, the Manager and the Manager Representatives shall look first to the appropriate insurance coverages in effect pursuant to this Agreement prior to seeking indemnification under this Section 11.2 in the event any claim or liability occurs as a result of injury to persons or damage to property, regardless of the cause of such claim or liability; provided, however, if the insurance company denies coverage or reserves rights as to coverage, then the Manager and the Manager Representatives shall have the right to seek indemnification, without first looking to such insurance coverage.

11.3. Indemnification by Manager. To the extent permitted by law during the Management Period, and unless otherwise caused by the gross negligence or willful misconduct of Owner or Owner's Representatives (as defined below) or by a breach by Owner of its obligations hereunder, Manager and Affiliate agree to indemnify, protect and defend (through counsel reasonably satisfactory to Owner) and hold harmless Owner and Owner's divisions, subsidiaries, and affiliated companies, and its and their shareholders, partners, directors, trustees, beneficiaries, members, officers, employees, agents, and representatives and its and their respective successors and assigns ("**Owner's Representatives**") from, and Owner and Owner's Representatives shall not be liable for, any and all liability, loss, cost, or expense damage (including, without limitation, damage to Owner's property, third party claims and reasonable attorneys' fees and expenses) resulting from or arising from or relating to the management, operation or maintenance of the Golf Course during the Management Period of this Agreement to the extent the same is related to or caused by the (a) willful or criminal misconduct, gross negligence or fraud of Manager or any of Manager's Representatives, or (b) any acts by Manager or Manager's Representatives which are beyond the scope of authority which Manager reasonably believes it has been granted pursuant to this Agreement in connection with or relating to the performance by Manager of its obligations under this Agreement.

(a) **Duty to Defend.** Owner will notify Manager of any action, suit, or proceeding potentially giving rise to a claim of indemnification under this paragraph, and Manager may, and upon Owner's request shall, at Manager's expense, defend such action, suit or proceeding, or cause the same to be defended by Counsel designated by Owner.

(b) **Survival.** The obligations of Manager under this paragraph 11.3 shall survive the expiration or earlier termination of this Agreement (regardless of the basis therefor).

(c) **Insurance.** Notwithstanding anything to the contrary in this Section 11.3, the Owner and the Owner Representatives shall look first to the appropriate insurance coverages in effect pursuant to this Agreement prior to seeking indemnification under this Section 11.3 in the event any claim or liability occurs as a result of injury to persons or damage to property, regardless of the cause of such claim or liability; provided, however, if the insurance company denies coverage or reserves rights as to coverage, then the Owner and the Owner Representatives shall have the right to seek indemnification, without first looking to such insurance coverage.

11.4. Accident Reporting. Manager shall promptly investigate, and make a full, timely written report to Owner regarding all accidents, claims or damage in excess of Five Thousand Dollars (\$5,000) relating to the ownership, operation, management and maintenance of the Golf Course; any damage or destruction to the Golf Course and the estimated cost of repair thereof, and shall prepare any and all reports required by Owner and any insurance companies in connection therewith. All such reports shall be filed timely with Manager's insurance companies as required under the terms of the applicable insurance policy which provides coverage for such accident, damage or claim. Manager shall not settle, compromise, or otherwise dispose of any claims, demands or liabilities, whether or not covered by insurance proceeds, without the prior written consent of Owner.

ARTICLE XII. TERM AND TERMINATION OF AGREEMENT

12.1. Management Commencement Date. The Management Commencement Date shall commence on July 1, 2012 and end on June 30, 2022 (the "**Management Period**").

12.2. Hold Over. The occupancy of the Golf Course by Manager or JC RESORTS LLC, after the expiration of the Management Period shall be construed to be a license from month to month, and all other terms and conditions of this Agreement and the Lease and Concession Agreement executed concurrently, shall continue in full force and effect, on a month to month basis.

12.3. Events of Default by Manager. The following shall constitute Events of Default of Manager:

(a) if there is any failure by Manager to perform any of the terms, conditions or covenants of this Agreement to be observed or performed by Manager within thirty (30) days after written notice from Owner (or such additional time as is reasonably required to correct any such default provided that Manager commences the cure during such thirty (30) day period and thereafter diligently pursues such cure);

(b) if Manager shall become insolvent or file any debtor proceedings, or should any adjudications in bankruptcy be rendered against Manager, or should Manager take or there be taken against Manager in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Manager's property, and, in the case of any involuntary proceeding, the same is not discharged within sixty (60) days thereafter, or if Manager makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement of its debts;

(c) if Manager shall permit or suffer this Agreement to be taken under any writ of attachment or execution, and the same is not discharged within thirty (30) days thereafter; or

(d) if Manager assigns this Agreement in violation of Article XIII.

12.4. Events of Default by Owner. The following shall constitute Events of Default of Owner:

(a) If Owner fails to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Owner, and such default shall continue for a period of thirty (30) days after written notice thereof by Manager to Owner (or such additional time as is reasonably required to correct any such default provided that Owner commences the cure during such thirty (30) day period and thereafter diligently pursues such cure);

(b) If Owner fails to fund a monetary deficiency pursuant to paragraph 7.2 or pay to the Manager any sum or money when due and payable;

(c) If Owner shall become insolvent or file any debtor proceedings, or should any adjudications in bankruptcy be rendered against Owner, or should Owner take or there be taken against Owner in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the Golf Course, and, in the case of any involuntary proceeding, the same is not discharged within sixty (60) days thereafter, or if Owner makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement of its debts.

12.5. Termination Upon Default. Upon the occurrence and continuation of an Event of Default, the non-defaulting party may, at its option, and in addition to any and all other rights to which it may be entitled under this Agreement or applicable law, elect to terminate this Agreement. Any such termination shall be effective as of the date therefor specified in such election; provided, however, that in no event shall such date be later than thirty (30) days following the date such election is made.

12.6. Actions Following Termination. In addition to any other rights and remedies afforded to a non-defaulting party following an Event of Default, should a non-defaulting party elect termination, the parties agree that the following additional provisions shall apply in order to facilitate transition in management of the Golf Course:

(a) Manager shall assign, convey, transfer and set over unto Owner, pursuant to an assignment in form and content satisfactory to Owner, all of Manager's right, title, and interest in and to all Operating Contracts then in effect and in Manager's name with respect to the Golf Course, and Manager shall transfer to Owner possession of all Equipment and Supplies.

(b) Manager shall, for a period of two (2) months following such termination, assist and cooperate with Owner to the extent necessary to ensure an orderly and efficient transfer of the operations of the Golf Course by Manager to Owner or Owner's designee. The covenant of Manager contained herein shall survive and remain in full force and effect following any such termination of this Agreement.

(c) Notwithstanding the foregoing, if at the time of termination Manager has not already been paid in full, Manager shall withdraw from the Operating Account funds necessary to cover all outstanding balances owing from Owner to Manager, plus interest, and all outstanding fees (including unpaid Management Fees) and out of pocket costs, including establishment of a Liability Escrow for any open or threatened claims; provided, however, that in the event of a termination due to a default of Manager or Affiliate, Manager shall not have the right to withdraw further funds to pay fees thereafter accruing. If amounts in the Operating Account are insufficient to pay all outstanding amounts owed to Manager by Owner, such amounts shall be promptly paid directly by Owner to Manager.

(d) For purposes of clarification, the provisions of this Article XII regarding termination are not intended to limit any other rights or remedies afforded to a party under applicable law as a consequence of an Event of Default in respect of the other party. For example, should an Event of Default occur in respect of Manager (e.g., failure by Manager to perform its obligations hereunder, after notice and opportunity to cure), Owner shall have a right, in addition to termination, to obtain an award for any damages suffered as a consequence of such Event of Default. Notwithstanding the foregoing, the maximum damages to which Manager may be held liable on account of Events of Default hereunder shall not exceed 100% of the aggregate Management Fees paid to Manager for the immediately preceding Budget Period; provided, however, the foregoing limitation shall not apply to, limit, or affect (i) Manager's indemnity obligations under paragraphs 5.1(j), 11.1(l), and 11.3 above, or (ii) any claims related to or based upon Manager's willful, criminal or fraudulent misconduct.

(e) Owner acknowledges that Manager or its Affiliate may have an obligation under federal, state, or local law to give advance notice to Golf Course Personnel of any termination of their employment, and that failure to comply with any such notification obligation could give rise to civil liabilities. Therefore, notwithstanding anything to the contrary contained in this Agreement, (i) the date of termination of this Agreement, other than upon expiration of the Management Period (provided, however, that the parties are no longer in negotiation to extend the Term of the Agreement), shall be extended so that the date of termination after notice of termination is given to or by Manager shall be on a date which is not earlier than ten (10) days plus the number of days, if any, Manager is required to give its employees advance notification of termination of employment by Manager as required by the Worker Adjustment and Retraining Act, 29 U.S.C., § 2101 et. seq., as hereafter amended ("WARN Act"), or any similar federal or state statute; (ii) Owner shall indemnify, hold harmless and defend Manager and its Affiliates from and against any such liabilities based on Owner's actions (including terminating this

Agreement) which give rise to such a notification obligation on the part of Manager or any of its Affiliates, if Owner fails to extend the date of termination as required by, and in accordance with, subparagraph (i) of this paragraph 12.4(e); and (iii) Manager shall continue to employ such Golf Course Personnel as are necessary and for so long as is necessary to not cause a “mass layoff,” “plant closing,” or other violation relating to the termination of Golf Course Personnel under the WARN Act. Owner shall have no responsibility under, nor any liability to Manager and its Affiliates with respect to, the WARN Act, or any similar federal or state statute, provided Owner has complied with its obligations under this paragraph 12.4(e). Notwithstanding the foregoing, in the event that the WARN Act does not apply because the Golf Course does not meet the definition of “covered establishment” or the termination of Golf Course Personnel does not meet the criteria to trigger the WARN Act, then this provision shall be null and void.

ARTICLE XIII. **TRANSFER AND ASSIGNMENTS**

13.1. Restrictions on Manager. Manager shall not sell, convey, assign, transfer, hypothecate, pledge, or otherwise dispose of (or agree to do any of the foregoing) all or any part of its interest, if any, in this Agreement, or any contractual rights or obligations related hereto (including any rights to receive payments) (“**Transfer**”), without the prior written consent of Owner, which consent may be granted or withheld in Owner’s sole judgment. Any assignment by Manager without Owner’s consent shall be of no force or effect. A sale or conveyance of more than 51% of the interests in the profit and losses of Manager shall be considered a Transfer under this Article. Notwithstanding the above, Manager may transfer or change the ownership of stock between Kathryn S. Colachis (“**Colachis**”), a member of her family, a trust for the benefit of Colachis or a member of her family, any partnership, corporation or other legal entity owned or controlled by or for the benefit of Colachis or a member of her family, or any combination of the foregoing without the prior written consent of Owner. For purposes of this paragraph, the word “**family**” shall include Colachis’ ancestors, descendants (including those legally adopted into that status) and the siblings and spouses of any such individuals and the issues of siblings of Colachis.

13.2. Restrictions on Owner. Owner may sell, encumber, subordinate, assign, lease, sublease, or otherwise deal with the Golf Course as the sole and absolute owner thereof, all without any duty to consult with or otherwise obtain the consent of Manager, provided that any such transferee shall take its interest subject to the rights of Manager under this Agreement.

ARTICLE XIV. **LEGAL REQUIREMENTS**

14.1. Legal Requirements.

(a) **Manager Legal Requirements.** Throughout the Management Period, Manager shall comply with and observe, without exception, all Legal Requirements applicable to the Golf Course or any of the rights, duties, or obligations of Manager under this Agreement, including all Legal Requirements that are applicable as a result of Manager serving in its

capacity as the manager of the Golf Course ("**Manager Legal Requirements**"). All sums required to be paid to ensure compliance with this paragraph 14.1(a) on account of Manager Legal Requirements shall be paid at no cost or expense to Owner.

(b) **Owner Legal Requirements**. Throughout the Management Period, Owner shall comply with and observe, without exception, all Legal Requirements applicable to the Golf Course or any of the rights, duties, or obligations of Owner under this Agreement, including all Legal Requirements that are applicable as a result of Owner serving in its capacity as the Owner of the Golf Course ("**Owner Legal Requirements**"). All sums required to be paid to ensure compliance with this paragraph 14.1(b) on account of Owner Legal Requirements (such as licenses and authorizations to do business in the State of California) shall be paid at no cost or expense to Manager.

14.2. Manager's Right to Contest Legal Requirements. Manager shall recommend to Owner from time to time whether any Legal Requirements should be contested. If requested by Owner, Manager shall contest with reasonable diligence any Legal Requirement designated by Owner. Additionally, and notwithstanding paragraph 5.1(h), Manager shall have the right to contest by appropriate proceedings conducted in good faith and with reasonable diligence the validity or application of any Legal Requirement, whether a Manager Legal Requirement or an Owner Legal Requirement. If compliance with any such Legal Requirement may legally be delayed pending the prosecuting of any such proceeding, Manager may, with the prior written consent of Owner, contest as aforesaid and delay as aforesaid, provided that such contest or delay does not subject Owner to criminal liability, damages or expenses and provided that Manager furnishes Owner security, reasonably satisfactory to Owner, against any loss or injury by reason of such contest or delay. The costs of contesting any Owner Legal Requirement shall be borne by Owner and the costs of contesting any Manager Legal Requirement shall be borne by Manager.

14.3. Environmental Matters. Owner and Manager shall each disclose to the other the presence of any Hazardous Materials known or discovered by Owner or Manager (as the case may be) that may require action in order to comply with (or avoid a violation of) applicable Legal Requirements or that may create or contribute to any claims, damages, losses, or expenses not typically insured against by the insurance coverages specified in Article XI. If any such Hazardous Materials require removal, abatement, or any other special procedures, such special procedures shall be performed at an expense in proportion to each party's liability in compliance with all Legal Requirements. In any case, Manager shall cooperate with Owner and/or any insurance risk manager to analyze what insurance coverages may be available, and at what cost, against the presence of such Hazardous Materials, in order to protect the interests of both Manager and Owner.

ARTICLE XV. CERTAIN TRANSACTIONS

15.1. Manager or Owner, any Affiliate of Manager or Owner, or both, or any shareholder, officer, member, director, employee or any person owning a legal or beneficial interest therein, may own, lease, develop, operate or manage or participate (directly or indirectly) in the ownership, leasing, development, operation or management of any golf course, resort

facilities, or other business or venture of any nature and description independently or with others, which may be located in the same market area or vicinity.

(a) **Owner's Understanding.** Owner hereby represents that in entering into this Agreement, Owner has not relied on any statement as to the possibility of future success or as to any similar matter which may have been prepared by Manager or by any of its Affiliates and understands that no guarantee is made or implied by Manager or by any of its Affiliates as to the future earnings or financial success of the Golf Course.

(b) **Manager's Understanding.** Manager hereby represents that in entering into this Agreement, Manager has not relied on any statement from Owner or any representative or partner of Owner and has conducted such due diligence and investigations as it deems appropriate before entering into this Agreement.

ARTICLE XVI. MISCELLANEOUS

16.1. Waiver. The waiver by either Owner or Manager of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. No covenant, term or condition of this Agreement shall be deemed to have been waived by Owner or Manager, unless such waiver is in writing signed by the party against whom such waiver is asserted.

16.2. Entire Agreement. This Agreement sets forth all the covenants, promises, agreements, conditions and understandings between Owner and Manager, oral or written, relating to the subject matter of this Agreement. Neither Owner nor Manager has made any representations or promises not expressly contained herein. No subsequent alterations, amendment, change or addition to this Agreement shall be binding upon Owner and Manager unless reduced to a writing and signed by them.

16.3. Unavoidable Delay. In the event that either party hereto shall be delayed, or hindered in, or temporarily prevented from, the performance of any act required hereunder by reason of an Unavoidable Delay, then performance of such act shall be excused for the period of said delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. In the event that either party shall be indefinitely prevented from the performance of any act required hereunder by reason of an Unavoidable Delay then performance of such act shall be excused. Notwithstanding the foregoing, no Unavoidable Delay shall excuse the timely payment of money when due hereunder except as otherwise expressly provided in this Agreement.

16.4. Notices. Notices, statements and other communications to be given under the terms of this Agreement shall be delivered in a timely fashion (and in any event within any time limits established elsewhere in this Agreement) and shall be in writing and delivered by hand (including pre-paid courier) against receipt or sent by certified or registered mail, postage prepaid, return receipt requested, or by telex, telegram, facsimile, or other telegraphic means and addressed as follows:

If to Owner: City of Escondido
201 North Broadway
Escondido, CA 92025
Attn: Gilbert Rojas, Director of Finance

If to Manager: JC Management LLC
533 Coast Boulevard South
La Jolla, California 92037
Attn: Paul L. Reed

or at such other address as from time to time designated by the party receiving the notice in accordance with this paragraph 16.4. The date of service of such notice shall be the date such notices are delivered to the party to whom the notice is given.

16.5. Captions and Paragraph Numbers. The captions, paragraph numbers, article numbers and index appearing in this Agreement are inserted only as a matter of convenience, and in no way define, limit, construe or describe the scope or intent of such section or article, nor in any way affect this Agreement.

16.6. Construction of Language. The language in all parts of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against either Owner or Manager.

16.7. Interest. Interest shall accrue on any sums owed by either party hereto to the other party starting from the first date of delinquency and continuing until the full amount, including such interest, is paid. Such interest shall accrue at a rate equal to the lesser of (a) the maximum rate of interest allowed by applicable law, or (b) the rate of interest announced by Wells Fargo (or successor thereto) as of such date of delinquency, as its "**prime**" or "**reference**" rate, plus two percent (2%).

16.8. Successors. Except as herein otherwise provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Owner and Manager. Nothing stated in the foregoing sentence shall limit the provisions of Article XIII of this Agreement.

16.9. Persons Indemnified. All agreements by either Manager or Owner to indemnify or hold the other harmless contained in this Agreement shall inure to the benefit not only of the respective indemnitee but also to that of its and their subsidiaries and Affiliates, and shall also inure to the benefit of the directors, officers, employees and agents of any of the foregoing.

16.10. Applicable Law and Jurisdiction. This Agreement and all provisions thereof, irrespective of the place of execution or performance, shall be construed and enforced in accordance with the laws of the State of California. The sole and exclusive venue for any legal action under this Agreement or in any way related to the Golf Course shall be the Superior Court of California in and for the County of San Diego, and Owner and Manager agree to submit to the jurisdiction of such court.

16.11. Cumulative Rights. The rights and remedies conferred upon both Owner and Manager in this Agreement and by law are cumulative.

16.12. Savings Clause. If any provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder or substantially increase the burden on any party hereto, shall be held to be invalid or unenforceable to any extent, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Agreement.

