



Council Meeting Agenda

FEBRUARY 14, 2018
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	John Masson
COUNCIL MEMBERS	Olga Diaz Ed Gallo Michael Morasco
CITY MANAGER	Jeffrey Epp
CITY CLERK	Diane Halverson
CITY ATTORNEY	Michael McGuinness
DIRECTOR OF COMMUNITY DEVELOPMENT	Bill Martin
DIRECTOR OF ENGINEERING SERVICES	Julie Procopio

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

**February 14, 2018
3:30 P.M. Meeting**

Escondido City Council

CALL TO ORDER

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

ORAL COMMUNICATIONS

In addition to speaking during particular agenda items, the public may address the Council on any item which is not on the agenda provided the item is within the subject matter jurisdiction of the City Council. 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/SUCCESSOR AGENCY/RRB)

- I. CONFERENCE WITH LEGAL COUNSEL-- EXISTING LITIGATION (Government Code 54956.9(d)(1))**
 - a. **Case Name:** State Farm General Insurance Co. v. City of Escondido
Case No: 37-2018-00000335-CU-PO-NC

- II. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)**
 - a. **Property:** 480 North Spruce Street, APN 232-091-28-00;
455 North Quince Street, APN 232-091-27-00;
525 North Quince Street, APN 232-091-06-00
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: RAF Pacifica
Under Negotiation: Price and Terms of Agreement

 - b. **Property:** 507 North Spruce Street, APNs 232-090-46 & 232-090-48
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: Schoeppner Family Trust, Flat Wheel Auto Body, Inc.
Under Negotiation: Consider Acquisition of Property Offered for Sale

- III. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION/SIGNIFICANT EXPOSURE (Government Code 54956.9(d)(2))**
 - a. One Case: Claim No. 4887

ADJOURNMENT



Council Meeting Agenda

**February 14, 2018
4:30 P.M. Meeting**

Escondido City Council

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, Masson, Morasco, 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.) NOTE: Depending on the number of requests, comments may be reduced to less than 3 minutes per speaker and limited to a total of 15 minutes. Any remaining speakers will be heard during Oral Communications at the end of the meeting.

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/SUCCESSOR AGENCY/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/Successor Agency)**
3. **[APPROVAL OF MINUTES: Regular Meeting of January 24, 2018](#)**

4. **[TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2017 -](#)**

Request the City Council receive and file the Quarterly Investment Report.

Staff Recommendation: **Receive and File (City Treasurer's Office: Douglas W. Shultz)**

5. **[FINANCIAL REPORT FOR QUARTER ENDED DECEMBER 31, 2017 AND BUDGET ADJUSTMENT -](#)**

Request the City Council receive and file the second quarter financial report and approve a budget adjustment to amend the Fiscal Year 2017/2018 operating budget.

Staff Recommendation: **Approval (Finance Department: Sheryl Bennett)**

6. **[FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION GRANT AWARD ACCEPTANCE AND BUDGET ADJUSTMENT -](#)**

Request the City Council approve accepting \$14,888.65 in grant funding from the Firehouse Subs Public Safety Foundation to purchase 91 wildland firefighting jackets; authorize the Fire Chief to execute, on behalf of the City, all documents required for the management of this grant; and authorize the necessary budget adjustment to establish new project numbers for tracking these grant funds.

Staff Recommendation: **Approval (Fire Department: Rick Vogt)**

7. **[FISCAL YEAR 2017-18 SAN DIEGO COUNTY LAW ENFORCEMENT FOUNDATION LESS LETHAL LIFE SAVING EQUIPMENT GRANT AND BUDGET ADJUSTMENT -](#)**

Request the City Council approve authorizing the Escondido Police Department to accept a Fiscal Year 2018 San Diego County Law Enforcement Foundation Grant in the amount of \$2,797.19; authorize the Chief of Police or his designee to execute grant documents on behalf of the City; and approve budget adjustments needed to spend grant funds.