16.13. Attorneys' Fees and Expenses. In the event of any dispute or litigation concerning the enforcement, validity or interpretation of this Agreement, or any part hereof, the losing party shall pay all costs, charges, fees and expenses (including reasonable attorneys' fees and costs) paid or incurred by the prevailing party, regardless of whether any action or proceeding is initiated relative to such dispute and regardless of whether any such litigation is prosecuted to judgment. For the purpose of this Agreement, the terms "**attorneys' fees**" or "**attorneys' fees and costs**" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "**attorneys' fees**" or "**attorneys' fees and costs**" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred, and shall include all such fees and expenses incurred or anticipated to be incurred in collecting or enforcing any judgment in connection therewith.

16.14. Injunctive Relief. In the event of a breach or threatened breach by either party of any of the covenants or provisions of this Agreement, the other party shall, in addition to any remedies expressly mentioned in this Agreement, have the right of injunction and the right to invoke any remedy at law or in equity.

16.15. Further Assurances. Manager and Owner each agree to execute and deliver from time to time, promptly following any reasonable request therefor by the other party, any and all instruments, agreements and documents and promptly shall take such other actions as may be necessary or appropriate in the reasonable determination of the other party, to carry out the transaction described in this Agreement.

16.16. Trade Names, Royalties and Patents. All trade names, trademarks, logos, emblems and similar identifying matters related to or used in connection with the Golf Course shall be the sole and exclusive property of Owner, and all matters relating to their use shall be subject to Owner's approval in its sole judgment. If any design, device, material or process covered by letters patent, copyright or trademark is used by Manager in connection with the Golf Course, it shall provide for such use by legal agreement with the owner of the patent, copyright or trademark or a duly authorized licensee of such owner.

16.17. No Third-Party Beneficiaries. This Agreement is not intended and shall not be deemed or construed to convey any rights, powers or privileges on any person, firm, partnership, corporation, or other entity not a party hereto.

16.18. Incorporation of Exhibits. The Exhibits attached hereto shall be construed with and as integral parts of this Agreement to be the same extent as if the same had been set forth verbatim herein.

16.19. Approvals. In any provision of the Agreement where Owner's or Manager's approval or consent is required, Owner or Manager, as applicable, shall, except to the extent specifically stated to the contrary in such provision, have the right to withhold or refuse its approval or consent in Owner's or Manager's, as applicable, sole and absolute discretion.

16.20. Counterparts. This Agreement may be executed in any number of counterparts, and each of such counterparts for all purposes shall be deemed to be an original, and all of such counterparts should constitute one and the same agreement.

16.21. Nondiscrimination in Employment. Manager will use reasonable and diligent efforts not to discriminate against any employee or applicant for employment because of race, creed, color, age, sex or national origin. Manager will use reasonable and diligent efforts to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, sex or national origin. Manager shall not discriminate with respect to the following: employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

16.22. Time. Time is of the essence of this Agreement and each provision hereof of which time is an element.

16.23. Independent Contractor. Owner and Manager acknowledge and agree that Manager will act as an independent contractor in the performance of its duties and responsibilities set forth in this Agreement. No provisions hereunder shall be intended to create a partnership or joint venture between Owner and Manager with respect to the Golf Course or otherwise, and neither party shall have the power to bind or obligate the other party, except as expressly set forth in this Agreement.

16.24. Confidentiality. Manager shall hold confidential any information which Manager receives in connection with the performance of its obligations hereunder and which concerns Owner or its operations or business and shall not disclose all or any portion of such information to any third party, except for such disclosures as are necessary to perform Manager's obligations hereunder or are required by law or by any proposed lender or mortgagee of the Golf Course.

IN WITNESS WHEREOF, Owner and Manager have executed this Agreement as of the date first above written.

“Owner”

CITY OF ESCONDIDO
a California municipal corporation

By: _____
Sam Abed, Mayor

“Manager”

JC MANAGEMENT LLC
a California limited liability company

By: _____
Paul L. Reed, President

Exhibit "A"
GOLF COURSE

ALL THAT REAL PROPERTY IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

ALL OF ASSESSOR'S PARCEL NUMBER 187-310-11 LYING NORTHERLY OF JESMOND DENE ROAD, AND LOT "R" ON ESCONDIDO TRACT NO. 819, MAP THEREOF NO. 14185, FILED FOR RECORD WITH THE SAN DIEGO COUNTY RECORDER ON APRIL 5, 2001 AS DOCUMENT NO. 2001-0207056.

LEASE AND CONCESSION AGREEMENT

THIS LEASE AND CONCESSION AGREEMENT is entered into as of _____, 2012 (the "**Lease**") by and between **THE CITY OF ESCONDIDO**, a California municipal corporation, (hereinafter referred to as "**Landlord**") and **JC RESORTS LLC**, a Delaware limited liability company (hereinafter referred to as the "**Tenant**"). Landlord and Tenant are sometimes hereinafter collectively referred to herein as the "parties."

RECITALS:

The parties make the following recitals as to the facts surrounding the making and entering into of this Lease:

- A. Landlord is the owner of approximately 65 acres comprising the Reidy Creek Golf Course and Clubhouse (hereinafter referred to as "**Golf Course**") located in San Diego County, City of Escondido, as more particularly described in Exhibit "A" attached hereto and incorporated herewith.
- B. Concurrent with the execution of this Lease, Landlord and JC Management LLC, an Affiliate of Tenant, entered into a Golf Course Consulting and Management Agreement (the "**Management Agreement**") wherein Landlord retained JC Management LLC to manage and operate the Golf Course.
- C. Landlord desires that Tenant provide certain food and beverage services for the Golf Course and Tenant desires to lease from Landlord, the snack bar facility located at the Golf Course (hereinafter referred to as the "**Premises**"), as more particularly described in Exhibit "B" attached hereto and incorporated herewith.

NOW, THEREFORE, in consideration of their mutual promises, the parties hereby agree as follows:

AGREEMENT:

1. **Defined Terms.** When used in this Lease, including any exhibits or schedules attached hereto, the following terms shall have the meaning ascribed to them in this paragraph 1, unless the context indicates a contrary intent:

"**Affiliate**" shall mean and all derivations thereof, shall mean (a) as to any Person which is not an individual, any other Person controlling, controlled by or under common control with such Person, including, without limitation, any partner, member, shareholder, officer or director of such Person, as the case may be, and (b) with respect to any Person who is an individual, such individual's parents, spouse, direct lineal or adoptive descendants and their spouses, siblings, nieces, nephews and/or first cousins and/or one or more trusts created solely for the benefit of such individual or any such family members. For the purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person, whether through ownership of voting securities or a partnership or membership interest, by contract or otherwise.

"Event of Default" shall mean the occurrence of any of the events described in paragraphs 20(a) and 20(b) of the Lease and paragraphs 12.3 and 12.4 of the Management Agreement, together with the expiration of any cure period applicable to such event as referenced in the Lease and Management Agreement. An Event of Default under the Management Agreement shall also trigger an Event of Default under the Lease.

"Food & Beverage Equipment" shall mean all equipment and supplies, including furnishings, fixtures, equipment, machinery, appliances and other articles of personal property on the Premises.

"Food & Beverage Personnel" shall mean all individuals performing services for the Premises, whether employees of Tenant or its Affiliates.

"Gross Food and Beverage Revenues" shall mean gross receipts of every kind and nature generated by food and beverage sales, including snack bar and beverage cart(s) revenue, all food and beverage revenue generated by catered events at the Premises and Golf Course and all revenues from catering service providers.

"Person" shall mean an individual, partnership, corporation, limited liability company, association, government or any department or agency thereof, trustee, trust or any other entity or organization.

"Unavoidable Delay" shall mean any delay due to such causes as strikes; lockouts; acts of God; inability to obtain labor, materials, equipment or supplies; governmental restrictions; moratoria; initiatives; referenda; a war or enemy action or invasion; civil commotion; insurrection; a riot; mob violence; malicious mischief or sabotage; an unusual failure of transportation; fire or any other casualty; unusually adverse weather conditions; a condemnation; any restraining order or any law, order or regulation of any governmental, quasi-governmental, judicial or military authority; or other similar causes beyond the control of Tenant, any of which has the effect of delaying, hindering or preventing Tenant's performance of its obligations hereunder, provided (i) Tenant shall have notified Landlord of such event by notice given not later than fifteen (15) days after Tenant has knowledge of the occurrence of such event, and (ii) Tenant shall use reasonable efforts to minimize the effects thereof.

2. **Demise of Premises.** In consideration of the rent and the covenants and conditions set forth herein, Landlord leases to Tenant and Tenant leases from Landlord the Premises located on the Golf Course and set forth on Exhibit "B" attached hereto and incorporated herewith.

3. **Grant of Concession Agreement.** Landlord grants to Tenant an exclusive concession to sell food and beverages on the Golf Course. Such concession includes the exclusive right to use the Premises and to utilize one or more carts to sell food and beverage to golfers while on the Golf Course.

4. **Term.** The Term of the Lease shall run concurrent with the Term referenced in the Management Agreement and any holdover shall be governed according to the terms in paragraph 12.2 of the Management Agreement

5. **Percentage Rent.** Tenant shall pay to Landlord rent for the Premises equal to ten percent (10%) of Gross Food and Beverage Revenues for each calendar month (the "**Percentage Rent**") which shall be paid on or before the twentieth (20) day of each subsequent month.

6. **Method of Payment and Calculation.** On or before the twentieth (20) day of each calendar month during the Term and the twentieth (20) day of the calendar month immediately following any month in which the Lease is terminated, Tenant shall prepare and submit to Landlord a written revenue statement setting forth the Gross Food and Beverage Revenues (the "**Revenue Statement**") for the preceding month. Concurrently with the delivery of the Revenue Statement to Landlord, Tenant shall pay in full to Landlord the applicable Percentage Rent based upon the Gross Food and Beverage Revenues for the month as shown in the Revenue Statement.

7. **Late Payment Fee.** A late fee of ten percent (10%) of the Percentage Rent then due shall be paid to Landlord if such Percentage Rent is not received in accordance with paragraphs 5 and 6 above.

8. **Food and Beverage Equipment.** Tenant shall maintain, repair and/or replace all Food and Beverage Equipment, as needed. Upon termination of the Lease, Landlord shall purchase the Food and Beverage Equipment from Tenant based upon fair market value.

9. **Food and Beverage Inventory.** Upon termination of the Lease, Landlord shall purchase the food and beverage inventory from Tenant at Tenant's cost.

10. **Building Improvements.** Landlord shall make all necessary building improvements to the Premises in order to obtain and maintain a Health Department Permit to operate the Premises as a food and beverage operation. All costs associated therewith shall be borne by Landlord.

11. **Liquor License.** Tenant shall be responsible for obtaining and maintaining a liquor license for the Premises and Golf Course.

12. **Taxes and Assessments.**

(a) **Payment of Taxes and Assessments.** Tenant shall pay all real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the Premises, improvements located on the Premises, personal property located on or in the Premises and the leasehold estate or any subleasehold estate, to the full extent of the installments falling due during the term of this Lease. Tenant shall make all such payments directly to the charging governmental authority at least fifteen (15) days prior to the fine, interest and/or penalty becoming due or imposed by operation of law for their non-payment.

(b) **Property Taxes.** Tenant recognizes and understands that this Lease may create a possessory interest, subject to property taxation, and that Tenant may be subject to the payment of such property taxes levied upon such interest.

13. **Use.** The Premises shall be operated by Tenant as a snack bar and related ancillary use. Tenant shall not commit or suffer to be committed any waste upon the Premises nor shall Tenant use the Premises or permit any use thereof which in any manner will cause or constitute a nuisance or unreasonable annoyance to owners or occupants of adjacent property.

14. **Maintenance.** Tenant, at its full cost and expense, shall maintain the Premises and any improvements on the Premises in accordance with standard industry practices consistent with a clubhouse and snack bar facility of similarly situated mid-market daily fee public golf courses. Tenant shall operate the Premises in a manner which maintains the good name and business reputation of Landlord.

15. **Books and Reports**

(a) **Book of Account.** Throughout the Term, Tenant shall maintain in accordance with generally accepted accounting principles, consistently applied, full and separate books and records for the Premises with entries supported by documentation sufficient to allow Landlord to ascertain the accuracy of such books and records. Tenant shall maintain and safeguard such books and records at Tenant's office at the Rancho Bernardo Inn, or at such other location as may be agreed upon in writing. Tenant shall provide copies of such books and records to Landlord at other locations upon receipt by Tenant of a request therefor from Landlord. Tenant shall ensure such control over accounting and financial transactions as is necessary to protect Landlord's assets from theft, error or fraudulent activity by Tenant's employees.

(b) **Reports.**

(1) Tenant shall prepare and submit to Landlord, on or before the twentieth (20th) of each calendar month during the Term and the twentieth (20th) day of the calendar month immediately following any month in which this Lease is terminated, a Revenue Statement as set forth in paragraph 6 above, for the preceding month. Concurrently with the delivery of the Revenue Statement to Landlord, Tenant shall pay in full to Landlord the applicable Percentage Rent based upon the Gross Food and Beverage Revenues for the month as shown in the Revenue Statement. In addition, upon written request by Landlord, Tenant shall provide a Monthly Operating Report, which Monthly Operating Report shall be in such form and contain such information as Landlord may reasonably require and shall include a statement of income for the Premises for the preceding month.

(2) Tenant shall prepare and submit to Landlord no later than ninety (90) days after the end of each Fiscal Year (or any portion of any such Fiscal Year [in the case of a partial Fiscal Year at the beginning or end of the Term]) an "**Annual Operating Report**" for the immediately preceding Fiscal Year, which Annual Operating Report shall be in such form and contain such information as Landlord may require, including, without limitation, the information described in paragraph 15(b)(1) above (collectively, the "**Year End Financials**").

(c) **Sales Records.** Tenant shall keep, at Tenant's principal office at the Rancho Bernardo Inn, full and accurate books of account, records, cash receipts and other pertinent data showings its Gross Food and Beverage Revenues (the "**Financial Sales Records**"). Tenant shall install and maintain accurate receipt-printing cash registers and shall record on the cash registers all transactions which are included in calculating the Gross Food and Beverage Revenues. Tenant shall furnish to Landlord, upon request, copies of its annual California sales and use tax return at the time the same is filed with the State of California. All Financial Sales Records shall be preserved for a period of at least three (3) years after the end of a Lease Year.

(d) **Supporting Documentation.** As additional supporting documentation for the monthly financial statements and Year End Financials required under paragraph (b) above, unless otherwise directed by Landlord, Tenant shall make available at Tenant's principal office at the Rancho Bernardo Inn, the following:

- (1) all bank statements and bank deposit slips;
- (2) detailed cash receipts;

- (3) detailed balances for receivables and payables and billed and unbilled revenue items;
- (4) daily or weekly reports maintained by Tenant in connection with its ongoing operation and management of the Premises;
- (5) information necessary for preparation of Landlord's State, Federal, or Revenue Bond continuing disclosure reporting requirements, including a description of and a statement of accounts expended in connection with repairs, capital improvements, taxes and professional fees; and
- (6) annual value of inventory.

16. **Landlord's Right to Audit.** All books, records and supporting documentation maintained by Tenant pursuant to this paragraph 16 shall be the sole and exclusive property of Landlord, and shall be made available to Landlord at Landlord's request at reasonable times during normal business hours, and, in addition, in connection with independent financial audits of Landlord, as well as audits by any governmental authority, including, but not limited to, the Internal Revenue Service, the Franchise Tax Board and the San Diego County Assessor's Office. Landlord, or persons appointed by Landlord, may, during ordinary business hours, examine all books, records and files maintained for Landlord by Tenant. Landlord may perform any audit or investigation relating to Tenant's activities at any office of Tenant if such audit or investigation relates to Tenant's activities for Landlord. Should Landlord or Landlord's employees or representatives discover any errors in record keeping, Tenant shall correct such discrepancies promptly upon discovery and make necessary adjustments. Tenant shall inform Landlord in writing of the action taken to correct any audit discrepancies.

17. **Insurance, Indemnity and Casualty.**

(a) **Insurance Types.**

(1) Tenant shall not commence activities under this Lease until it obtains all insurance required to be obtained by Tenant under this Lease.

(2) Unless otherwise noted, all insurance described under this paragraph 17 to be carried by Tenant will be maintained by Tenant at Landlord's expense (as provided in the Management Agreement) with insurance carriers who are licensed to do business in the State of California and acceptable to Landlord, which acceptance shall not be unreasonably withheld. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of this Lease or such longer period as may be specified herein. Tenant may provide the insurance described in this paragraph 17 in whole or in part through a policy or policies covering other liabilities and projects of Tenant and its Affiliates.

(b) **Evidence of Insurance.** As evidence of specified insurance coverage, Landlord will accept certificates issued by Tenant's insurance carrier acceptable to Landlord showing such policies in force for the specified period, but Landlord has the right to review certified policies as reasonably necessary. Such evidence shall be delivered to Landlord promptly upon execution of this Lease. Each policy and certificate shall be subject to reasonable approval by Landlord and shall provide that such policy shall not be subject to material alteration to the detriment of Landlord or Tenant or cancellation without thirty (30) days' notice in writing to be delivered by registered mail to Landlord. Should any policy expire or be canceled before the expiration of this Lease and Tenant fail immediately to procure

other insurance as specified, Landlord reserves the right, but shall have no obligation, to procure such insurance.

(c) **Damages.** Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Tenant should maintain or the extent of Tenant's responsibility for payment of damages resulting from its operations under this Lease.

(d) **Worker's Compensation Insurance.** Throughout the Term, Tenant shall maintain Worker's Compensation Insurance, including Employer's Liability (at a minimum limit of One Million Dollars [\$1,000,000]) for all persons whom it employs in carrying out the work under this Lease. Such insurance shall be in strict accordance with the requirements of the most current and applicable State Worker's Compensation Insurance Laws in effect from time to time.

(e) **Comprehensive General Liability Insurance.** Throughout the Term, Tenant shall maintain Comprehensive or Commercial Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, with a combined single limit for bodily injury and property damage of Ten Million Dollars (\$10,000,000), or limit carried, whichever is greater, covering Operations, Independent Contractors, Products and Completed Operations, Contractual Liability covering the indemnification contained in paragraph 17(k), Severability of Interest and Cross Liability clauses, Personal Injury and Explosion, Collapse and Underground Hazards (X, C, U) and liquor law liability. The limits of liability of the insurance coverage specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

(f) **Automobile Liability Insurance.** Throughout the Term, Tenant shall maintain owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles (excepting golf carts and other motorized golf course equipment for which liability shall be insured under paragraph 17(e) above) utilized by Tenant in connection with this Lease with a combined single limit for bodily injury and property damage of Ten Million Dollars (\$10,000,000) or limit carried, whichever is greater.

(g) **Comprehensive Dishonesty, Destruction and Disappearance (3-D Bond).** Tenant shall obtain and maintain throughout the Term a 3-D Bond, or equivalent, in an amount not less than Twenty-Five Thousand Dollars (\$25,000), or limit carried, whichever is greater, from a surety or insurance company reasonably acceptable to Landlord covering as a minimum Depositor's Forgery and all Tenant's employees who may handle funds or property in connection with the Premises and Golf Course.

(h) **Special Form Insurance.** Throughout the Term, Tenant shall maintain "Special Form Insurance" covering loss or damage to buildings, equipment and supplies on a replacement cost basis with Landlord included as an additional insured.

(i) **Named Insured.** Landlord, as Landlord is defined below, shall be included as an named insured under the coverage specified in paragraphs 17(e), 17(f), 17(g) and 17(h) with the following endorsement or provision included within each applicable policy: "It is understood and agreed that coverage afforded by this Policy shall also apply to Landlord, its officers, directors, agents, servants, employees, divisions, subsidiaries, partners, shareholders, and affiliated companies as named insureds. This insurance is primary and any other insurance maintained by such additional insured is non-contributing with this insurance as respects claims or liability arising out of or resulting from acts or omissions by or on behalf of the named insured."

(j) **Indemnification by Landlord.** Landlord shall indemnify, defend, protect and hold Tenant and Tenant's Affiliates, shareholders, members, officers, directors, employees, agents, and legal representatives harmless from all liability, loss, damage, cost, or expense (including, without limitation, reasonable attorneys' fees and expenses, whether incurred at the trial, pretrial, or appellate level) arising from or relating to the ownership, development, construction, management, operation or maintenance of the Premises from and after the Term of this Lease (collectively "**Liabilities**"), except those liabilities arising from Tenant's or Tenant's employees' willful or criminal misconduct, gross negligence or fraud. Tenant will notify Landlord of such action, suit, or proceeding, and Landlord may, and upon Tenant's request shall, at Landlord's expense, defend such action, suit, or proceeding, or cause the same to be defended by counsel designated by Tenant.

(k) **Indemnification by Tenant.** Tenant and Affiliate shall indemnify, defend, protect and hold Landlord and Landlord's partners, employees, agents and legal representatives harmless from all liability, loss, damage, cost, or expense (including, without limitation, reasonable attorneys' fees, whether incurred at the trial, pretrial, or appellate level) arising from or related to Tenant's or Tenant's employees' willful or criminal misconduct, gross negligence or fraud. Landlord will notify Tenant of such action, suit, or proceeding, and Tenant may, and upon Landlord's request shall, at Tenant's expense, defend such action, suit or proceeding, or cause the same to be defended by counsel designated by Landlord.

(l) **Accident Reporting.** Tenant shall promptly investigate, and make a full, timely written report to Landlord regarding all accidents, claims or damage in excess of \$5,000 relating to the ownership, operation, management and maintenance of the Premises; any damage or destruction to the Premises and the estimated cost of repair thereof, and shall prepare any and all reports required by Landlord and any insurance companies in connection therewith. All such reports shall be filed timely with Tenant's insurance companies as required under the terms of the applicable insurance policy which provides coverage for such accident, damage or claim. Tenant shall not settle, compromise, or otherwise dispose of any claims, demands or liabilities, whether or not covered by insurance proceeds, without the prior written consent of Landlord.

18. **Restoration.** In case of any damage to or destruction of the Premises or improvements, or any part thereof, which is covered by the insurance required in paragraph 17, Tenant, at its expense, shall promptly commence and complete the restoration, replacement or rebuilding of the Premises and improvements as nearly as possible to its value, condition and character immediately prior to such damage or destruction. In the event of any damage to or destruction of the Premises or the improvements caused by an event which is not covered by the required insurance, Tenant shall either make such restoration or terminate this Lease; provided, however, that (i) Tenant obtains the consent of a mortgagee, (ii) Tenant is not then in default hereunder, and (iii) Tenant removes the damaged or destroyed property and leaves the Premises in a safe condition. If damage is caused by Tenant or Affiliate, then Tenant shall make such restoration.

19. **Transfer and Assignment.**

(a) **Restrictions on Tenant.** Tenant shall not sell, convey, assign, transfer, hypothecate, pledge, or otherwise dispose of (or agree to do any of the foregoing) all or any part of its interest, if any, in this Lease, or any contractual rights or obligations related hereto (including any rights to receive payments) ("**Transfer**"), without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole judgment. Any assignment by Tenant without Landlord's consent shall be considered an Event of Default and the assignment shall be of no force or effect. A sale or conveyance of 51% of the interest in the profit or losses of Tenant shall be considered a Transfer under

this paragraph. Notwithstanding the above, Tenant may transfer or change the ownership of stock between Kathryn S. Colachis ("Colachis"), a member of her family, a trust for the benefit of Colachis or a member of her family, any partnership, corporation or other legal entity owned or controlled by or for the benefit of Colachis or a member of her family, or any combination of the foregoing without the prior written consent of Landlord. For purposes of this paragraph, the word "family" shall include Colachis' ancestors, descendants (including those legally adopted into that status) and the siblings and spouses of any such individuals and the issues of siblings of Colachis.

(b) **Restrictions on Landlord.** Landlord may sell, encumber, subordinate, assign, lease, sublease, or otherwise deal with the Premises as the sole and absolute owner thereof, all without any duty to consult with or otherwise obtain the consent of Tenant, provided that any such transferee shall take its interest subject to the rights of Tenant under this Lease.

20. **Default.**

(a) **Default by Tenant.** If there is any failure by Tenant to perform any of the terms, conditions or covenants of this Lease to be observed or performed by Tenant within thirty (30) days after written notice from Landlord (or such additional time as is reasonably required to correct any such default), or if Tenant shall become insolvent or file any debtor proceedings, or should any adjudications in bankruptcy be rendered against Tenant, or should Tenant take or there be taken against Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, and if any of the foregoing proceedings are not discharged within sixty (60) days thereafter, or if Tenant makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement of its debts, or if Tenant shall permit or suffer this Lease to be taken under any writ of attachment or execution, and the same is not discharged within thirty (30) days thereafter, or, if Tenant assigns this Lease in violation of paragraph 19, then an Event of Default with respect to Tenant shall be deemed to have occurred under this Lease.

(b) **Default by Landlord.** If Landlord fails to keep, observe or perform any covenant, agreement, term or provision of this Lease to be kept, observed or performed by Landlord, and such default shall continue for a period of thirty (30) days after written notice thereof by Tenant to Landlord (or such additional time as is reasonably required to correct any such default), then an Event of Default with respect to Landlord shall be deemed to have occurred under this Lease.

(c) **Termination Upon Default.** Upon the occurrence of an Event of Default, the nondefaulting party may, at its option, and in addition to any and all other rights to which it may be entitled under this Lease or applicable law, elect to terminate this Lease. Any such termination shall be effective as of the date therefor specified in such election; provided, however, that in no event shall such date be later than thirty (30) days following the date such election is made.

(d) **Actions Following Termination.**

(1) Immediately following any termination of this Lease for any reason whatsoever, Tenant shall assign, convey, transfer and set over unto Landlord, pursuant to an assignment in form and content satisfactory to Landlord, all of Tenant's right, title, and interest in and to all operating contracts then in effect and in Tenant's name with respect to the Premises which are designated by Landlord to Tenant. In addition, upon receipt of payment by Landlord, Tenant shall transfer to Landlord possession all Food and Beverage Equipment and food and beverage inventory as set forth in paragraph 8 and 9 of this Lease.

(2) Upon any termination of this Lease for any reason whatsoever, Tenant shall, for a period of two (2) months following such termination, assist and cooperate with Landlord to the extent necessary to ensure an orderly and efficient transfer of the operations of the Premises by Tenant to Landlord or Landlord's designee. The covenant of Tenant contained herein shall survive and remain in full force and effect following any such termination of this Lease.

(a) (3) Landlord acknowledges that Tenant or its Affiliate may have an obligation under federal, state, or local law to give advance notice to Food & Beverage Personnel of any termination of their employment, and that failure to comply with any such notification obligation could give rise to civil liabilities. Therefore, notwithstanding anything to the contrary contained in this Lease, (i) the date of termination of this Lease, other than upon expiration of the Term, shall be extended so that the date of termination after notice of termination is given to or by Tenant shall be on a date which is not earlier than ten (10) days plus the number of days, if any, Tenant is required to give its employees advance notification of termination of employment by Tenant as required by the Worker Adjustment and Retraining Act, 29 U.S.C., § 2101 et. seq., as hereafter amended (“**WARN Act**”), or any similar federal or state statute; (ii) Landlord shall indemnify, hold harmless and defend Tenant and its Affiliates from and against any such liabilities based on Landlord’s actions (including terminating this Lease) which give rise to such a notification obligation on the part of Tenant or any of its Affiliates, if Landlord fails to extend the date of termination as required by, and in accordance with, subparagraph (3) of this paragraph 20(d); and (iii) Tenant shall continue to employ such Food & Beverage Personnel as are necessary and for so long as is necessary to not cause a “mass layoff,” “plant closing,” or other violation relating to the termination of Food & Beverage Personnel under the WARN Act. Landlord shall have no responsibility under, nor any liability to Tenant and its Affiliates with respect to, the WARN Act, or any similar federal or state statute, provided Landlord has complied with its obligations under this paragraph 20(d)(3). Notwithstanding the foregoing, in the event that the WARN Act does not apply because the Golf Course does not meet the definition of “covered establishment” or the termination of Food & Beverage Personnel does not meet the criteria to trigger the WARN Act, then this provision shall be null and void.

21. **Miscellaneous Provisions.** The following terms, covenants and conditions are all made a part of this Lease:

(a) **Waiver.** The waiver by either Landlord or Tenant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. No covenant, term or condition of this Lease shall be deemed to have been waived by Landlord or Tenant, unless such waiver is in writing signed by the party against whom such waiver is asserted.

(b) **Entire Agreement.** This Lease sets forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant, oral or written, relating to the subject matter of this Lease. Landlord has made no representations or promises not expressly contained herein. No subsequent alterations, amendment, change or addition to this Lease shall be binding upon Landlord and Tenant unless reduced to a writing and signed by them.

(c) **Force Majeure.** In the event that either party hereto shall be delayed, or hindered in, or temporarily prevented from, the performance of any act required hereunder by reason of an Unavoidable Delay, then performance of such act shall be excused for the period of said delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. In the event that either party shall be indefinitely prevented from the performance of any act required hereunder by reason of an Unavoidable Delay then performance of such act shall be excused.

Notwithstanding the foregoing, no Unavoidable Delay shall excuse the timely payment of money when due hereunder except as otherwise expressly provided in this Lease.

(d) **Notices.** Notices, statements and other communications to be given under the terms of this Lease shall be delivered in a timely fashion (and in any event within any time limits established elsewhere in this Lease) and shall be in writing and delivered by hand (including pre-paid courier) against receipt or sent by certified or registered mail, postage prepaid, return receipt requested, or by telex, telegram, facsimile, email, or other telegraphic means and addressed as follows:

If to Landlord: City of Escondido
201 North Broadway
Escondido, California 92025
Attn: Gilbert Rojas, Director of Finance

If to Tenant: JC Resorts LLC
533 Coast Boulevard South
La Jolla, California 92037
Attn: Paul L. Reed, President

or at such other address as from time to time designated by the party receiving the notice in accordance with this paragraph 20(d). The date of service of such notice shall be the date such notices are delivered to the party to whom the notice is given.

(e) **Captions and Paragraph Numbers.** The captions and paragraph numbers appearing in this Lease are inserted only as a matter of convenience, and in no way define, limit, construe or describe the scope or intent of such section, nor in any way affect this Lease.

(f) **Construction of Language.** The language in all parts of this Lease shall be construed simply, according to its fair meaning, and not strictly for or against either Landlord or Tenant.

(g) **Successors.** Except as herein otherwise provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Landlord and Tenant. Nothing stated in the foregoing sentence shall limit the provisions of paragraph 19 of this Lease.

(h) **Persons Indemnified.** All agreements by either Tenant or Landlord to indemnify or hold the other harmless contained in this Lease shall inure to the benefit not only of the respective indemnitee but also to that of its and their subsidiaries and Affiliate, and shall also inure to the benefit of the members, directors, officers, employees and agents of any of the foregoing.

(i) **Applicable Law.** This Lease and all provisions thereof, irrespective of the place of execution or performance, shall be construed and enforced in accordance with the laws of the State of California. The sole and exclusive venue for any legal action under this Lease or in any way related to the Premises shall be the Superior Court of California in and for the County of San Diego, and Landlord and Tenant agree to submit to the jurisdiction of such court.

(j) **Cumulative Rights.** The rights and remedies conferred upon both Landlord and Tenant in this Lease and by law are cumulative.

(k) **Savings Clause.** If any provision of this Lease, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder or substantially increase the

burden on any party hereto, shall be held to be invalid or unenforceable to any extent, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Lease.

(l) **Attorneys' Fees and Expenses.** In the event of any dispute or litigation concerning the enforcement, validity or interpretation of this Lease, or any part hereof, the losing party shall pay all costs, charges, fees and expenses (including reasonable attorneys' fees and costs) paid or incurred by the prevailing party, regardless of whether any action or proceeding is initiated relative to such dispute and regardless of whether any such litigation is prosecuted to judgment. For the purpose of this Lease, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred, and shall include all such fees and expenses incurred or anticipated to be incurred in collecting or enforcing any judgment in connection therewith.

(m) **Injunctive Relief.** In the event of a breach or threatened breach by either party of any of the covenants or provisions of this Lease, the other party shall, in addition to any remedies expressly mentioned in this Lease, have the right of injunction and the right to invoke any remedy at law or in equity.

(n) **Further Assurances.** Tenant and Landlord each agree to execute and deliver from time to time, promptly following any reasonable request therefor by the other party, any and all instruments, agreements and documents and promptly shall take such other actions as may be necessary or appropriate in the reasonable determination of the other party, to carry out the transaction described in this Lease.

(o) **Trade Names, Royalties and Patents.** All trade names, trademarks, logos, emblems and similar identifying matters related to or used in connection with the Premises shall be the sole and exclusive property of Landlord, and all matters relating to their use shall be subject to Landlord's approval in its sole judgment. If any design, device, material or process covered by letters patent, copyright or trademark is used by Tenant in connection with the Premises, it shall provide for such use by legal agreement with the Landlord of the patent, copyright or trademark or a duly authorized licensee of such Landlord.

(p) **No Third-Party Beneficiaries.** This Lease is not intended and shall not be deemed or construed to convey any rights, powers or privileges on any person, firm, partnership, corporation, or other entity not a party hereto.

(q) **Incorporation of Exhibits.** The Exhibits attached hereto shall be construed with and as integral parts of this Lease to be the same extent as if the same had been set forth verbatim herein.

(r) **Approval by Landlord.** In any provision of the Lease where Landlord's approval or consent is required, Landlord shall, except to the extent specifically stated to the contrary in such provision, have the right to withhold or refuse its approval or consent in Landlord's sole and absolute discretion.

(s) **Counterparts.** This Lease may be executed in any number of counterparts, and each of such counterparts for all purposes shall be deemed to be an original, and all of such counterparts should constitute one and the same agreement.

(t) **Nondiscrimination in Employment.** Tenant will not discriminate against any employee or applicant for employment because of race, creed, color, age, sex or national origin. Tenant will use reasonable and diligent efforts to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, sex or national origin. Tenant shall not discriminate with respect to the following: employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(u) **Time.** Time is of the essence of this Lease and each provision hereof of which time is an element.

(v) **Confidentiality.** Tenant shall hold confidential any information which Tenant receives in connection with the performance of its obligations hereunder and which concerns Landlord or its operations or business and shall not disclose all or any portion of such information to any third party, except for such disclosures as are necessary to perform Tenant's obligations hereunder or are required by law or by any proposed lender or mortgagee of the Premises.

(w) **Compliance with Immigration Reform and Control Act.** Tenant is aware of the provisions of the Immigration Reform and Control Act of 1986 (8 USC § 1101 - 1525) and agrees to comply with these requirements, including, but not limited to, verifying the eligibility for employment of all agents, employees, subcontractors and consultants employed in relation to this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease effective as of the date first written above.

"Landlord"

CITY OF ESCONDIDO
a California municipal corporation

By: _____
Sam Abed, Mayor

"Tenant"

JC RESORTS LLC
a Delaware limited liability company

By: _____
Paul L. Reed, President

Exhibit "A"

THE GOLF COURSE

ALL THAT REAL PROPERTY IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

ALL OF ASSESSOR'S PARCEL NUMBER 187-310-11 LYING NORTHERLY OF
JESMOND DENE ROAD, AND LOT "R" ON ESCONDIDO TRACT NO. 819, MAP
THEREOF NO. 14185, FILED FOR RECORD WITH THE SAN DIEGO COUNTY
RECORDER ON APRIL 5, 2001 AS DOCUMENT NO. 2001-0207056.

Exhibit "B"

THE PREMISES

[to be attached]

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. 2004-_____ File No. _____

Ord No. 2004-_____

Agenda Item No.: 18
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Kenneth C. Hugins, City Treasurer
SUBJECT: Annual Submission of the City of Escondido's Investment Policy

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2012-93.

PREVIOUS ACTION:

The last adoption of the Investment Policy was on June 22, 2011, Resolution No. 2011-67.

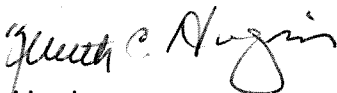
BACKGROUND:

In compliance with California Government Code Section 53646, the City Treasurer may annually prepare and submit to the legislative body for consideration at a public meeting a statement of the Investment Policy. The Investment Policy provides the City with guidelines for the investment of City funds.

There are no major revisions to the 2012 Investment Policy. The changes consist of updating the references to the custodian bank from Union Bank to The Bank of New York Mellon Trust, and updating certain glossary definitions for applicable changes occurring since the last policy adoption. Exhibit A, as attached, is a detailed listing of the revisions to the 2012 Investment Policy.

The City of Escondido's June 2012 Investment Policy is attached as Exhibit 1 to Resolution 2012-93 for your review and approval.