Staff Recommendation: **Approval (Police Department: Craig Carter)**

8. **[REQUEST FOR AUTHORIZATION TO PROCESS TWO SEPARATE AND UNRELATED AMENDMENTS TO THE DOWNTOWN SPECIFIC PLAN RELATED TO A PROPOSED AFFORDABLE SENIOR HOUSING PROJECT AT 220 NORTH QUINCE STREET \(PHG 17-0028\) AND A PROPOSED DRIVE-THRU COFFEE FACILITY LOCATED AT 350 WEST VALLEY PARKWAY \(PHG 17-0014\) -](#)**

Request the City Council approve the authorization to process two amendments to the Downtown Specific Plan to eliminate the ground floor retail or office requirement on a portion of the property located on the northeast corner of West Valley Parkway and North Quince Street (220 North Quince Street, APN 229-331-10-00) and allow drive-thru service facilities within the Center City Urban District of the Downtown Specific Plan, subject to approval of a Conditional Use Permit.

Staff Recommendation: **Approval (Community Development Department: Bill Martin)**

9. **STREET NAME CHANGE FOR A PUBLIC STREET IN THE ESTANCIA BERNARDO SUBDIVISION (TR 877) -**

Request the City Council approve changing a street name from "Short Street" to "Estancia Place" located on the western side of Bernardo Avenue, west of Interstate 15, south of Eleventh Avenue, and north of Gamble Lane.

Staff Recommendation: **Approval (Community Development Department: Bill Martin)**

RESOLUTION NO. 2018-15

10. **EXTENSION OF LEASE TERM WITH AMERICAN HERITAGE CHARTER SCHOOLS AT 2255 AND 2269 EAST VALLEY PARKWAY -**

Request the City Council approve authorizing a Second Amendment to the Lease Agreement and a First Amendment to the Ground Lease Agreement with Heritage K-8 Charter Schools to extend their current lease expiration from December 31, 2030 to June 1, 2046.

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**

RESOLUTION NO. 2018-17

11. **BID AWARD FOR ESCONDIDO CREEK BIKEWAY MISSING LINK PROJECT AND BUDGET ADJUSTMENT -**

Request the City Council approve authorizing the bid award to Eagle Paving Company, Inc. determined to be the lowest responsive and responsible bidder and approve a budget adjustment in the amount of \$190,427.

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**

RESOLUTION NO. 2018-19

12. **VALIANO DEVELOPMENT TRAFFIC MITIGATION FUNDING AGREEMENT, FIRST AMENDMENT -**

Request the City Council approve the First Amendment to Traffic Mitigation Funding Agreement with Eden Hills Project Owner, LLC.

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**

RESOLUTION NO. 2018-22

13. **BID AWARD FOR THE BRINE LINE PROJECT - HARMONY GROVE TO BROADWAY AND BUDGET ADJUSTMENT -**

Request the City Council approve authorizing the Mayor and the City Clerk to execute a Public Improvement Agreement with CCL Contracting, Inc., the lowest responsive and responsible bidder in the amount of \$5,587,420 for construction of the Brine Line Project - Harmony Grove to Broadway; authorize the Mayor and the City Clerk to execute a Consulting Agreement with Richard Brady & Associates, Inc. in the amount of \$419,028 for construction management services for the Brine Line Project - Harmony Grove to Broadway; and approve a budget adjustment in the amount of \$7,000,000.

Staff Recommendation: **Approval (Utilities Department: Christopher W. McKinney)**

A) RESOLUTION NO. 2018-23 B) RESOLUTION NO. 2018-25

14. ESCONDIDO CHARITABLE FOUNDATION GRANT AUTHORIZATION -

Request the City Council approve authorizing the Housing and Neighborhood Services Manager to complete a grant application for up to \$50,000 to the Escondido Charitable Foundation for the partial restoration of the Victorian Country Home at the Escondido History Center.