Respectfully submitted,



Kenneth C. Hugins
City Treasurer

SUMMARY OF REVISIONS TO INVESTMENT POLICY FOR JUNE 2012

Description of Change:

Pages:

-
1. At paragraph four on page A-4 in the Purchasing an Investment section, replace the wording "currently Union Bank of California, contact person is Calvin Tom" with "currently Bank of New York Mellon Trust, contact person is Gabriella Rodriguez." Appendix A-1, p. 4
 2. Update description of FDIC deposit coverage limits to include extension of date limit of increased insured coverage amount per depositor, per institution, from December 2013 to indefinitely. Glossary Page 2

RESOLUTION NO. 2012-93

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
ADOPTING THE CITY OF ESCONDIDO'S
INVESTMENT POLICY DATED JUNE 2012

WHEREAS, the City Council has previously adopted annual Investment Policies pursuant to the requirements of the California Government Code; and

WHEREAS, the Investment Policy June 2012 attached as Exhibit "1" is in accordance with Government Code 53601 and meets Association of Public Treasurers of the United States & Canada ("APT US & C") Investment Policy Certification standards; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to adopt the City of Escondido's Investment Policy June 2012, a copy of which is attached to this Resolution as Exhibit "1" and incorporated by this reference;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council hereby adopts the City of Escondido's Investment Policy June 2012.



City of Escondido
INVESTMENT POLICY

June 2012

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CITY OF ESCONDIDO INVESTMENT POLICY

I. Policy Statement

This policy establishes the limits within which the City's investment program shall be conducted. Investment goals and objectives are defined. Qualified investment instrumentalities and reporting requirements are identified. Authority, accountability, audit control and procedures governing the investment program are delineated.

The investment policies and practices of the City of Escondido are based upon state law, city ordinance, and prudent money management.

II. Scope

A. Pooled Investments.

This policy applies to the investment of all funds under the control of the City Treasurer. These funds are accounted for in the City of Escondido's Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust Funds
- Any new fund created from proceeds of bond sales in the custody of the Treasurer or any other funds under his control.

California Government Code Section 53601(1) permits money from bond proceeds, obligations under a lease, installment sales or other agreements to be invested in any security that meets the statutory provisions governing the issuance of the bond or other agreements made by the issuing agency.

B. Investments held separately.

Investments of bond proceeds will be held separately when required by the bond indentures or when necessary to meet arbitrage regulations. If allowed by the bond indentures, or if the arbitrage regulations do not apply, investments of bond proceeds will be held as part of the pooled investments.

This policy does not apply to stocks, bonds, or other securities donated to the Escondido Public Library until such time as the Library Board of Trustees determines to dispose of such securities. Also, this investment policy does not apply to the Employees Deferred Compensation Fund and PERS funds, which are administered separately.

III. Prudence

Pursuant to California Government Code Section 53600.3, as amended, the City Council and all persons authorized to make investment decisions on behalf of the City are trustees of the public funds and therefore fiduciaries subject to the following prudent investor standard.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

The City Treasurer and other individuals who are assigned to manage the investment portfolio, when they are acting in accordance with the City's investment policy, with written procedures and in reasonable reliance on existing California statutes and when they have properly exercised due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Investment Objectives

A. The criteria for selecting investments by order of priority shall be:

1. *Safety.* Safety of principal is the City of Escondido's foremost objective. Investments shall seek to ensure that capital losses resulting from institution default, broker-dealer default, or the erosion of market value are avoided. The City of Escondido shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
 - a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only the highest quality securities (see authorized investments) and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.
 - b. Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the portfolio to eliminate the need to sell securities prior to maturity; and by prohibiting the taking of short positions, that is, selling securities that the City

does not own. It is explicitly recognized, however, that in a diversified portfolio, occasional measured losses may occur, and must be considered within the context of overall investment return.

2. *Liquidity.* The portfolio will be structured with sufficient liquidity to allow the City to meet expected cash requirements. At least 50 percent of the General Fund operating budget shall be invested short-term (one year or less). The duration is also mentioned in the "Maturity" section.
3. *Yield.* In a manner consistent with the objectives of safety of principal and liquidity uppermost, a yield higher than the market rate of return shall be sought. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
 - A security with declining credit may be sold early to minimize loss of principal.
 - A security swap would improve the quality, yield, or target duration in the portfolio.
 - Liquidity needs of the portfolio require that the security be sold.

B. It shall be the policy of the City that all idle funds shall be invested consistent with providing adequate cash to meet the City's obligation.

V. **Investment Committee**

A. Investment Committee.

A committee chaired by the City Treasurer to advise the City Treasurer on policies governing the City's Investment policy. Included as permanent members of the committee are the City Treasurer; up to two Councilmembers as selected by the City Council; the City Manager; the Director of Finance; and, in addition, up to four other persons representing the financial community and the general public. These members shall be appointed by the City Treasurer as members-at-large. Members-at-large shall serve for no fixed term and at the pleasure of the City Treasurer. The Treasurer's Office personnel shall serve as staff to the committee. The investment committee will meet twice a year or more frequently as needed.

B. Executive Investment Committee.

The City Treasurer, Revenue Manager and/or Finance Manager, Investment Officer and the Director of Finance function as a committee to oversee day-to-day investment programs of the City.

VI. **Required Reporting**

The City Treasurer or his designees shall report to the City Manager and City Council the following reports:

- A. Quarterly investment report (as per Government Code Section 53601) will include the type of investment, issuer, date of maturity, par, and dollar amount invested and market value for each security held by the City. The report shall state the source of the market value valuation and include a statement denoting the ability to meet the City's expected expenditure requirements for the next six months.
- B. An annual report setting forth a statement of investment policy.

VII. Authorized Financial Institutions and Broker/Dealers

- A. General criteria for the selection of financial institutions and broker/dealers shall be developed by the City Treasurer and reviewed by the City Investment Committee.
- B. Selection of financial institutions and broker/dealers shall be performed by authorized City staff under direction of the Executive Investment Committee. The City has an established formal procedure process in place for the selection of financial institutions and broker/dealers. As determined necessary by the Executive Investment Committee, the City will distribute a broker/dealer questionnaire to interested and known financial institutions and broker/dealers. The City Treasurer will maintain a list of qualified broker/dealers authorized to provide investment services to the City of Escondido. The list may include primary or regional dealers that are credit worthy and qualify under the uniform net capital rule of the Securities & Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to provide investment services must participate in the City's formal broker/dealer questionnaire process. To be considered, the financial institution or broker/dealers must supply the following as appropriate:

- Completed broker/dealer questionnaire
- Proof of National Association of Security Dealers (NASD) certification
- License to conduct business in the state of California
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Certification of having read and understood and agreeing to comply with the City of Escondido's investment policy
- Evidence of adequate insurance coverage

Qualified broker/dealers selected to do business with the City shall submit annually a current audited financial statement.

After the annual adoption of the City's Investment Policy by the City Council, a copy shall be sent to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the

City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

- C. General criteria for the selection of banks and savings and loans into which the City shall invest its funds shall be developed by the City Treasurer and reviewed by the City Investment Committee subject to the limitations set forth in this policy.
- D. Selection of specific institutions in which City funds may be invested shall be performed by authorized City staff under the direction of the Executive Investment Committee.
- E. Institutions in which City funds may be invested shall be classified by the City Treasurer and reviewed by the City Investment Committee. The classification shall determine the maximum dollar amount allowable for investment in the specified institution.

VIII. Safekeeping and Custody

To protect against potential losses by the collapse of individual securities dealers, all securities owned by the City shall be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of a custody agreement executed by the bank and the City. All securities will be received and delivered using standard delivery versus payment (DVP) procedures.

IX. Accountability and Authority

- A. The Escondido Municipal Code vests authority for and control of investments to the City Treasurer.
- B. The City Treasurer may delegate the authority to conduct investment transactions to qualified and competent officials and employees of the City. Daily management responsibility of the investment program has been delegated to the Revenue Manager, Finance Manager, and the Investment Officer, who shall establish procedures for operation consistent with the investment policy.

X. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally the City Treasurer, Revenue Manager, Finance Manager and the Investment Officer are required to annually file a Statement of Economic Interest as mandated by Government Code Section 91013.

XI. Internal Control

The Treasurer or his designee shall establish procedures for controlling daily investment transactions and monthly reconciliation of accounts. Separation of functions between the City Treasurer's Office and the Finance Department is designed to provide an internal review to prevent the potential for converting assets or concealing transactions. The investment portfolio and all related transactions are balanced to appropriate general ledger accounts by the Finance Department on a monthly basis. Such procedures and controls shall be subject to review and comments by the City's independent auditor.

XII. Authorized and Suitable Investments

A. Qualifying Investment Instruments Policy:

1. The following instruments are generally approved as qualifying investment instruments for City funds:
 - a. Obligations of the U.S. Government, its agencies, and instrumentalities.
 - b. Certificates of deposit with banks and savings and loans doing business in the State of California.
 - c. Prime Banker's Acceptances.
 - d. Prime Commercial Paper
 - e. Repurchase Agreements and Money Market Funds whose underlying collateral consists of the foregoing. (The City may invest in repurchase agreements with which the City has entered into a master repurchase contract, which specifies terms and conditions of repurchase agreements.)
 - f. Local Agency Investment Fund (LAIF) of the State of California.
 - g. San Diego County's Investment Pool for local agencies, which includes the purchase of Reverse Repurchase Agreements.
 - h. Pools and other investment structures incorporating investments listed in a through e.
2. Within the qualified investment instrument listing, the Executive Investment Committee may further define, qualify, and restrict use of City investment monies.
3. Additional investment instruments may be added by the City Treasurer from time to time but shall be reported in the next regular monthly report to the City Council and City Manager.
4. Investments of bond funds will be made in conformance with the trust indenture for each bond issue. Such investments will be held separately when required.

B. Diversification by Type of Investment:

The City is governed by California Government Code, Sections 53600 (et seq.). It shall be the policy of the City that investments shall be diversified with respect to the type of investment instruments used. Within the context of these limitations, the following investments are generally approved as qualifying investment instruments for City funds, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio, which can be invested in this category. The target for investing in items 1 and 2 following will be 80 percent of the portfolio. The percentage will fluctuate depending on market conditions, but in no case be lower than 70 percent. If the percentage falls below the 80 percent, the 80 percent target rate will be restored within six months.

2. Obligations issued by the United States Government Agencies such as the Government National Mortgage Association (GNMA), Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). Although there is no percentage limitation of the dollar amount that can be invested in these issues, the "prudent investor" rule shall apply for any single agency name.
3. Bills of exchange or time drafts drawn on and accepted by a commercial bank otherwise known as banker's acceptances. Purchases of banker's acceptances may not exceed 180 days to maturity or 20 percent of the market value of the portfolio. No more than ten percent of the market value of the portfolio may be invested in banker's acceptances issued by any one bank.
4. Commercial paper ranked P1 by Moody's Investor Services and A1 by Standard and Poor's, and issued by a domestic corporation having assets in excess of \$500 million and having an A or better rating on its long-term debentures as provided by Moody's or Standard and Poor's. Purchases of eligible commercial paper may not exceed 180 days to maturity or 15 percent of the market value of the portfolio. No more than ten percent of the market value of the portfolio may be invested in commercial paper issued by any one corporation.
5. Local Agency Investment Fund. The City may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum amount permitted by State Law. Investing in LAIF may not exceed 20 percent of the market value of the portfolio. When calculating this limit, the City does not include General Obligation Bond proceeds invested with LAIF. These bond proceeds are held separately to meet arbitrage regulations and are not part of our pooled investments. LAIF has traditionally limited investments to short-term government type bonds. Treasury staff reviews the LAIF statements quarterly to ensure that this practice is maintained.
6. Money market funds are limited to 20 percent of the market value of the portfolio. The funds must be rated in the highest category of Moody's or Standard and Poor's, or must be administered by a domestic bank with long-term debt rated in one of the top two categories of Moody's or Standard and Poor's. A thorough investigation of any money market fund or investment pool is required prior to investing, as well as on an ongoing basis. The following information should be obtained and analyzed:
 - a. A description of eligible investment securities.
 - b. A written statement of investment policies and objectives.
 - c. A description of interest calculation and their distribution, and the treatment of gains and losses.
 - d. A description of how the securities are safeguarded and how often the securities are priced and the program audited.
 - e. Information about the size and frequency of deposits and withdrawals allowed, and how much notice is needed for withdrawals.
 - f. A schedule for receiving statements and portfolio listings.
 - g. A fee schedule, as well as how and when the fees are assessed.

- h. The rating of the pool/fund.
 - i. Information about investment advisers, including registration with the Securities and Exchange Commission, length of experience and total assets under management.
7. Ineligible Investments. Investments not described herein, including, but not limited to, common stocks and corporate bonds, are prohibited from use in this portfolio. Investments, which exceed five years in maturity, require authorization by City Council prior to purchase. Further, any investments, purchased after January 1, 1996, that are in the form of inverse floaters, range notes, or mortgage-derived interest-only strips are prohibited.
- C. Diversification by Institution.
- 1. Not more than \$100,000 shall be placed in any qualifying institution unless collateralized in accordance with this policy.
 - 2. All certificates of deposit investments shall be collateralized by government securities with a market value of 110 percent of the City's investment or mortgages in value equal to 150 percent of the City's investments. Each investment institution must meet specific financial criteria as determined by the Executive Investment Committee.
 - 3. In no event may any institution have City investments exceeding \$5,000,000 without approval of the Executive Investment Committee. This restriction shall not apply for periods of seven days or less when the City is receiving substantial funds (e.g., proceeds of bond sales) or is consolidating funds for a major transaction.
- D. Collateralization
- 1. An independent third party with whom the City has a current custodial agreement must always hold collateral.
 - 2. State law regarding collateralization of deposits of public funds requires that securities must be held by an agent (i.e. a trust company) of the bank, which may include the bank's trust department, only if acceptable to both the bank and the Treasurer, pursuant to California Government Code Section 53656 and 53658. Under the provisions of California Government Code Section 53652, banks are required to secure the deposits of public funds, including certificates of deposits, by:
 - a) pledging government securities with a value of 110 percent of the principal and accrued interest;
 - b) pledging first trust deed mortgage notes having a value 150 percent of the total agency deposit; or
 - c) a letter of credit drawn on the Federal Home Loan Bank of 105 percent of the total agency deposit.Deposits must be secured at all times with eligible securities pursuant to section 53651.
 - 3. Collateralization of repurchase agreements must be at least 102 percent of the market value of principal and accrued interest. Collateral must consist of U.S. Treasury obligations or U.S. Agency obligations. Other specific requirements on

repurchase agreements must be addressed in a master repurchase agreement of the City and the financial institution or broker/dealer.

XIII. Maturity Goals

1. Subject to the availability of funds, short-term investments (maturity of one year or less) of the City shall not be less than 50 percent of the General Fund annual operating budget of the City.
2. The percentage of the City's portfolio that may be invested intermediate term (maturity term over one year and not greater than five years) shall be determined by the City Treasurer based on cash requirements estimated by the Finance Director.
3. Long-term investments (over five years to maturity date) shall be made only after review and approval by the City Council. Accordingly, no fixed percentage of the City's portfolio is designed for long-term investments.
4. Additional and/or clarifying maturity guidelines shall be adopted from time to time as devised by the City Treasurer and reviewed by the City Investment Committee.

XIV. Policy Review

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield, and its relevance to current law and financial and economic trends. The City of Escondido's investment policy shall be approved by the City Council on an annual basis.

XV. Investment Procedures

The City Treasurer and his/her delegated staff shall establish written investment policy procedures for the day-to-day operations of the investment program consistent with this policy. The procedures should include reference to cash balancing, safekeeping, wire transfer agreements, collateral/depository agreements, and the selection process for financial institutions and broker/dealers. The procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

XVI. Investment Strategy and Performance Standards

The City's investment strategy is passive (buy and hold.) Given this strategy, the basis used by the City Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the City's portfolio investment duration. Given the liquidity objective (50% of general fund operating budget shall be invested one year or less) and the portfolio duration, the 2-Year U.S. Treasury Note shall be the City's selected benchmark.

APPENDIX
CITY OF ESCONDIDO
INVESTMENT PROCEDURE MANUAL

Purpose

The purpose of these guidelines is to help create a Procedure Manual to assist Treasury staff with day-to-day investment operations.

References and subjects at the beginning of each section refer to elements in the Investment Policy.

Cash Review

- I. Policy
- II. Scope
- IX. Accountability and Authority

The Treasurer or his/her designee, referred to as Investment Officer, Finance Manager or Revenue Manager, must review the cash balances and investment portfolio daily, or as needed. Items to be reviewed should include:

- a) Balance of City of Escondido's General Account
- b) Maturing Investments (includes all investments)
- c) Large incoming wires from the State, County and other miscellaneous agencies
- d) Large outgoing wires such as debt service payments and routine wires such as San Diego County Water Authority, Kaiser, and Workers' Compensation Service provider and any other routine that may be added
- e) Accounts payable and payroll disbursements

Investment Selection

- III. Prudence
- IV. Objective
- XII. Authorized and Suitable Investments
- XII B. Diversification
- XIII. Maturity Goals

The Treasurer or designee determines how much of the cash balance is available for investment and selects the area of the yield curve that most closely matches the required maturity date based on cash flow needs.

In determining the maturity date, the Investment Officer or other Treasurer designee, should consider liquidity, cash flow and expected expenditures. A review of some of the following sources should determine whether the investments should be placed to match projected expenditures or shorter, or take advantage of current and expected interest rate environments

- a) Review daily business publications and commentaries from financial institutions and brokers.
- b) Read publications, Wall Street Journal and watch media (CNBC) for general trends of economic interests.
- c) Input from approved broker/dealers.

Purchasing an Investment

- VII. Authorized Financial Institutions and Broker/Dealers
- VIII. Safekeeping and Custody
- XII. Authorized and Suitable Investments
- XII B. Diversification of Investments
- XIII. Maturity Goals

Financial institutions are selected through a "Request for Proposal" (RFP) process. Broker/dealers are selected through a formal questionnaire process, which helps provide the following evaluation:

- a) Financial conditions, strength and capability to fulfill commitments.
- b) Overall reputation with other investors.
- c) Regulatory status of the broker/dealer (all providers).
- d) Background and expertise of the individual representative.

Selection of financial institutions and broker/dealers shall be performed by authorized City staff under direction of the Executive Investment Committee. The City has an established formal procedure process in place for the selection of financial institutions and broker/dealers. Every three to five years the City will distribute a broker/dealer questionnaire to interested and known financial institutions and broker/dealers. The City Treasurer will maintain a list of qualified broker/dealers authorized to provide investment services to the City of Escondido. The list may include primary or regional dealers that are credit worthy and qualify under the uniform net capital rule of the Securities & Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to provide investment services must participate in the City's formal broker/dealer questionnaire process. To be considered, the financial institution or broker/dealers must supply the following as appropriate:

- Completed broker/dealer questionnaire
- Proof of National Association of Security Dealers (NASD) certification
- License to conduct business in the state of California
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Certification of having read and understood and agreeing to comply with the City of Escondido's investment policy
- Evidence of adequate insurance coverage

Qualified broker/dealers selected to do business with the City shall submit annually current audited financial statement.

After the annual adoption of the City's investment policy by the City Council, a copy shall be sent to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

The Investment Officer or other Treasurer designee shall be as specific as possible in requesting the offering in purchasing a security. If a particular type of investment or a particular agency is to be excluded due to policy limitations that should be stated to the providers. If collateral is required (i.e. for Repo's or CD's) the collateral limitations (excess margin, types of securities, maximum maturity, etc.) should be specified. The City may invest in repurchase agreements provided it has a signed master repurchase contract, which specifies terms and conditions of repurchase agreements.

The following must be determined prior to contacting the providers:

- a) Settlement – cash, regular (next day), corporate (3 business days) or when-issued if a new issue.
- b) Amount – either par value or total dollars to be invested.
- c) Type of security to be purchased or type to be excluded.
- d) Targeted maturity or maturity range.
- e) Time limit to show offering – 5 minutes, 15 minutes, or a specified time.

If choosing an external pool or (LAIF or Money Market) as the preferred investment vehicle at the time, the following should be available for inspection prior to purchase and at reasonable time thereafter:

- a) LAIF written investment policy and a copy of the "LAIF ANSWER BOOK" (which contains detailed information about LAIF).
- b) A prospectus for the Money Market funds or bank-managed funds.
- c) The balance of the LAIF account is reviewed to adhere to the City's investment pool limit – not to exceed 20% of the market value of the City's portfolio.

Before concluding the transaction, the following should be validated:

- a) The security selected for purchase meets all criteria, including portfolio-diversification, collateralization (if appropriate) and maturity. If the security has any imbedded options such as call provisions or coupon adjustments, these should also be reviewed. Current practice is to buy bullet securities, no callables. The strategy is buy and hold.
- b) Verify yield.
- c) Total purchase cost (including accrued interest) does not exceed funds available for investment.
- d) Advise the successful provider that their offering has been selected for purchase.
- e) After confirmation of the purchase, as a courtesy, notify the other broker/dealers that you have placed the investment. Best price may be disclosed if the other broker/dealers ask.

After consummation of the transaction, and prior to settlement date, the following information should be confirmed with the provider in order to ensure prompt and uninterrupted settlement:

- a) Reconfirm amounts of transaction (principal, accrued interest if any total cost).
- b) Reconfirm settlement date.
- c) Acquire CUSIP number of security, if applicable.
- d) Obtain a copy of the Bloomberg (trade ticket plus description page).

All qualified broker/dealers have the City's delivery instructions, which consist of the following:

- a) Name of third-party safekeeping agent (currently Bank of New York Mellon Trust, contact person is Gabriella Rodriguez)
- b) ABA number of safekeeping agent.
- c) Safekeeping account number.

Settlement and Follow-Through

IX. Accountability and Authority

The Treasurer or other designee should forward to the safekeeping agent, by fax or e-mail, detailed information regarding investment transaction. The detailed information of the purchased security will consist of:

- a) Type of security.
- b) Par amount, stated coupon, interest yield, maturity date, and CUSIP number.
- c) Specified dollar amount (principal amount, accrued interest, if applicable, and total cost).
- d) Note the broker of the investment transaction.
- e) Signature of the Investment Officer.

A phone call should be made to the safekeeping agent to inform of purchase and confirm receipt of the investment information. When applicable the following should be verified:

- a) Provision of receipt or disbursement of funds.
- b) Internal transfer or wiring of funds.
- c) Written validation from safekeeping agent.
- d) Notification of discrepancy prior to acceptance or rejection of the transaction.
- e) Immediate notification if a fail has occurred: by provider if they are responsible, by safekeeping agent if they are responsible.
- f) That all verbal and written verifications have been forwarded to and received from applicable parties to ensure that transaction was successfully executed.

Investment Strategy and Performance Standards

XVI. Accountability and Authority

The City's strategy is buy and hold (passive v. active). The strategy is to ladder out the portfolio five years, taking cash flow into consideration. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the City's portfolio investment duration. The 2-Year U.S. Treasury Note shall be the City's benchmark.

GLOSSARY OF TERMS

Agencies — agencies of the federal government set up to supply credit to various classes of institutions (e.g., S&Ls, small business firms, students, farmers, housing agencies, etc.)

Amortized Cost — cost of investments adjusted for premiums and discounts. Amortized cost is used to maintain comparability with market value.

Arbitrage Regulation — law to control the use of profit making by purchasing securities on one market for immediate resale on another in order to profit from a price difference.

Asked — the price at which securities are offered.

Bankers Acceptance (BA) — a draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark — a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid — price a prospective buyer is ready to pay.

Bond Indenture — written agreement specifying the terms and conditions for issuing bonds, stating the form of the bond being offered for sale, interest to be paid, the maturity date, call provisions and protective covenants, if any, collateral pledged, the repayment schedule, and other terms. It describes the legal obligations of a bond issuer and the powers of the bond trustee, who has the responsibility for ensuring that interest payments are made to registered bondholders.

Book value — a term synonymous with amortized cost.

Broker/Dealer — individual or firm acting as principal in securities transaction.

Buy and Hold Strategy — investments in which management has the positive intent and ability to hold each issue until maturity.

Callables — securities that the issuer has the right to redeem prior to maturity.

Certificates of Deposit (CD) — a time deposit with a specific maturity evidenced by a certificate.

Collateral — securities pledged to secure repayment of a loan.

Commercial Paper — short-term IOU, or unsecured money market obligation, issued by prime rated commercial firms and financial companies, with maturities from 2 days up to 270 days. It is a promissory note of the issuer used to finance current obligations, and is a negotiable instrument.

Comprehensive Annual Financial Report (CAFR) — an annual financial report that contains at a minimum, three sections: introductory, financial and statistical, and whose financial section provides information on each individual fund and component unit. (Definition source: 2005 Governmental Accounting, Auditing, and Financial Reporting (GAAFR))

Coupon — a) the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) a certificate attached to a bond evidencing interest due on a payment date.

Custody — a banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Debenture — a bond secured only by the general credit of the issuer.

Delivery vs. Payment — there are two methods of delivery of securities: Delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with a simultaneous exchange of money. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Derivatives — a) financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor; b) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Discount — the difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities — non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

Diversification — dividing investment funds among a variety of securities offering independent returns.

Executive Investment Committee — a committee chaired and appointed by the City Treasurer to oversee the day-to-day investment program of the City.

Federal Credit Agencies — agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

Federal Deposit Insurance Corporation (FDIC) — a federal agency that insures bank deposits. Deposit coverage increased from \$100,000 to \$250,000 per depositor in 2008. The increased coverage limits of \$250,000 per depositor, per insured institution, was extended indefinitely effective July 2010 with the passage of the Dodd-Frank Act.

Federal Farm Credit Bank System (FFCB) — created by Congress in 1916, this nationwide system of banks and associations provides mortgage loans, credit and related services to farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The banks of the Farm Credit System issue securities on a consolidated basis through the Federal Farm Credit Banks Funding Corporation.

Federal Funds Rate — the rate of interest associated with borrowing a Federal Reserve Bank's excess reserves. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Bank System (FHLB) — created in 1932, this system consists of 12 regional banks, which are owned by private member institutions and regulated by the Federal Housing Finance Board. Functioning as a credit reserve system, the system facilitates extension of credit through its owner-members in order to provide access to housing and to improve the quality of communities. Federal Home Loan Bank issues are joint and several obligations of the 12 Federal Home Loan Banks and issued through the Federal Home Loan Banks Office of Finance.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) — a stockholder-owned corporation established by Congress in 1970 to provide a continuous flow of funds to mortgage lenders, primarily through developing and maintaining an active nationwide secondary market in conventional residential mortgages. Freddie Mac purchases a large volume of conventional residential mortgages and uses them to collateralize mortgage-backed securities. Freddie Mac is a publicly held corporation; its stock trades on the New York Stock Exchange. Effective in 2008, the FHLMC was placed under U.S. Government conservatorship through the Federal Housing Finance Authority agency.

Federal National Mortgage Association (FNMA or Fannie Mae) — a federally chartered but privately owned corporation which traces its roots to a government agency created in 1938 to provide additional liquidity to the mortgage market. Fannie Mae carries a congressional mandate to promote a secondary market for conventional and FHA/VA single- and multifamily mortgages. Fannie Mae is a publicly held company whose stock trades on the New York Stock Exchange. Effective in 2008, the FNMA was placed under U.S. Government conservatorship through the Federal Housing Finance Authority agency.

Federal Open Market Committee (FOMC) — a committee that sets interest rate and credit policies for the Federal Reserve System, the United States' central bank. The FOMC has 12 members. Seven are the members of the Federal Reserve Board, appointed by the president of the United States. The other five are presidents of the 12 regional Federal Reserve banks. Of the five, four are picked on a rotating basis; the other is the president of the Federal Reserve Bank of New York, who is a permanent member. The committee decides whether to increase or decrease interest rates through open market operations of buying or selling government securities. The committee's decisions are closely watched and interpreted by economists and stock and bond market analysts, who try to predict whether the Fed is seeking to tighten credit to reduce inflation or to loosen credit to stimulate the economy.

Federal Reserve System — system established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their branches, and all national and state that are a part of the system. The Federal Reserve System's main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for transfer of funds throughout the banking system, and examine member banks to make sure they meet various Federal Reserve regulations.

Government National Mortgage Association (GNMA or Ginnie Mae) — government-owned corporations, nicknamed Ginnie Mae, which is an agency of the U.S. Department of Housing and Urban Development. Security holder is protected by full faith and credit of the U.S. government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass throughs" is often used to describe Ginnie Maes.

Interest Rate Risk — the risk that investments will lose market value because of increases in market interest rates. A rise in market interest rates will cause the market value of investments made earlier at lower interest rate to lose value. The reverse will cause a gain in market value.

Intermediate Maturity — investment period greater than one year but less than five years and one day.

Investment Committee — a committee chaired by the City Treasurer to advise the City Treasurer on policies governing the City's investment program.

Laddered Portfolio — bond investment portfolio with securities in each maturity range (e.g. monthly) over a specified period of time (e.g. five years).

Leverage — investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

Liquidity — the ability to turn an asset into cash. The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

Local Agency Investment Fund (LAIF) — the aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Long-Term Maturity — investment period greater than five years.

Long-Term Investment — maturity on investment greater than five years, as of the date of purchase.

Market Value — the price at which a security is trading, usually the liquidation value.

Master Repurchase Agreement — a written contract covering all future transactions between the parties to repurchase reverse repurchase agreements that establish each party's rights in the transactions. A master repurchase agreement will often specify the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity — the date upon which the principal or stated value of an investment becomes due and payable.

Modified Duration — a measure of the sensitivity that the value of a fixed-income security has to changes in market rates of interest. Modified duration is the best single measure of a portfolio's or security's exposure to market risk. Modified duration identifies the potential gain/loss in value before the gain/loss actually occurs. It is a prospective measurement, e.g., a modified duration of 1.5 indicates that when and if a 1% change in market interest rates occurs, a 1.5% change in the value of a security will result. Investments with modified durations of one to three are considered to be relatively conservative.

Money Market — the market in which short-term debt instruments (Treasury bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Offer — price at which someone who owns a security offers to sell it, also known as the asked price.

Open Market Operations — activities by which the Securities Department of the Federal Reserve Bank of New York, popularly called the desk, carries out instructions of the Federal Open Market Committee designed to regulate the money supply. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Pooled Investment — grouping of sources for the common advantage of the participants.

Portfolio — collection of securities held by an investor.

Primary Dealer — investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Fed Open Market Operations. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

Prudent Person Rule — standard adopted by some U.S. states to guide those with responsibility for investing money of others. Such fiduciaries, such as trustees, must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. States not using the prudent-man system use the *legal list* system, allowing fiduciaries to invest only in a restricted list of securities, called the *legal list*.

Qualified Investment — an investment instrument (such as an insured certificate of deposit of \$100,000 with California chartered savings and loan), which is approved by this policy or pursuant to procedures set forth in this policy.

Range Note — an investment instrument that pays a high interest rate, if a given index falls within a stipulated range, but pays no interest if the stipulated index falls outside that range.

Rate of Return — the yield obtainable on security based on its purchase price or its current market price.

Repurchase Agreement (RP or REPO) — agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities as an agreed upon price and usually, at a stated time. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

Required Reports — Section 53646 of the California Government Code specifies that certain information may be periodically transmitted to the City's governing body and chief executive officers by the City's chief fiscal or investment officer .

Safety — the ability of a security issuer to guarantee redemption of their security.

Safekeeping — see custody

Secondary Market — a market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission — agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15C3-1 — see Uniform Net Capital Rule.

Short-term Maturities — investment period of one year or less.

Student Loan Marketing Association (SLMA or Sallie Mae) — a government sponsored entity created to provide liquidity for private lenders (banks, savings and loan associations, educational institutions, state agencies and other lenders) participating in the federal Guaranteed Student Loan Program, supplemental loan programs, the Health Education Assistance Loan Program and/or the PLUS loan program for parents of undergraduates. Established by the Higher Education Act of 1965, Sallie Mae is owned by its stockholders, and its shares trade on the New York Stock Exchange. The agency purchases student loans, makes warehousing advances and offers forward commitments for both instruments. It offers participations, or pooled interests, in loans and assists in financing student loans either as a direct lender or as a source of funds to eligible guarantee agencies or other lenders. Sallie Mae issues unsecured debt in the form of discount notes, floating-rate notes, long-term fixed-rate securities and zero-coupon bonds. In 1997 Sallie Mae began the process of unwinding its status as a GSE; until this multi-year process is completed, all debt issued by Sallie Mae under its GSE status will be "grandfathered" as GSE debt until maturity.

Tennessee Valley Authority (TVA) — a wholly owned corporation of the U.S. government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the Treasury of up to \$150 million.

Treasury Bills — a non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Treasury Bills have a maturity of one year or less.

Treasury Bonds — long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

Treasury Notes — medium-term coupon bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from one to ten years.

Uniform Net Capital Rule — Securities and Exchange Commission requirement that all SEC registered broker/dealers maintain sufficient liquid resources to promptly satisfy their liabilities, including all claims by customers, creditors and other broker-dealers. The rule requires broker-dealers to maintain the greater of (1) a specified percentage of net capital as it relates to either total broker indebtedness or total customer receivables, or (2) a specified dollar amount.

Yield -The annual rate of return on an investment generally expressed as a percentage of the securities current price.



RENT REVIEW BOARD

For City Clerk's Use:

APPROVED DENIED

Reso No. RRB _____ File No. _____

Ord No. RRB _____

Agenda Item No.:19

Date: June 27, 2012

TO: Honorable Chairman and Members of the Rent Review Board
FROM: Jerry VanLeeuwen, Director of Community Services
SUBJECT: Short-Form Rent Increase Application for Casa de Amigos Mobilehome Park

RECOMMENDATION:

- Consider the short-form rent increase application submitted by Casa de Amigos Mobilehome Park.
- If approved, adopt Rent Review Board Resolution No. 2012-05 granting an increase of seventy-five percent (75%) of the change in the Consumer Price Index, or 2.802% (an average of \$15.98) for the period of June 30, 2010 to December 31, 2011.

INTRODUCTION:

Casa de Amigos Mobilehome Park ("Park") has filed a Short-Form Rent Increase Application on April 16, 2012. The Board is asked to accept the staff report, hear public testimony, and make a determination concerning the request in accordance with the Escondido Rent Protection Ordinance and the short-form procedures as outlined in the Rent Review Board Guidelines. The application and the staff report have been made available to the Board for review and consideration prior to the hearing.

THE RENT INCREASE APPLICATION:

Casa de Amigos is a Senior Park located at 1751 W. Citracado Parkway, and has a total of 138 spaces. There are 45 spaces subject to rent control. The spaces not included in this application are on long-term leases, are vacant, or are occupied as rentals. Common facilities include a clubhouse with a book and video library, a billiard room and exercise room. The Park also provides a year-round heated pool and Jacuzzi, free laundry facilities and a shuffleboard court. The Park holds monthly continental breakfasts and blood pressure clinics for the residents.

The application meets all the eligibility criteria for submittal of a short-form rent increase application.

PARK OWNER'S REQUEST:

Under the short-form policy guidelines, the Park owner is requesting an increase of seventy-five percent (75%) of the change in the Consumer Price Index (CPI) covering the period of June 30, 2010,

to December 31, 2011. The current average monthly base rent of the spaces subject to the application is approximately \$570.83. The average increase requested is \$15.98, per space, per month, which is 2.802% increase.

This is the eleventh rent increase request filed by this Park since the Ordinance was implemented. The last rent increase for the Park was granted in on April 6, 2011, for an average amount of \$5.89 per space per month covering a 12 month period of consideration.

RESIDENT MEETING AND COMMENTS:

Individual notices were sent to each affected resident notifying them of the rent increase application and the hearing date. Residents were invited to attend a meeting in their clubhouse on May 15, 2012. The meeting was attended by six residents, the management staff for the Park, and City staff. The residents expressed overall satisfaction with the Park. There were two dominant questions: regarding cracks in the driveways, and regarding the installation of water shut-off valves throughout the Park. According to 2012 Mobilehome Residency Law, the Park Owner is responsible for maintenance of the driveway, unless the homeowner has damaged the driveway or the driveway was installed by the homeowner. Over the past two years, the Park has (re)installed shut-off valves when work was being done to limit the impact of plumbing work on the Park. There are currently 14 valves (7 shut-off zones) throughout the Park. There was also discussion regarding the City of Escondido Rent Subsidy Program; information regarding re-qualifying for the program was provided.

CODE INSPECTION REPORT:

An inspection of Park's common areas by the City's Code Enforcement Division was completed on May 30, 2012; with the lighting inspection conducted on May 31, 2012. There were no health and safety code issues noted on the report. A copy of the report is attached at "Exhibit A".

ADDITIONAL FACTORS AFFECTING THE APPLICATION:

In conformance with the Rent Review Board Guidelines, the decision of the Board will be finalized by adoption of the Resolution confirming the findings of the Public Hearing. The Notice of Determination will be mailed to the applicant and residents immediately upon adoption of the Resolution. The 90-day notice of any rent increase granted may be sent to the residents upon the adoption of the Resolution.