Staff Recommendation: **Approval (Community Development Department: Bill Martin)**

RESOLUTION NO. 2018-24

15. AWARD FOR MIDWAY STORM DRAIN REPAIR PROJECT -

Request the City Council approve by a four-fifths vote to award a contract with Shaw Equipment Rentals, Inc., who was determined to be the lowest responsive and responsible bidder and authorize the Mayor and City Clerk to execute a Public Service Agreement in the amount of \$110,000.

Staff Recommendation: **Approval (Engineering Services: Julie Procopio)**

RESOLUTION NO. 2018-26

CONSENT – RESOLUTIONS AND ORDINANCES (COUNCIL/SUCCESSOR AGENCY/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/Successor Agency/RRB at a previous City Council/Successor Agency/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

16. AMENDMENT TO ARTICLE 57 (MISCELLANEOUS USE RESTRICTIONS) OF THE ESCONDIDO ZONING CODE AND AMENDMENT TO ARTICLE 11 OF CHAPTER 17 (OFFENSES - MISCELLANEOUS PROVISIONS) OF THE ESCONDIDO MUNICIPAL CODE (AZ 17-0005) -

Request the City Council approve amending Article 57 (Miscellaneous Use Restrictions) of the Escondido Zoning Code and Chapter 17 (Offenses - Miscellaneous Provisions) of the Municipal Code to regulate all cannabis and marijuana-based land uses and activities to the extent permitted by state law.

Staff Recommendation: **Approval (Community Development Department: Bill Martin)**

ORDINANCE NO. 2018-03 (Introduction and First Reading)

CURRENT BUSINESS

17. [GRAND AVENUE VISION PLAN AND SMART GROWTH INCENTIVE PROGRAM APPLICATIONS -](#)

Request the City Council approve the Grand Avenue Vision Plan and authorize the Director of Engineering Services or her designee to complete applications to SANDAG for the Smart Growth Incentive Program, and if awarded, authorize the Director of Engineering Services to accept grant funds, complete grant documents on behalf of the City, and process necessary budget adjustments.

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**

RESOLUTION NO. 2018-21

18. [SECTION 115 IRREVOCABLE PENSION TRUST AGREEMENT -](#)

Request the City Council approve authorizing the establishment of a Section 115 Irrevocable Pension Trust with Public Agency Retirement Services (PARS); approve an initial deposit of \$1,984,000 from the General Fund "PERS Rate Smoothing Reserve" into the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations; authorize the Deputy City Manager/Administrative Services or her designee as the City's Plan Administrator of the Trust Program; approve and authorize the Mayor and the City Clerk to execute a Consulting Agreement between PARS and the City of Escondido to administer the Trust; and approve a budget adjustment to transfer General Fund proceeds to a Pension Trust Fund to establish the Section 115 Irrevocable Pension Trust.

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

RESOLUTION NO. 2018-11

FUTURE AGENDA

19. [FUTURE AGENDA -](#)

The purpose of this item is to identify issues presently known to staff or which members of the City 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)**

COUNCIL MEMBERS' SUBCOMMITTEE REPORTS

CITY MANAGER'S WEEKLY ACTIVITY REPORT

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

- [WEEKLY ACTIVITY REPORT -](#)

ORAL COMMUNICATIONS

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ADJOURNMENT

UPCOMING MEETING SCHEDULE

Date	Day	Time	Meeting Type	Location
February 21	-	-	No Meeting	-
February 28	Wednesday	8:00 a.m.	State of the City	California Center for the Arts
March 7	Wednesday	3:30 p.m.	Board & Commission Interviews	Mitchell Room
March 14	Wednesday	3:30 p.m.	Board & Commission Interviews	Mitchell Room

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. Submission of Speaker forms prior to the discussion of an item is highly encouraged. 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.