Respectfully Submitted,


Jerry VanLeeuwen
Director of Community Services



DATE: May 31, 2012

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE RENT CONTROL BOARD

FROM: BRIAN GUSTAFSON, CODE ENFORCEMENT MANAGER 

SUBJECT: CASA DE AMIGOS MOBILE HOME ESTATES

Casa de Amigos Mobile Home Estates was inspected on May 30, 2012, with the lighting inspection conducted the morning of May 31, 2012, as a result of an application for rent increase having been filed. There were no general violations found during the May 30 inspection and two lighting violations noted in the report which is attached.

A resident meeting was held on May 15, 2012 (attended by six residents, three members of the Casa de Amigos staff and two city employees); there were no health and safety concerns raised.

There were no resident complaints and no open code enforcement cases in this park during the past year.

CC: Barbara Redlitz, Director of Community Development
Karen Youel, Rent Control Administration



May 31, 2012

MOBILEHOME PARK RENT CONTROL
CODE ENFORCEMENT INSPECTION REPORT

Park Name: Casa de Amigos Mobile Home Estates

Park Owner: Jeff Johnston
1751 W. Citracado Parkway
Escondido, CA 92029

Park Manager: Paul Williams **Phone:** (760) 746-3971

Inspection Dates: 05/30/12 **Inspector:** S. Moore

The following report is based on the inspection of the mobile home park conducted under provisions outlined in the California Health & Safety Code, Division 13, Part 2.1; the California Code of Regulations, Title 25; the Escondido Zoning Code, Article 45; and the Escondido Municipal Code. This inspection report only addresses health and safety issues that are related to the common facilities and areas in the mobile home park for which maintenance, repair and operations is the responsibility of the owners and managers of the park.

General Violations:

No violations found.

Areas of the park needing illumination per 25 CCR 1108
(Lighting Inspection: 05/31/12)

The lighting in the park was found to be generally sufficient and lighting levels were within the minimum requirements for illumination; however, the inspection revealed that one of the light fixtures on the concrete post next to the swimming pool gate is inoperable, and the second light fixture along the walking path across from space 258 is working improperly, the light flashes continuously.

MOBILEHOME PARK RENT REVIEW

RESIDENT REPRESENTATIVE REPORT FORM

Park Name CASA de Amigos

Date of Inspection _____

Resident Representative Bill ZIEGLER

This park will be inspected as a result of an application having been filed for a rent increase. The Code Enforcement Division will base their inspection under provisions outlined in the California Health and Safety Code, Division 13, Part 2.1; California Code of Regulations – Title 25, the Escondido Zoning Code, Article XLV; and the Escondido Municipal Code, Section 6-480 Property Maintenance.

The report compiled by the Code Enforcement Division will address the health and safety issues related to the common areas of the mobile home park and those items for which the repair and maintenance is the responsibility of the owners and managers of the park. The attached list is to assist you and the residents in noting your current concerns so that they can be addressed as part of the process.

At the time of the inspections, each item on this list will be discussed with the participants. If it is a violation of Title 25 it will be made part of the Inspection Report.

Occasionally there are no concerns noted by park residents. If that is the case, we ask that you check the appropriate statement below, sign the form and return it to the Code Enforcement Division.

The residents have expressed no specific concerns or issues at this time.

The residents have expressed the specific issues and concerns that are noted on the accompanying pages of this report.

William R. Ziegler
Print Name of Resident Representative

William R. Ziegler
Signature

5 30 12
Date

279-760-745-2756
Space # / Phone Number

City of Escondido
Code Enforcement Division
201 N. Broadway
Escondido, CA 92025
(760) 839-4650

**RENT CONTROL INSPECTION CHECKLIST
RESIDENT COMMENTS**

Responsible person: There shall be a person available who shall be responsible for the operation and maintenance of the mobile home park. The person or designee shall reside in parks of 50 units or more, and shall have knowledge of emergency procedures of the park facilities.

Rubbish, accumulation of waste material: The park shall be kept clean and free of the accumulation of refuse, garbage, rubbish, excessive dust or debris.

Drainage: The park common areas and roadways shall be graded and sloped to provide storm drainage runoff. Standing water should evaporate within 72 hours.

Building and park lighting: During hours of darkness, artificial lighting shall be maintained in accordance with requirements of Title 25.

Lot address identification: Each lot shall be identified by letters, numbers or a street address mounted in a conspicuous place facing the roadway.

Permanent park buildings: Park buildings, structures and facilities shall be maintained free from hazards.

Emergency information: Emergency information is to be printed and posted in a conspicuous location and shall contain the following telephone numbers/information:

- Fire Department
- Police Department
- Park office
- Responsible person for operation and maintenance
- Code Enforcement
- Park location – address
- Nearest public telephone

Other questions, comments or concerns:

WATER SHUT OFF PROBLEMS
SP. 341 & SP 282

- * DRIVE WAY CRACKS FROM LARGE TREES - IN A FEW DRIVE WAYS CRACKS ARE GETTING WIDER & LONGER.
- * IS IT POSSIBLE TO PUT SHUT OFF VALVES AT EACH STREET TO REDUCE THE # OF TIMES OUR WATER HAS TO BE SHUT DOWN FOR REPAIR WORK - THIS YEAR IT HAS BEEN SHUT DOWN 3 OR 4 TIMES FOR PERIODS LASTING 4 - 7 HOURS.

RESOLUTION NO. RRB 2012-05

A RESOLUTION OF THE ESCONDIDO
MOBILEHOME RENT REVIEW BOARD
MAKING FINDINGS AND GRANTING A RENT
INCREASE FOR CASA DE AMIGOS
MOBILEHOME PARK

WHEREAS, Article V of Chapter 29 of the Escondido Municipal Code is a codification of the Escondido Mobilehome Rent Protection Ordinance ("Ordinance") and provides for mobilehome space rent regulation; and

WHEREAS, the City of Escondido Mobilehome Park Rental Review Board ("Board") is charged with the responsibility of considering applications for rent increases; and

WHEREAS, a Short-Form Rent Increase Application ("Application") pursuant to Section 12 of the Rent Review Board Guidelines was filed on April 16, 2012, by Heather Woolsey, the Owner's representative of Casa de Amigos Mobilehome Park ("Park"), located at 1751 W. Citracado in Escondido. The Application applies to 45 of the 138 spaces; and

WHEREAS, this is the eleventh rent increase application filed by the Park since the Ordinance became effective in 1988. The last rent increase was granted by the Board on April 6, 2011, and adopted by Rent Review Board Resolution 2011-01. The increase affected 50 spaces; the average increase was \$5.89 per space; and

WHEREAS, the current average monthly space rent is \$570.83 for the 45 spaces subject to rent control. The owner requested a rent increase in the amount of seventy-five (75%) of the change in the Consumer Price Index (CPI) for the period June 30,

2010, through December 31, 2011, in accordance with the Rent Review Board short-form policy guidelines. The Application estimated this amount to be an average of \$15.98, (2.802%) per space, per month; and

WHEREAS, a notice of the Park's Application was sent to all affected homeowners. All parties were given notice of the time, date, and place of the rent hearing before the Board; and

WHEREAS, on May 30, 2012, a Mobilehome Park Rent Review Code Enforcement Inspection Report ("Inspection Report") was completed and there were no health and safety code violations noted, and

WHEREAS, on June 27, 2012, the Board held its public hearing and after an initial presentation of the staff report, the Board invited testimony from Park ownership, the residents of the Park, and other residents of the community at large; and

WHEREAS, after all present had been given an opportunity to speak, the hearing was closed. Following an opportunity for discussion among the Board members and clarifying questions to the parties and Staff, the Board voted to grant an increase of 2.802%, an average of \$15.98 per space, per month, for the 45 spaces which are subject to a rent control.

NOW, THEREFORE, BE IT RESOLVED by the Rent Review Board of the City of Escondido, as follows:

1. That the above recitations are true.
2. That the Board has heard and considered all of the reports and testimony presented, and has considered the facts as outlined in the Short-Form Guidelines

("Guidelines").

3. That following the Guidelines, an increase based on seventy-five percent (75%) of the change in the CPI for San Diego County from June 30, 2010, through December 31, 2012, would amount to 2.802%, which averages \$15.98 per space, per month, for the 45 spaces that are subject to rent control.

4. That the Board concluded that an increase of \$15.98 per space, per month, is consistent with the Guidelines, and is fair, just, and a reasonable increase in light of the information presented by all parties.

5. That the Increase may be implemented upon the expiration of the required 90-day notice to the residents, which may be issued upon the adoption of this Resolution.

RENT REVIEW BOARD

For City Clerk's Use:

APPROVED **DENIED**

Reso No. RRB _____ File No. _____

Ord No. RRB _____

Agenda Item No.: 20

Date: June 27, 2012

TO: Honorable Chairman and Members of the Rent Review Board

FROM: Jerry VanLeeuwen, Director of Community Services

SUBJECT: Short-form Rent Increase Application for Eastwood Meadows

RECOMMENDATION:

- Consider the short-form rent increase application submitted by Eastwood Meadows Mobilehome Park.
- If approved, adopt Resolution No. RRB 2012-06 granting a rent increase of 75% of the change in the Consumer Price index (CPI) for the period of December 31, 2009, through December 31, 2011, or 2.989% (an average of \$12.90 per space).

INTRODUCTION:

Eastwood Meadows Mobilehome Park ("Park") has filed a short-form rent increase application. The Board is asked to accept the staff report, hear public testimony, and make a determination concerning the request in accordance with the Escondido Rent Protection Ordinance and the short-form procedures as outlined in the Rent Review Board Guidelines. The application and the staff report have been made available to the Board for review and consideration prior to the hearing.

THE RENT INCREASE APPLICATION:

The Park is an all-age park located at 2550 E. Valley Parkway and has a total of 129 spaces. Management is requesting an increase for the 93 spaces subject to rent control. Spaces not subject to this rent increase request include spaces on long-term leases and one employee home. Park facilities include a furnished clubhouse with a kitchen, billiard room, exercise room and manager's office. There are outside shuffleboard courts, a community pool, a children's playground, and a car wash area. For a fee, a laundry facility and recreational vehicle storage area are available for residents' use.

The application meets all the eligibility criteria for submittal of a short-form rent increase application.

PARK OWNER'S REQUEST:

The Park is requesting an increase of 75% of the change in CPI for the period of December 31, 2009 to December 31, 2011. Seventy-five percent of the change in CPI for the period of consideration is 2.989%. The average space rent for spaces subject to an increase is \$446.90. The average monthly increase requested is approximately \$12.90 per space, per month.

This is the tenth application for a rent increase filed by this Park since the Ordinance was implemented. The last increase was granted on December 9, 2009, for approximately \$12.74 per space per month.

RESIDENT MEETING AND COMMENTS:

Individual notices were sent to each affected resident notifying them of the rent increase application and the hearing date. Approximately five residents attended a meeting in their clubhouse on May 30, 2012, at 6:00 p.m., at which time staff reviewed the short-form hearing procedures. Chad Casenhiser, the Owner's representative, the Park Manager and Maintenance Supervisor attended the meeting. Residents expressed overall satisfaction with the conditions at the park, noting that the pool has been resurfaced and many driveways have been repaved recently, and park landscaping has been well-maintained. Concerns were expressed regarding standing water near the entrance to the Park and striping of the East Valley Parkway. These items are out of the control of Park Management and therefore outside of the scope of the rent control hearing. Appropriate City departments have been notified and the issues have been addressed.

CODE ENFORCEMENT INSPECTION:

An inspection of the common areas of the Park by the Code Enforcement Division of the City on June 4, 2012 noted some violations of the Health and Safety Code. A copy of the Code Enforcement Report is attached as Exhibit "A." The Owner received a copy of the Report and was made aware that no rent increase, if granted, may be implemented until all Health and Safety Code violations have been cleared.

ADDITIONAL FACTORS AFFECTING THE APPLICATION:

The decision of the Rent Review Board will be finalized by adoption of Resolution No. RRB 2012-06 confirming the findings of the Board. A Notice of Determination will be mailed from the City to the applicant and residents immediately upon adoption of the Resolution. Additionally, the 90-day notice of any rent increase granted may be sent by the Park owner to the residents upon the adoption of the Resolution.

Respectfully Submitted,



Jerry VanLeeuwen

Director of Community Services



DATE: JUNE 4, 2012

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE RENT CONTROL BOARD

FROM: BRIAN GUSTAFSON, CODE ENFORCEMENT MANAGER 

SUBJECT: EASTWOOD MEADOWS MOBILE HOME PARK

Eastwood Meadows Mobile Home Park was inspected on June 4, 2012, with the lighting inspection conducted the morning of May 31, 2012, as a result of an application for rent increase having been filed. There were four general violations found during today's inspection and three lighting violations noted in the report which is attached.

A resident meeting was held on May 30, 2012 (attended by four residents, the park manager and maintenance man, the owner's representative, the resident representative, two private citizens and one city employee); there were no health and safety concerns raised.

There were no Code Enforcement cases opened during the past year at any of these spaces.

CC: Barbara Redlitz, Director of Community Development
Karen Youel, Rent Control Administration



June 4, 2012

MOBILEHOME PARK RENT CONTROL
CODE ENFORCEMENT INSPECTION REPORT

Park Name: Eastwood Meadows Mobile Home Park

Park Owner: Mobile Park West
c/o CEJ Management LLC
99 Pacific Street, Bldg. 375-E
Monterey, CA 93940

Park Manager: Barbara Cartwright **Phone:** (760) 747-5437

Inspection Date: 06/04/12 **Inspector:** S. Moore

The following report is based on inspection of the mobile home park conducted under provisions outlined in the California Health & Safety Code, Division 13, Part 2.1; the California Code of Regulations, Title 25; the Escondido Zoning Code, Article 45; and the Escondido Municipal Code. This inspection report only addresses health and safety issues related to the common facilities and areas in the mobile home park for which maintenance, repair and operations is the responsibility of the owners and managers of the park.

General Violations:

1. Repair/replace the eaves and other wooden supports under the roofs of the two permanent shade structures inside the shuffleboard court. Repair/replace the deteriorated bottom portion of the door of the equipment room inside the laundry room. **25 CCR 1605 (b) (6), 25 CCR 1605 (i)**

2. Properly cover the exposed plumbing pipes and electrical wiring adjacent to the clothes washers inside the laundry building. **25 CCR 1246 (b), 25 CCR 1605 (d) (1)**
3. Remove the stored materials next to the water heater and forced air unit inside the pool pump room. **25 CCR 1246 (b) per CPC, 2010 Ed., 502.6 & 505.3**
4. Remove the dead vegetation (piles of leaves, etc.) inside the RV storage lot. **25 CCR 1120 (b)**

**Areas of the park needing illumination per 25 CCR 1108
(Lighting Inspection: 05/31/12)**

The lighting in the park was found to be generally sufficient and lighting levels were within the minimum requirements for illumination; however, the inspection revealed that the light fixture adjacent to the RV storage lot is inoperable and there is vegetation around the street lights adjacent to spaces 57 and 80.

MOBILEHOME PARK RENT REVIEW

RESIDENT REPRESENTATIVE REPORT FORM

Park Name Eastwood Meadows

Date of Inspection June 4, 2012

Resident Representative Donna Martin

This park will be inspected as a result of an application having been filed for a rent increase. The Code Enforcement Division will base their inspection under provisions outlined in the California Health and Safety Code, Division 13, Part 2.1; California Code of Regulations – Title 25, the Escondido Zoning Code, Article XLV; and the Escondido Municipal Code, Section 6-480 Property Maintenance.

The report compiled by the Code Enforcement Division will address the health and safety issues related to the common areas of the mobile home park and those items for which the repair and maintenance is the responsibility of the owners and managers of the park. The attached list is to assist you and the residents in noting your current concerns so that they can be addressed as part of the process.

At the time of the inspections, each item on this list will be discussed with the participants. If it is a violation of Title 25 it will be made part of the Inspection Report.

Occasionally there are no concerns noted by park residents. If that is the case, we ask that you check the appropriate statement below, sign the form and return it to the Code Enforcement Division.

The residents have expressed no specific concerns or issues at this time.

The residents have expressed the specific issues and concerns that are noted on the accompanying pages of this report.

DONNA MARTIN
Print Name of Resident Representative

Donna Martin
Signature

Date

Space # / Phone Number

City of Escondido
Code Enforcement Division
201 N. Broadway
Escondido, CA 92025
(760) 839-4650

**RENT CONTROL INSPECTION CHECKLIST
RESIDENT COMMENTS**

Responsible person: There shall be a person available who shall be responsible for the operation and maintenance of the mobile home park. The person or designee shall reside in parks of 50 units or more, and shall have knowledge of emergency procedures of the park facilities.

Rubbish, accumulation of waste material: The park shall be kept clean and free of the accumulation of refuse, garbage, rubbish, excessive dust or debris.

Drainage: The park common areas and roadways shall be graded and sloped to provide storm drainage runoff. Standing water should evaporate within 72 hours.

*STANDING WATER - ENTRANCE/EXIT - CITY RESPONSIBILITY.
CITY HAS BEEN NOTICED. RW*

Building and park lighting: During hours of darkness, artificial lighting shall be maintained in accordance with requirements of Title 25.

Lot address identification: Each lot shall be identified by letters, numbers or a street address mounted in a conspicuous place facing the roadway.

Permanent park buildings: Park buildings, structures and facilities shall be maintained free from hazards.

Emergency information: Emergency information is to be printed and posted in a conspicuous location and shall contain the following telephone numbers/information:

- Fire Department
- Police Department
- Park office
- Responsible person for operation and maintenance
- Code Enforcement
- Park location – address
- Nearest public telephone

Other questions, comments or concerns:

RU PARKING LOT - MGMT HAS AGREED TO REPLACE DRAINING
IN A MONTH OR SO.

DD

RESOLUTION NO. RRB 2012-06

A RESOLUTION OF THE ESCONDIDO
MOBILEHOME RENT REVIEW BOARD
MAKING FINDINGS AND GRANTING A RENT
INCREASE FOR EASTWOOD MEADOWS
MOBILEHOME PARK

WHEREAS, Article V of Chapter 29 of the Escondido Municipal Code is a codification of the Escondido Mobilehome Rent Protection Ordinance ("Ordinance") and provides for mobilehome space rent regulation; and

WHEREAS, the City of Escondido Mobilehome Park Rental Review Board ("Board") is charged with the responsibility of considering applications for rent increases; and

WHEREAS, a short-form rent increase application pursuant to Section 12 of the Rent Review Board Guidelines was filed on May 16, 2012, by Chad Casenhiser, the Owner's representative of Eastwood Meadows Mobilehome Park ("Park"), located at 2550 E. Valley Parkway in Escondido. The short-form rent increase applies to 93 of the 129 spaces; and

WHEREAS, this is the tenth rent increase application filed by the Park since the Ordinance became effective in 1988. The last short-form rent increase for 2.92%, or approximately \$12.74 per space, per month, was granted at a Rent Review Board Hearing held on December 9, 2009, and formerly adopted by Rent Review Board Resolution 2009-06; and

WHEREAS, at the time of the current short-form rent increase application, the average monthly space rent was \$446.90 for the 93 spaces subject to the rent increase.

The owner requested a rent increase in the amount of seventy-five percent (75%) of the change in the Consumer Price Index (CPI) for the period December 31, 2009, through December 31, 2011, in accordance with the Rent Review Board short-form policy guidelines. The short-form rent increase application estimated this amount to be an average of \$12.90, an increase of 2.989% per space, per month; and

WHEREAS, a notice of the Park's Short-form Rent Increase Application was sent to all affected homeowners. All parties were given notice of the time, date, and place of the rent hearing before the Board; and

WHEREAS, on June 4, 2012, a Mobilehome Park Rent Review Code Enforcement Inspection Report ("Inspection Report") was completed and it noted health and safety code violations in the Park; and

WHEREAS, on June 27, 2012, the Board held its public hearing and after an initial staff presentation, the Board invited testimony from the Park Owner's representative, residents of the Park, and other residents of the community at large; and

WHEREAS, after all present had been given an opportunity to speak, the hearing was closed. Following an opportunity for discussion among the Board members and clarifying questions to the parties and Staff, the Board voted to grant an increase of 2.989%, an average of \$12.90 per space, per month, for the 93 spaces which are subject to a rent increase.

NOW, THEREFORE, BE IT RESOLVED by the Rent Review Board of the City of Escondido, as follows:

1. That the above recitations are true.
2. That the Board has heard and considered all of the reports and testimony presented, and has considered the facts as outlined in the short-form Guidelines (“Guidelines”).
3. That following the Guidelines, an increase based on seventy-five percent (75%) of the change in the CPI for San Diego County from December 31, 2009, through December 31, 2011, would amount to 2.989%, which averages \$12.90 per space, per month, for the 93 spaces that are subject to a rent increase.
4. That the Board concluded that an increase of \$12.90 per space, per month, is consistent with the Guidelines, and is fair, just, and a reasonable increase in light of the information presented by all parties.
5. That the short-form rent increase may not be implemented until after the health and safety code violations noted in the Inspection Report have been corrected, signed off, and are in compliance with the various state and local code sections as noted in the Inspection Report.
6. That the short-form rent increase may be implemented upon the expiration of the required 90-day notice to the residents, which may be issued upon the adoption of this Resolution.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 21
Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council
FROM: Christopher W. McKinney, Director of Utilities
SUBJECT: Potable Reuse Program Manager

RECOMMENDATION:

The Utilities Department requests that the City Council:

1. Adopt Resolution No. 2012-105 authorizing the Mayor and City Clerk to execute an as-needed Consulting Agreement with Black & Veatch Corporation for Indirect Potable Reuse (IPR) Program Management services.
2. Adopt Resolution No. 2012-106 authorizing the Director of Utilities to execute Task Order No. 1 for IPR Program Management in the amount of \$1,381,410.
3. Approve a budget adjustment in the amount of \$1,143,469.03 from CIP 801503 (HARRF Storage System) to CIP 807002 (Indirect Potable Reuse Study).

FISCAL ANALYSIS:

Wastewater CIP 807002 (IPR Study) has available funds in the amount of \$342,000. The remaining funds are available from completed CIP 801503 (HARRF Storage System) in the amount of \$1,143,469.03. The requested budget adjustment will transfer the remaining funds in CIP 801503 to CIP 807002. The completed CIP 801503 will be closed.

PREVIOUS ACTION:

At the regular City Council meeting on February 16, 2011, the Council approved the conceptual plan developed by the Utilities Department to address current and future wastewater capacity concerns and to ensure water reliability. At the regular City Council meeting on December 7, 2011, the Council authorized the Utilities Department to issue a Request for Proposal for an IPR Program Manager to guide detailed planning and implementation of the conceptual plan.

BACKGROUND:

As reported at the Council meeting on December 7, 2011, selection of a program manager for the Indirect/Direct Potable Reuse (IPR/DPR) Program Implementation Study is the next step to address wastewater capacity concerns at the Hale Avenue Resource Recovery Facility (HARRF) and to help

ensure water reliability into the future for Escondido. National Pollutant Discharge Elimination System (NPDES) permits require submission of a report and a plan of action to the Regional Water Quality Control Board (RWQCB) when the average flows reach 75% of capacity. The HARRF is nearing this threshold. Plans to design and build facilities which will guarantee wastewater treatment capacity for future growth must begin soon. Additionally, water reliability is a critical concern for the City of Escondido and all of Southern California. Imported water rates continue to rise and availability is subject to environmental, political, and financial influences beyond the City's control.

The capacity of the existing land outfall from the HARRF is the most critical limiting element to the City's wastewater treatment capacity. As wastewater flows grow in the future, conventional disposal to the ocean would require construction of a new outfall with a probable cost greater than \$300M and significant environmental hurdles. A project of this magnitude and uncertainty is not in the best interests of the City if other, less-costly and more certain alternatives can be identified.

The Council-approved conceptual plan includes an alternative to expand existing wastewater water recycling efforts by adding large-volume users (primarily agricultural users) to the non-potable recycled water system. An easterly extension of recycled water distribution system is presently in design and is a first step toward adding new users. Also, Utilities staff are engaged in efforts with other water agencies to provide input to County and State regulators in an attempt to guide further development of regulations for return of advanced treated wastewater to the potable water system (e.g. potable reuse). Potable reuse, either direct or indirect, could be a viable option to maximize water recycling in Escondido. Even prior to implementation of potable reuse, recycling water for non-potable purposes such as agriculture will reduce our demand for expensive imported water and relieves capacity concerns on the land outfall.

The Program Manager will bring specific expertise above and beyond existing staff to identify incremental projects required to achieve both the near term and long term goals of the Department's conceptual plan. The Program Manager will help identify potential funding and grant opportunities, assist with monitoring evolving regulatory requirements, evaluate evolving technologies, generate project alternatives, and evaluate those alternatives for a system-wide (water and wastewater) approach. The Program Manager will also evaluate siting and space requirements for future required facilities.

The Utilities Department issued a Request for Proposals in December 2011 and received proposals in February 2012 from five (5) consulting teams. A selection panel of nine (9) City staff members evaluated the proposals and selected three (3) for interviews in April 2012. The selection panel unanimously selected the team lead by Black & Veatch Corporation which also includes Brown and Caldwell. The Black & Veatch/Brown and Caldwell team is extremely well qualified for this project, having recent experience providing similar services for the City of San Diego.

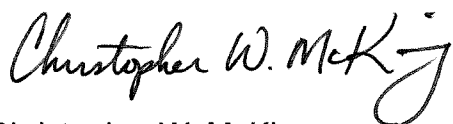
The Scope of Work for Task Order No. 1 has been developed and the cost negotiated. Completion of this initial task should take 12 to 14 months at a cost of \$1,381,410.

A major element of the first task is a programmatic planning study that develops near-term and long-term reuse alternatives and analyzes their feasibility, costs, and benefits. This task will require the transfer of a great deal of historical operating data from our wastewater, recycled water, and water systems to the consultant. The consultant will use this background data to develop flow projections for wastewater and, in turn, the seasonally variable projections for available recycled water distribution. Additionally a wastewater quality and mass balance model will be developed to assess impacts of various alternatives for reuse and water quality impacts at the HARRF.

Another major element of the first task is a cost of service study for the existing recycled water system. The consultant will estimate the various costs of operation for treatment through the HARRF. Following an estimated cost breakdown for the production of recycled water (water treated beyond a secondary level), the consultant will generate up to three alternative rate structures for recycled water. This will include a survey of up to eight other agencies and their rate structures.

Other elements include: reuse alternatives to serve agriculture which optimize the water quality and the cost to serve; disposal considerations to take into account permitting regulations, outfall impacts, live stream discharge, peak flow management, and brine capacity; development and evaluation of up to six alternatives for reuse of both non-potable and potable; and financial evaluation of each option.

Respectfully submitted,

A handwritten signature in black ink that reads "Christopher W. McKinney". The signature is written in a cursive style with a large, stylized "j" at the end.

Christopher W. McKinney
Director of Utilities

RESOLUTION NO. 2012-105

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A CONSULTING AGREEMENT WITH BLACK & VEATCH CORPORATION FOR THE INDIRECT POTABLE REUSE PROGRAM ("IPR") MANAGEMENT

WHEREAS, the City desires to expand their existing recycled water system and the recycled water use; and

WHEREAS, the City desires to study various alternatives to expand recycled water use including non-potable, indirect potable, and direct potable reuse; and

WHEREAS, a selection panel has selected Black & Veatch Corporation as being the most qualified proposer; and

WHEREAS, individual task orders will be brought before this City Council for authorization to execute with negotiated costs as scopes of work are determined; and

WHEREAS, the Director of Utilities recommends that the Consulting Agreement ("Agreement") with Black & Veatch Corporation be approved; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest, to approve said Agreement with Black & Veatch Corporation.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the Mayor and City Clerk are hereby authorized to execute, on behalf of the City, an Agreement with Black & Veatch Corporation. A copy of the Agreement is attached as Exhibit "1" and is incorporated by this reference.



CITY OF ESCONDIDO
CONSULTING AGREEMENT

This Agreement is made this _____ day of _____, 20__.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: Craig Whittemore
760-839-4038
("CITY")

And: Black & Veatch Corporation
300 Rancheros Drive, Suite 250
San Marcos, CQA 92069
Kevin Davis
760-571-7705
("CONSULTANT")

Witness that whereas:

- A. It has been determined to be in the CITY's best interest to retain the professional services of a consultant to assist the City in decisions related to water sustainability, wastewater disposal, and expanding recycled water use through a cost effective and efficient program; and
B. The CONSULTANT is considered competent to perform the necessary professional services for CITY;

NOW, THEREFORE, it is mutually agreed by and between CITY and CONSULTANT as follows:

- 1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
2. Compensation. The CITY will pay the CONSULTANT in accordance with the conditions specified in "Attachment A," based on individual Task Orders. Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it. If this Agreement is amended at any time, additional compensation of CONSULTANT contained in subsequent amendment(s) shall not exceed a cumulative total of twenty-five percent (25%) of the maximum payment provided for in this Section 2.

3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.
4. Duties. CONSULTANT will be responsible for the professional quality, technical accuracy, timely completion, and coordination of all reports and other services furnished by the CONSULTANT under this Agreement, except that the CONSULTANT will not be responsible for the accuracy of information supplied by the CITY.
5. Personnel. The performance of services under this Agreement by certain professionals is significant to the CITY. CONSULTANT will assign the persons listed on "Attachment B," which is attached and incorporated by this reference, to perform the Services described in Paragraph 1, and will not add or remove persons from the list without the prior written consent of the CITY. If no designation is made, then CONSULTANT may not assign services without obtaining the advance written consent of the CITY. CONSULTANT will not subcontract any tasks under this Agreement without obtaining the advance written consent of the CITY.
6. Termination. Either CONSULTANT or the CITY may terminate this Agreement with thirty (30) days advance written notice.
7. City Property. All original documents, drawings, electronic media, and other material prepared by CONSULTANT under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONSULTANT for any other purpose without prior written consent of the CITY.
8. Insurance.
 - a. The CONSULTANT shall secure and maintain at its own cost, for all operations, the following insurance coverage, unless reduced by the City Attorney:
 - (1) General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
 - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
 - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
 - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
 - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONSULTANT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the CONSULTANT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by CONSULTANT _____

Waiver appropriate by CITY _____

- c. Each insurance policy required above must be acceptable to the City Attorney.
- (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
 - (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
 - (3) Both the General Liability and the Automobile Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The CITY includes its officials, employees, and volunteers. The endorsement must be ISO Form CG 20 10 11 85 edition or its equivalent for General Liability endorsements and CA 20 01 for Automobile Liability endorsements.
 - (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work, including its on-going operations and products-completed operations hazard.
 - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
- c. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.
9. Indemnification. CONSULTANT (which in this paragraph 9 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:
- a. Any claim of liability arising out of the negligence or any acts or omissions of CONSULTANT in the performance of this Agreement;
 - b. Any personal injuries, property damage or death that CONSULTANT may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by the CITY, or from any dangerous condition of property; or
 - c. Any injury or death which results or increases by any action taken to medically treat CONSULTANT.
10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void. Unless CONSULTANT assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY'S written consent, CONSULTANT shall be the sole payee under this Agreement. Any and all payments made pursuant to the terms of this Agreement are otherwise not assignable.
11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.

12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.
15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.
17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.
21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.
22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on

this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

(Consultant name)

Date: _____

(Consultant signature)

Title

(The above signature must be notarized)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.

ATTACHMENT 'A'

Consultant shall provide "As-Needed" services to the City as it relates to IPR Program Management. IPR Program Management is a programmatic planning study which encompasses wastewater, recycled water, and water through the development of short and long term alternatives for water sustainability. Elements used in determining alternatives may include but are not limited to; economic and regulatory feasibility, benefits, costs, environmental, asset management, system wide operability and maintenance.

The contract shall be administered through individually approved Task Orders.

ATTACHMENT 'B'

Rate Schedule

BLACK & VEATCH / BROWN AND CALDWELL 2012⁽³⁾ SCHEDULE OF HOURLY FEES FOR PROFESSIONAL SERVICE	
Personnel Classification	2012 Rate ⁽¹⁾
Project Director	\$220 to \$245
Senior Technical Advisor / Senior Staff Specialist	\$200 to \$245
Project Manager / Engineering Manager	\$190 to \$220
Staff Specialist	\$170 to \$190
Senior Engineer II	\$175 to \$195
Senior Engineer I	\$150 to \$170
Project Engineer	\$125 to \$145
Staff Engineer	\$100 to \$120
Senior Architect	\$175 to \$205
Project Architect	\$115 to \$165
QA/QC Manager	\$220 to \$245
QA/QC Specialist	\$160 to \$190
Senior Cost Estimator	\$160 to \$180
Cost Estimator II	\$125 to \$155
Cost Estimator I	\$100 to \$120
CAD Manager	\$130 to \$150
Senior CAD Designer	\$105 to \$125
CAD Technician	\$80 to \$100
Administrative Support	\$85 to \$105
Clerical	\$60 to \$80

- (1).....An \$8.75 hourly surcharge will be added to the rates indicated above to cover basic computer charges, minor reproduction fees, long-distance telephone charges, car mileage for company owned vehicles, and standard postage.
- (2).....Other direct expenses, including the following, will be billed at cost:
- Travel (transportation fares/tickets, vehicle rental and fuel, lodging, meals, parking, tolls, mileage at IRS approved rates, etc)
 - Delivery (courier, FedEx, UPS, express mail, etc.)
 - Reproduction (printing, reproduction of large sets, submittals, or oversized drawings, etc.)
- (3).....Rates shown in table above will be held for the first two fiscal years, after which rates will be escalated at a fair rate that is acceptable to the City.

RESOLUTION NO. 2012-106

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING DIRECTOR OF UTILITIES TO EXECUTE, ON BEHALF OF THE CITY, TASK ORDER NUMBER 1 WITH BLACK & VEATCH CORPORATION FOR INDIRECT POTABLE REUSE PROGRAM MANAGEMENT

WHEREAS, the City Council has approved Resolution No. 2012-105 for a Consulting Agreement with Black & Veatch Corporation for Indirect Potable Reuse ("IPR") Program Management; and

WHEREAS, City staff have completed negotiations with Black & Veatch Corporation for Task Order No. 1; and

WHEREAS, the Director of Utilities recommends that Task Order No.1 with Black & Veatch Corporation be approved; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve said Task Order No.1 with Black & Veatch Corporation in an amount not to exceed \$1,381,410.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Director of Utilities is hereby authorized to execute, on behalf of the City, Task Order No. 1 with Black & Veatch Corporation. A copy of the Task Order is attached as Exhibit "1" and is incorporated by this reference.



CITY OF ESCONDIDO
TASK ORDER #1
IPR PROGRAM MANAGEMENT

The City Council of the City of Escondido adopted Resolution No. 2012-105 to execute an Agreement with Black & Veatch Corporation for IPR Program Management services. The City Council of the City of Escondido adopted Resolution No. 2012-106 authorizing the Director of Utilities to execute **Task Order #1** in an amount not to exceed \$1,381,410. The Scope of Work for said Task Order is attached.

CITY OF ESCONDIDO

Date: _____

Signature

Director of Utilities

Date: _____

Black & Veatch Corporation

Signature

Name & Title (please print)



**IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1**
CITY OF ESCONDIDO

BACKGROUND

The City of Escondido (City) is facing important decisions – decisions on whether to upgrade the wastewater disposal systems or to expand existing water recycling efforts to additional non-potable customers and potentially the use of indirect or direct potable reuse. To address these important issues, the City is embarking on a recycled water program. The program will focus on answering key questions for the City, and then implement the program that addresses the City's needs.

Task Order No. 1 of this program will perform three major functions, summarized as:

1. Perform a programmatic planning study that develops near-term and long-term reuse alternatives and determines their feasibility, costs, and benefits.
2. Prepare a cost of service analysis to evaluate the cost of recycled water in the existing system
3. Support City's asset management program

SCOPE OF WORK- TASK ORDER NO.1 NPR/IPR/DPR PLANNING STUDY

Specific tasks associated with this phase of the project are summarized below:

- ▼ Task 1000 – Meetings and Project Management
- ▼ Task 1100 – Existing Non-potable Recycled Water Cost of Service Study
- ▼ Task 1200 – Background Development
- ▼ Task 1300 – Early Phase Reuse Alternatives to Serve Agriculture
- ▼ Task 1400 – IPR/DPR Project Development
- ▼ Task 1500 – Disposal Considerations
- ▼ Task 1600 – Program Development
- ▼ Task 1700 – IPR/DPR Financial Model
- ▼ Task 1800 - Reuse Program Final Report
- ▼ Task 1900 – Asset Management Program Support

TASK 1000 – MEETINGS AND PROJECT MANAGEMENT

The following tasks will be performed to coordinate efforts, keep the City informed of activities, and attend meetings (in addition to any meetings included in individual tasks).

Task 1001 - Project Administration. Perform administrative tasks as required to facilitate completion of tasks defined within this Scope of Work. The project administrative tasks to be performed include:

- Provide monthly invoices with status report defining progress to date of all tasks, cost expenditures, and an updated schedule.
- Maintain a project schedule identifying major project tasks with duration and milestones. This schedule will be updated monthly and highlight critical path tasks and key milestones.



**IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1**

CITY OF ESCONDIDO

- Coordinate team members including work planning, coordination and communications.