Nomination forms for Community Awards are available at the Escondido City Clerk's Office or at <http://www.escondido.org/city-clerks-office.aspx>

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.escondido.org/meeting-agendas.aspx>
- 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 clicking the "Live Streaming –City Council Meeting now in progress" button on the home page.

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 Successor Agency to the CDC, Escondido Joint Powers
Financing Authority and the Mobilehome Rent Review Board.**

**CITY HALL HOURS OF OPERATION
Monday-Friday 8:00 a.m. to 5:00 p.m.**



If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4643. 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
January 24, 2018
3:30 P.M. Meeting Minutes

Escondido City Council

THIS MEETING WAS CANCELLED.

CALL TO ORDER

ORAL COMMUNICATIONS

CLOSED SESSION: (COUNCIL/SUCCESSOR AGENCY/RRB)

- I. CONFERENCE WITH LABOR NEGOTIATOR (Government Code §54957.6)**
 - a. **Agency Negotiator:** Sheryl Bennett and Jeffrey Epp
 - Employee Organization:** Escondido Firefighters' Association
 - b. **Agency Negotiator:** Sheryl Bennett and Jeffrey Epp
 - Employee Organization:** Escondido Police Officers' Association

- II. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)**
 - a. **Property:** 2245-2261 East Valley Parkway, APN 231-092-30
 - City Negotiator:** Jeffrey Epp, City Manager
 - Negotiating Parties:** Heritage K-8 Charter Schools
 - Under Negotiation:** Terms of Agreement

ADJOURNMENT

CITY OF ESCONDIDO
January 24, 2018
4:30 P.M. Meeting Minutes

Escondido City Council
and as Successor Agency to the CDC

CALL TO ORDER

The Regular Meeting of the Escondido City Council was called to order at 4:31 p.m. on Wednesday, January 24, 2018 in the City Council Chambers at City Hall with Mayor Abed presiding.

MOMENT OF REFLECTION

Scott Smith led the Moment of Reflection.

FLAG SALUTE

Deputy Mayor Masson led the flag salute.

ATTENDANCE:

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

Also present were: Jeffrey Epp, City Manager; Michael McGuinness, City Attorney; Bill Martin, Director of Community Services; Julie Procopio, Director of Engineering Services; Diane Halverson, City Clerk; and Jennifer Ekblad, Deputy City Clerk.

ORAL COMMUNICATIONS

Melinda Santa Cruz, Escondido, commented regarding immigration issues.

Cherie Blickenstaff, president of Escondido Jaycees, thanked the City Council for their support of the Christmas parade.

Katherine Fromm, Escondido, shared an article from the Times Advocate regarding Santa Clarita's contract with Library Systems & Services.

CONSENT CALENDAR

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Diaz to approve the Consent Calendar items with the exception of items 5, 6, 7, 8, and 9. Motion carried unanimously.

- 1. AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/SUCCESSOR AGENCY/RRB)**
- 2. APPROVAL OF WARRANT REGISTER (Council/Successor Agency)**
- 3. APPROVAL OF MINUTES: Regular Meeting of January 10, 2018**

4. REQUEST FOR AUTHORIZATION TO PROCESS A GENERAL PLAN AMENDMENT AND REZONE TO ACCOMMODATE A NEW RESIDENTIAL DEVELOPMENT AT 2401 N. NUTMEG STREET (PHG 17-0030) -

Request the City Council approve authorization to process a General Plan Amendment, Rezone, and land use development application at 2401 N. Nutmeg Street that would change the General Plan land use designation of the subject property from Office (O) to Urban III (up to 18 dwelling units per acre). (File No. 0830-20)

Staff Recommendation: **Approval (Community Development Department: Bill Martin)**

5. UNCLASSIFIED SERVICE SCHEDULE AND SALARY PLANS -

Request the City Council approve amending the Unclassified Clerical/Technical Salary Plans, the Unclassified Management Salary Bands, the Unclassified Service Schedule List, and the Part-Time Salary Plan. (File No. 0720-20)