Task 1002 – Meetings

Prepare for and attend meetings. Agenda and summary meeting minutes shall be prepared for meetings where appropriate. Level of effort assumed for meetings is per the allowances provided for in the fee estimate. The following meetings are assumed:

- **City Meetings.** The following meetings are anticipated. Meeting budgets include preparation time.
 - **Monthly Meetings.** Up to fourteen (14) monthly meetings with the City
 - **Other City Meetings.** Up to seven (7) other meetings with the City
- **Internal Team meetings.** Hold weekly team coordination meetings. Frequency may be reduced in later stages of the project.
- **Other meetings.** Up to eight (8) meetings are assumed for time spent with stakeholders, regulators, public related meetings, other agencies, or other parties currently not known but may surface during task order execution.
- **Presentations:**
 - **City Council.** Prepare for, attend and present (if required) at up to two (2) City Council meetings. Preparation of a PowerPoint presentation is included per City input and direction..
 - **Other stakeholders (2).** Prepare for, attend and present (if required) at up to two (2) stakeholder briefings. Preparation of a PowerPoint presentation is included per City input and direction.

TASK 1100 – EXISTING NON-POTABLE RECYCLED WATER COST OF SERVICE STUDY

This task will include developing a cost of service study to: 1) evaluate the cost of wastewater treatment, 2) evaluate recycled water treatment and delivery to current customers, and 3) evaluate alternative cost structures.

Task 1101 – Cost of Service Study

- Consultant will work with City staff to prepare a cost-of-service analysis outlining the City's estimated cost for providing wastewater (limited to the cost from the Influent Pump Station through HARRF secondary processes) and the estimated cost of service to treat and deliver recycled water. Subtasks conducted will include the following:
 - Meet with City staff to understand the operation and breakdown of HARRF treatment components and to estimate the transition point between wastewater treatment and recycled water activities.
 - Estimate wastewater cost of service from the Influent Pump Station to the transition point to recycled water (assumed to be at the secondary treatment effluent point). Estimate the cost elements associated with producing water from secondary to tertiary levels.



**IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1**
CITY OF ESCONDIDO

- Establish cost allocation percentages for recycled water activities that appropriately reflect key elements including distribution, administrative billing, and labor costs.
- Work with the City to help establish beneficial use policy for recycled water.
- Consultant will examine the City's current recycled water pricing policy and provide recommendations on up to three alternative rate structures. As part of this subtask, Consultant will conduct a limited recycled water survey of Southern California agencies for the most current year available. No more than eight cities/agencies will be included in this survey.
- It is assumed that costs will be prepared for a specific year (e.g., 2012), which will be determined collaboratively with the City at the beginning of the work for this task.

TASK 1200 – BACKGROUND DEVELOPMENT

Task 1201 - Background Data

Work with the City to collect relevant information for the planning study, including previous reports, GIS files, hydraulic models, etc.

- **Review relevant reports.** Collect and review the following reports and data:
 - 2012 Water, Wastewater and Recycled Water Master Plans
 - 2010 Urban Water Management Plan
 - City of Escondido Indirect Potable Reuse Feasibility Study
 - General Plan with summary of key issues provided by City.
 - Wastewater Treatment and Disposal Capacity Study
 - Most recent City of San Diego groundwater management planning document related to San Pasqual Valley
- **Base Mapping.** Collect and review available City GIS data. Develop aerial and non-aerial base maps using GIS data provided by the City that will be utilized throughout the project.
- **Hydraulic Models.** Obtain the City's water, wastewater, and recycled water models.

Task 1202 – Costs Basis

Develop a costing program for use throughout the Study

- **Unit cost data.** Develop unit cost data (based on \$/MGD, \$/MG, \$/HP, etc.) specific to the City of Escondido and potential project facilities. Utilize existing unit cost data available to the Consultant team from similar past projects, and other City-provided bid estimates.
- **Cost Model.** Develop an MS Excel cost model for calculating budgetary cost estimates for alternatives developed in later tasks. The model will be used to import alternative costs into the financial model. The intent of the model is to make it adaptable to future changes such that updates can be accomplished quickly and efficiently.

Task 1203 – Demands and Flow

- **Water Demands.** Compile existing and future water demands and compare with plant output. Review Urban Water Management Plan (UWMP), Water Master Plan



**IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1**

CITY OF ESCONDIDO

and general plan data, which will serve as the basis for establishing future demands. Compile existing, planned, and future non-potable recycled water flows using similar documents provided by the City. Develop water projections for summer and winter demands. The time horizon for demand projections will be confirmed with the City early in the process.

- **Wastewater Flows.** Compile existing and future wastewater flows and compare with plant output using information from the City's Wastewater Master Plan. Develop wastewater projections including low, average, and high dry weather future flows. Based on flow analysis, quantify the wastewater available for reuse at key locations, including Pump Station No.1. Evaluate additional options for increasing wastewater flow and reuse including Vallecitos Water District's Montiel Pump Station gravity diversion, City of San Diego's Pump Station 77, septic conversions, etc. The time horizon for flow projections will be confirmed with the City early in the process.
- **Initial Reuse Plans.** Review the City's 2012 Reuse Master Plan and meet with the City to determine the intent and extent of planned and desired improvements and how these plans fit into the objectives of this project. Evaluate planned connections and demands, and assess impact to both summer and winter recycled water operations. Estimate seasonal availability of recycled water (wastewater) for agricultural and future IPR/DPR purposes. Obtain and review the latest summary information on the City of San Diego's plans for San Pasqual Valley.

Task 1204 – Wastewater Quality and Mass Balance Model

- Establish an initial list of treatment issues, impacts and potential improvements at HARRF to address existing and future conditions. Using data provided by the City, characterize wastewater quality for evaluation in developing an IPR system. Build a wastewater system mass balance model by updating other recent water quality mass balance models for use in assessing impacts of reuse options and water quality impacts at HARRF. The model shall estimate TSS, BOD and TDS loading at key locations in the wastewater system. The model will be used to evaluate wastewater quality and impacts of reuse.

TASK 1300 – EARLY PHASE REUSE ALTERNATIVES TO SERVE AGRICULTURE

Task 1301 –Early Phase Reuse Alternatives

The first phase of the reuse program is anticipated to focus on developing early phase reuse alternatives that provide lower TDS non-potable recycled water to agricultural customers. The following tasks shall be performed:

- **Customer locations and demands.** Confirm locations and demands of candidate agricultural sites. Confirm agricultural historical demands including an evaluation of seasonal demand fluctuation. Collaborate with EGAP and confirm agricultural customers' ability to use additional water during peak wet weather events, including critical wet weather events that would represent design conditions at HARRF.
- **Onsite Storage Potential.** Determine candidate locations for onsite storage at agricultural sites. Determine whether tanks or open storage ponds could be



IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1

CITY OF ESCONDIDO

constructed and the management and water quality considerations associated with these facilities. Conceptualize the layouts, ability to use storage during wet weather events, and peak flow management approaches for the wastewater system.

- **Conveyance.** Confirm location and extent of existing and planned recycled water and brine pipelines which would be used to serve candidate sites. Identify technical issues related to the facilities, including waste stream impacts on materials, piping configurations, pressures, and daily peak and non-peak flows seasonally.
- **Treatment Needs and Treatment Siting.** Work with EGAP and their partners to establish water quality objectives for agricultural use (avocados and citrus). Develop candidate locations for treatment systems, which are anticipated to include: 1) consolidation at the HARRF site (with all non-potable flows having an RO side stream), 2) centralized at the brine pipeline eastern terminus, or 3) decentralized at agricultural locations. Quantify reverse osmosis and other treatment needed to meet desired water quality needs at least costs.
- **Treatment System Cost Estimates.** Develop a cost of the treatment systems if located at HARRF, at the brine pipeline terminus, or at individual agricultural sites.
- **Layout Alternatives.** Compile planning level concepts including the general siting of facilities and approximate/conceptual pipeline alignments for serving targeted agricultural customers, and estimate planning level cost impacts. Develop up to three (3) concepts to serve agricultural customers. Alternatives shall be focused on balancing water quality and costs. These concepts are anticipated to include performing treatment at HARRF, at a centralized location at the eastern terminus of the brine pipeline, and a decentralized approach at each agricultural site.
- **Adaptability to IPR/DPR.** Develop an adaptability plan to determine how early phase agricultural service would be adapted if an IPR/DPR approach was employed.

TASK 1400 – IPR/DPR PROJECT DEVELOPMENT

Develop baseline information necessary to evaluate and develop IPR/DPR opportunities within the City. It is anticipated that these opportunities will focus on Lake Dixon, Lake Wohlford and Lake Hodges, however, this task will look at opportunities across the City including San Pasqual Valley.

Task 1401 – Regulatory Update

Prepare a summary of the current state of regulations for IPR and DPR projects.

- Summarize the key parameters that affect the ability to develop an IPR/DPR project.
- Contact CDPH to determine the status and current thinking on pending regulations.
- Contact the RWQCB to determine the status and current thinking on pending regulations (also see disposal task).
- Attend up to one regulatory briefing during the project
- Contact and summarize results from City of San Diego demonstration pilot plant
- Summarize latest treatment trends, treatment technologies, benefits, costs, and phasing potential. This task includes an allowance for Dr. Shane Snyder for early brainstorming on regulatory compliance and to provide a short briefing letter on treatment issues, regulations, current approaches to addressing CECs, monitoring considerations, and a general opinion on health and safety issues.

Task 1402 – Groundwater Basin and Reservoir Siting Evaluation



**IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1**

CITY OF ESCONDIDO

Review and summarize possible sites for IPR Reservoir Augmentation, Groundwater Recharge, and Direct Potable Reuse. Perform the following:

- Obtain legal opinion from City's general council regarding any water rights that may impact projects (City of San Diego, Native American).
- Review groundwater basins within or in proximity to Escondido and summarize characteristics using CA DWR Bulletin 118 and information provided by the City. Review City of San Diego plans for San Pasqual Valley.
- Review reservoirs and summarize characteristics. Acquire initial data for Dixon and Wohlford and outline the scope required to perform computation fluid dynamic (CFD) modeling of Lake Dixon and Wohlford. The actual CFD modeling is not included in the task order.
- Prepare a summary table of the potential basins/reservoirs and their suitability based on estimated regulatory criteria. Identify related treatment plant sites based on the potential IPR/DPR delivery points. These sites are anticipated to include HARRF, agricultural locations identified in Task 1300, at or near the EVWTP, and a site near San Pasqual Valley/Lake Hodges.
- Review potential DPR tie in points based on demands and ways to minimize pumping
- Review pipeline routes and existing infrastructure that lends itself to accomplishing IPR/DPR projects.
- Evaluate the benefits of a pump storage project between Lake Dixon and Lake Wohlford, including conceptualizing how this operation may help meet regulatory requirements for IPR projects.
- Using high level, triple bottom line approach, estimate the political, institutional and environmental benefits and impacts for the candidate IPR locations identified above.

Task 1403 – Impacts on Existing and Planned Domestic Water Systems

Review and summarize the benefits and impacts of the identified IPR concepts on the existing and planned water system. Summarize the following:

- Potential benefits and impacts to the existing and planned water distribution system
- Potential benefits and impacts to the Escondido canal operation and a future IPR Reservoir Augmentation project
- Potential benefits and impacts to the EVWTP and coordination needs with VID
- Potential benefits and impacts for interconnectivity to SDCWA system
- Potential benefits and impacts on Lake Hodges and downstream water uses (Olivenhain MWD, Santa Fe Irrigation District, San Dieguito Water District, County Water Authority Pumped Storage Project)

Task 1404 – Treatment Analysis

A treatment system analysis will be conducted, including the following tasks

- AWT. Summarize key treatment issues and needs for advanced water treatment processes needed to produce IPR/DPR projects



IPR PROGRAM MANAGEMENT SCOPE OF WORK – TASK ORDER NO. 1

CITY OF ESCONDIDO

- HARRF. Summarize key short-term and long-term treatment issues and needs at HARRF, including pre-treatment and nutrient removal coordination with IPR/DPR/live stream concepts.
- Phasing. Assess the ability to coordinate and phase treatment improvements with other evaluations, including early phase service to agriculture customers and live stream discharge concepts.
- Siting. Decentralized and centralized AWT considerations
- Waste stream treatment needs including biosolids approaches and brine disposal
- Summarize key odor, noise and aesthetic impacts based on future treatment changes

TASK 1500 – DISPOSAL CONSIDERATIONS

The disposal system, particularly the land and ocean outfall represent important considerations in this Study. This task provides the basis for determining the benefits the recycled water program will have on decreasing disposal costs.

Task 1501 – Permitting Requirements

Determine existing permitting requirements and future permitting projections. This task will include an allowance for Dr. Michael Welch. As part of this task, Dr. Welch will work with the team to summarize existing permit requirements, estimate future permit impacts, and develop strategies for alternatives. Tasks include:

Task 1502 – Outfall Impacts

Review recent outfall report entitled Wastewater Treatment and Disposal Capacity Study, which evaluated the outfall capacity. Compare report flow estimates to the latest City estimates. Update budgetary cost estimates for identified improvements by adjusting the ENR CCI index (baseline outfall cost). Soft cost assumptions shall also be reviewed for consistency with totals used in the alternatives analysis. Avoided costs will be quantified based on how much is offloaded by the reuse program (offloaded outfall cost). Address TDS impacts (also see Task 1505).

Task 1503 – Live Stream Discharge

Evaluate live stream discharge including outlining permit requirements and conceptualize two live stream options (assumed to relate to a centralized and decentralized IPR approach). Discuss potential downstream benefits with the City, including the potential to recharge groundwater for downstream customers.

Task 1504 – Peak Flow Management

Evaluate strategies to manage peak wet weather flows with a 10-year recurring frequency. The evaluation will include expanding on the current strategy of using recycled water and secondary effluent reservoirs to reduce the overflows at the land outfall during peak flow events and consideration of equalization basins within the collection system. Peak flow management will also evaluate AWT sizing to accommodate daily diurnal flows.



**IPR PROGRAM MANAGEMENT
SCOPE OF WORK – TASK ORDER NO. 1**

CITY OF ESCONDIDO

Task 1505 – Brine Capacity

Summarize remaining capacity in the outfall and brine pipeline to determine remaining capacity for future City uses. Coordinate with General Plan needs. Confirm brine pipeline configuration at HARRF and connection to the outfall. Evaluate hydraulic conditions caused by upstream brine disposal options at HARRF. Consider impact of brine discharge on condition of outfall with high salinity discharges, discharge characterization of ocean outfall with lower discharge quantity, and impact of salinity on ocean (as required by the RWQCB).

TASK 1600 – PROGRAM DEVELOPMENT

Task 1601 – Framework Workshop

Prepare and facilitate an interactive workshop program. Workshop shall be a one day interactive session on the following topics:

- Goals: discuss goals and confirm City buy-in
- Criteria: prepare and present candidate project evaluation criteria, discuss criteria and process
- Opportunities: discuss opportunities compiled above
- Constraints: discuss regulatory, infrastructure, political, public and institutional constraints that may limit project development
- Offsets: discuss avoided costs, savings, etc.
- Next steps: outline the following program steps including prioritization

Task 1602 – Develop and Evaluate Alternatives

Develop integrated reuse alternatives based on the concepts discussed during the Framework Workshop. This task includes compiling alternatives with clear conveyance systems, treatment systems, facility sites, delivery points, and disposal plans. The concepts will include maps and details summarizing necessary facilities, and budgetary cost estimates. The alternatives will be evaluated for potential fatal flaws and other significant factors that could affect their feasibility, including: costs, revenue, savings, benefits, impacts, and phasing potential. Up to six (6) alternatives will be developed. Each alternative will also include conceptual layouts for major HARRF facilities. The alternatives are assumed to include the following:

- Non-potable only concept (baseline). Includes the City's planned non-potable reuse approach and any agricultural customers added.
- Lake Dixon/Lake Wohlford centralized concept at HARRF
- Lake Dixon/Lake Wohlford decentralized concept at agricultural site, EVWTP or other identified site
- Lake Hodges groundwater augmentation concept using Escondido facilities/sites.
- Lake Hodges groundwater augmentation concept using City of Escondido and City of San Diego facilities/sites
- One additional alternative or permutation to an alternative listed above.

Task 1603 – Coarse Screening Workshop

City of Escondido
 IPR/DR Program Manager Task Order No. 1: NRP/PR/DR Planning Study
 Fee Estimate

Task	Description	Project Manager II	Project Manager I	QA/QC	Senior Engineer	Project Engineer	Staff Engineer	GIS Analyst	Asset Management	QA/Designer	Admin Staff	Project Manager - Finance	Sr. Financial Analyst	Technical Advisor / QA/QC - Finance	BAV Total Hours	Total Fee (\$75/hour)	Indirect Expenses (\$75/hour)	BAV Direct Expenses	Dr. Michael Welch	Dr. Shane Snyder	Surveying / Polishing	Subcontractor Markup (10%, except Bc)	
1400	MEETINGS AND PROJECT MANAGEMENT																						
1401	1401	42	70		28						55				138	\$17,500	\$10,001	\$12,200					
1402	1402	154	70		28						55				300	\$39,600	\$23,150	\$31,200					
1403	1403	154	70		28						55				483	\$61,125	\$37,260	\$49,200					
1404	1404	154	70		28						55				483	\$61,125	\$37,260	\$49,200					
1405	1405	154	70		28						55				483	\$61,125	\$37,260	\$49,200					
1406	1406	154	70		28						55				483	\$61,125	\$37,260	\$49,200					
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1468	1468	154	70		28						55				483	\$61,125	\$37,260	\$49,200					
1469	1469	154	70		28						55				483	\$61,125	\$37,260	\$49,200					
1470	1470	154	70		28																		



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 22

Date: June 27, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Diane Halverson, City Clerk

SUBJECT: Appointment to the Personnel Board of Review

RECOMMENDATION:

That the Council ratify the Mayor's recommendation to appoint Jennifer Burrows to fill an unscheduled vacancy on the Personnel Board of Review due to the resignation of Orvil Hale; whose term of office will expire March 31, 2016.

BACKGROUND:

Following the receipt of Orvil Hale's resignation from the Personnel Board of Review, Notices of an Unscheduled Vacancy were posted in accordance with State law and City policy. Since the annual recruitment, held in March 2012, one application was on file; no additional applications were received during the noticing period.

Respectfully submitted,

Diane Halverson, CMC
City Clerk

FUTURE CITY COUNCIL AGENDA ITEMS
June 21, 2012

*AGENDA ITEMS AND COUNCIL MEETING DATES ARE SUBJECT TO CHANGE.
CHECK WITH THE CITY CLERK'S OFFICE AT 839-4617*

JULY 4, 2012
No Meeting (Holiday)

JULY 11, 2012
No Meeting (Summer Break)