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

A) RESOLUTION NO. 2018-05 B) RESOLUTION NO. 2018-06

C) RESOLUTION NO. 2018-07 D) RESOLUTION NO. 2018-08

Sheryl Bennett, Deputy City Manager/Administrative Services, and Jessica Perpetua, Human Resources Manager were available to answer questions.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Diaz to approve amending the Unclassified Clerical/Technical Salary Plans, the Unclassified Management Salary Bands, the Unclassified Service Schedule List, and the Part-Time Salary Plan and adopt Resolution No. 2018-05, Resolution No. 2018-06, Resolution No. 2018-07, Resolution No. 2018-08. Ayes: Abed, Diaz, Gallo, Masson. Noes: Morasco. Motion carried.

6. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF ESCONDIDO AND THE ESCONDIDO FIREFIGHTERS' ASSOCIATION - SAFETY AND NON-SAFETY BARGAINING UNIT -

Request the City Council approve the execution of a Memorandum of Understanding between the City of Escondido and the Escondido Firefighters' Association, Safety and Non-Safety Bargaining Unit, for a three-year term commencing January 2, 2018 through December 31, 2020 and approve a budget adjustment to cover increased contract costs. The Fiscal Year 2017-18 General Operating Budget did not allocate funds for contract increases, but it is anticipated that budgetary savings at year end will cover these increased costs. The financial impact will be included in the Fiscal Year 2018-19 General Fund Operating Budget for the Fire Department. (File No. 0740-30)

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

RESOLUTION NO. 2018-09

Sheryl Bennett, Deputy City Manager/Administrative Services and Jessica Perpetua, Human Resources Manager, were available to answer questions.

MOTION: Moved by Deputy Mayor Masson and seconded by Councilmember Morasco to approve the execution of a Memorandum of Understanding between the City of Escondido and the Escondido Firefighters' Association, Safety and Non-Safety Bargaining Unit, for a three-year term commencing January 2, 2018 through December 31, 2020 and approve a budget adjustment to cover increased contract costs and adopt Resolution No. 2018-09. Motion carried unanimously.

7. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF ESCONDIDO AND THE ESCONDIDO POLICE OFFICERS' ASSOCIATION - SWORN PERSONNEL -

Request the City Council approve the execution of a Memorandum of Understanding between the City of Escondido and the Escondido Police Officers' Association, Sworn Personnel, for a three-year term commencing January 1, 2018 through December 31, 2020 and approve a budget adjustment to cover increased contract costs. The Fiscal Year 2017-18 General Fund Operating Budget did not allocate funds for contract increases, but it is anticipated that budgetary savings at year end will cover these increased costs. The financial impact will be included in the Fiscal Year 2018-19 General Fund Operating Budget for the Police Department. (File No. 0740-30)

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

RESOLUTION NO. 2018-10

Sheryl Bennett, Deputy City Manager/Administrative Services and Jessica Perpetua, Human Resources Manager, were available to answer questions.

MOTION: Moved by Deputy Mayor Masson and seconded by Councilmember Morasco approve the execution of a Memorandum of Understanding between the City of Escondido and the Escondido Police Officers' Association, Sworn Personnel, for a three-year term commencing January 1, 2018 through December 31, 2020 and approve a budget adjustment to cover increased contract costs and adopt Resolution No. 2018-10. Motion carried unanimously.

8. ADOPTION OF RESOLUTION NO. 2018-13 APPROVING RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 18-19) FOR JULY 2018 THRU JUNE 2019 -

Request the City Council approve the Recognized Obligation Payment Schedule (ROPS 18-19) so that the Successor Agency may continue to make payments due for enforceable obligations. (File No. 0440-35)

Staff Recommendation: **Approval (Finance Department: Sheryl Bennett)**

RESOLUTION NO. 2018-13

Sheryl Bennett, Deputy City Manager/Administrative Services and Christina Holmes, Revenue Manager, were available to answer questions.

Mike Simonson, Escondido, requested this item be continued for further discussion.

Michael Taylor, Escondido, commented regarding potential impacts to the school districts.

MOTION: Moved by Deputy Mayor Masson and seconded by Councilmember Gallo to approve the Recognized Obligation Payment Schedule (ROPS 18-19) so that the Successor Agency may continue to make payments due for enforceable obligations and to adopt Resolution No. 2018-13. Motion carried unanimously.

9. FIFTH AMENDMENT TO COMMERCIAL PROPERTY PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS, AND FIRST AMENDMENT TO THE DEMOLITION AGREEMENT: 700 WEST GRAND AVENUE -

Request the City Council approve authorizing the Real Property Manager and the City Clerk to execute a Fifth Amendment to the Commercial Property Agreement and Joint Escrow Instructions for the sale of 700 West Grand Avenue to Lyon-Integral Escondido Gateway, LLC and a First Amendment to the Demolition Agreement. (File No. 0690-20)

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**

RESOLUTION NO. 2018-16

Mayor Abed and Deputy Mayor Masson abstained and left the dais.

Vince McCaw, Real Property Manager, was available to answer questions.

MOTION: Moved by Councilmember Morasco and seconded by Councilmember Gallo to approve authorizing the Real Property Manager and the City Clerk to execute a Fifth Amendment to the Commercial Property Agreement and Joint Escrow Instructions for the sale of 700 West Grand Avenue to Lyon-Integral Escondido Gateway, LLC and a First Amendment to the Demolition Agreement and adopt Resolution No. 2018-16. Ayes: Gallo, Morasco. Noes: Diaz. Abstained: Abed and Masson. Motion carried.

10. PROFESSIONAL SERVICES AGREEMENT WITH INFOSEND TO PROVIDE PRINTING AND MAILING SERVICES FOR UTILITY BILLING ACCOUNTS -

Request the City Council approve authorizing the Mayor and City Clerk to execute a three (3) year Public Service Agreement with InfoSend effective January 25, 2018 through January 26, 2021, with three (3) additional one-year renewal options. (File No. 0600-10 [A-3237])

Staff Recommendation: **Approval (Finance Department: Sheryl Bennett)**

RESOLUTION NO. 2018-18

CONSENT – RESOLUTIONS AND ORDINANCES (COUNCIL/SUCCESSOR AGENCY/RRB)

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

11. EXTENSION AND REVISION OF A TENTATIVE SUBDIVISION MAP, MASTER DEVELOPMENT PLAN, DEVELOPMENT AGREEMENT, PREZONE, AND ANNEXATION - NORTH AVENUE ESTATES PROJECT PROPOSAL (SUB 17-0007, PHG 17-0034, AND ENV 17-0011) -

Approved on January 10, 2018 with a vote of 4/0/1, Masson abstained (File No. 0800-10)

ORDINANCE NO. 2018-02 (Second Reading and Adoption)

PUBLIC HEARINGS

12. CHANGE OF USE TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDED PROPERTY LOCATED AT 401 NORTH SPRUCE STREET -

Request the City Council conduct a public hearing; consider citizen input on the proposed change of use to the property located on 401 North Spruce Street; and approve the demolition of the facility. (File No. 0870-11)

Staff Recommendation: **Approval (Community Development Department: Bill Martin)**

RESOLUTION NO. 2018-12

Karen Youel, Housing and Neighborhood Services Manager, presented the staff report utilizing a PowerPoint presentation.

Mayor Abed opened the public hearing and asked if anyone would like to speak on this issue in any way. No one asked to be heard; therefore, he closed the public hearing.

MOTION: Moved by Deputy Mayor Masson and seconded by Councilmember Morasco to approve the demolition of the facility located on 401 North Spruce Street and adopt Resolution No. 2018-12. Motion carried unanimously.

CURRENT BUSINESS

13. APPROVE A BUDGET ADJUSTMENT AND CONTRACT CHANGE FOR MULTI-NEIGHBORHOOD STREET LIGHTING PROJECT -

Request the City Council approve a budget adjustment and a contract change order to HMS Construction, Inc. to add lighting along the Escondido Creek trail for the Multi-Neighborhood Street Lighting Project. (File No. 0430-80)

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**

Julie Procopio, Director of Engineering Services, presented the staff report utilizing a PowerPoint presentation.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Diaz to approve a budget adjustment and a contract change order to HMS Construction, Inc. to add lighting along the Escondido Creek trail for the Multi-Neighborhood Street Lighting Project. Motion carried unanimously.

14. 2017-2018 CITY COUNCIL ACTION PLAN UPDATE -

Request the City Council review the 2017-2018 City Council Action Plan and provide input regarding the updated status of the specified strategies discussed. (File No. 0610-95)

Staff Recommendation: **Receive and File (City Manager's Office: William Wolfe)**

William Wolfe, Deputy City Manager, and Jay Petrek, Assistant City Manager, presented the staff report utilizing a PowerPoint presentation.

COUNCIL ACTION: Received and filed.

15. DALEY RANCH CONSERVATION BANK CREDIT PRICING STRATEGY -

Request the City Council approve adjusting the Daley Ranch Conservation Bank credit prices to 10 percent below the current regional levels for the various habitat types available to purchase as off-site mitigation for public and private development projects; amend the Daley Ranch Conservation Bank Credit Purchase Agreement & Acknowledgement standard terms and conditions to require credit purchasers who re-sell their credits on the open market to evenly split with the City any profit gained from the sale, and to require payment of credit purchases within 90 days of City's execution of the purchase agreement; establish a minimum balance of credits for habitat to be reserved solely for future municipal projects allowing for the sale of all remaining credits on the open market; and consider a 20 percent fee reduction for three (3) pending credit purchase requests seeking a total of 10.79 habitat credits. (File No. 0230-41)

Staff Recommendation: **Approval (City Manager's Office: Jay Petrek)**

RESOLUTION NO. 2018-14

Jay Petrek, Assistant City Manager, presented the staff report utilizing a PowerPoint presentation.

Scott Graves, Escondido, shared concerns regarding a large increase in fees, requested the credit pricing be reviewed more frequently, and spoke in opposition to offering a 20% discount to current inactive developments.

Rick Paul, Escondido, shared information regarding impacts of the drought and beetles on the woodland oaks.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Diaz to approve adjusting the Daley Ranch Conservation Bank credit prices to 10 percent below the current regional levels for the various habitat types available to purchase as off-site mitigation for public and private development projects; amend the Daley Ranch Conservation Bank Credit Purchase Agreement & Acknowledgement standard terms and conditions to require credit purchasers who re-sell their credits on the open market to split 75/25 with the City any profit gained from the sale, and to require payment of credit purchases within 90 days of City's execution of the purchase agreement; establish a minimum balance of credits for habitat to be reserved solely for future municipal projects allowing for the sale of all remaining credits on the open market; require the purchaser to give the City the first right to repurchase any credits purchased from the City; and approve a 20 percent fee reduction for four (4) pending credit purchase requests seeking a total of 12.11 habitat credits with thirty days to pay; and adopt Resolution 2018-14. Motion carried unanimously.

FUTURE AGENDA

16. FUTURE AGENDA -

The purpose of this item is to identify issues presently known to staff or which members of the City 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)**

COUNCIL MEMBERS' SUBCOMMITTEE REPORTS

Deputy Mayor Masson attended a League of California Cities meetings, committee voted to oppose SB 643, voted to support AB 1775, and discussed impacts of SB 35.

Councilmember Gallo attended the Regional Solid Waste Authority (RSWA) meeting and requested a website link to RSWA with information on recycling on the City's website; reported North County Transit District Board elected Rebecca Jones as chair and John Aguilera as vice chair.

Councilmember Diaz attended a San Dieguito River Park Joint Powers Authority meeting, board discussed impacts of pensions on the budget and determined agencies would not be exposed to more than a 5 percent increase annually.

Mayor Abed reported SANDAG is continuing the process of hiring an executive director by receiving community input and the public may apply to be appointed to an audit committee.

CITY MANAGER'S WEEKLY ACTIVITY REPORT

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

- **WEEKLY ACTIVITY REPORT -**

ORAL COMMUNICATIONS

ADJOURNMENT

Mayor Abed adjourned the meeting at 7:06 p.m.

MAYOR

CITY CLERK

DEPUTY CITY CLERK

CITY COUNCIL STAFF REPORT

Consent Item No. 4

February 14, 2018

File No. 0490-55

SUBJECT: Treasurer's Investment Report for the Quarter Ended December 31, 2017

DEPARTMENT: City Treasurer's Office

RECOMMENDATION:

It is requested that the City Council receive and file the Quarterly Investment Report.

PREVIOUS ACTION:

The Investment Report for the quarter ended September 30, 2017, was filed with the City Clerk's Office on November 7, 2017, and presented to the City Council on November 15, 2017.

BACKGROUND:

From October 1, 2017 to December 31, 2017, the City of Escondido's (City)'s investment portfolio decreased from \$105.14 million to \$103.52 million. The adjusted average annual yield increased from 1.29 percent to 1.36 percent with the portfolio duration at 2.02. An excess of cash payment outflows over cash receipt inflows for the quarter resulted in a decrease of \$1.62 million in the book value of the investment portfolio. Major components of the net \$1.62 million decrease are:

	<u>In Millions</u>
Sales Tax Allocations	\$ 9.39
County Property Tax Allocations	7.06
State Highway Users Tax	0.88
CALPERS Contributions	(7.02)
San Diego County Water Authority Payments	(7.33)
Employee Health and Benefit Payments	(2.28)
Change in Operational Account Balance	<u>(2.32)</u>
Net Decrease in Investment Portfolio	<u>\$ (1.62)</u>

Details of the City's investment portfolio are included in the attached reports that are listed below:

- Summary of Investment Allocation Graph as of December 31, 2017
- Summary of Investment Portfolio Yield for the last 12 months
- Summary and Detailed Reports of Investment Portfolio – October 2017 through December 2017
- Schedule of Investments Matured – October 2017 through December 2017

- Schedule of Funds Managed by Outside Parties as of December 31, 2017

There are adequate funds to meet the next six-month's expected expenditures. The Bank of New York Mellon Trust's monthly statement is the source for the market valuation. At December 31, the current investment portfolio balance exceeded the City's \$23.2 million current investment policy requirement by \$4.2 million. As of December 31, 2017, the City is in compliance with all requirements of the City's Investment Policy.

Investment transactions are executed in compliance with the City's Investment Policy. Investment purchases have been made in accordance with the City's prioritized Investment Policy objectives of safety of principal, sufficiency of liquidity, and maximization of yield. The City's investment portfolio has therefore historically been comprised of United States Treasury Notes, obligations issued by United States Government Agencies, Supranational Securities, FDIC Insured Certificates of Deposit, Money Market accounts, and investments in the Local Agency Investment Fund (LAIF) established by the State Treasurer. Over the past five years, a decline in the City's average annual investment portfolio yield has been realized, decreasing from 1.49 percent at December 2012 to 1.36 percent at December 2017. This decline is representative of the continuous decline in investment interest rates and the portfolio's maturing, higher yielding investments being replaced with newer, lower yielding investments.

The Investment Committee will continue to monitor the City's portfolio trends and will investigate the feasibility of other allowable investment options that are consistent with the City's investment strategy and objectives. Additional information on these options and recommendations will continue to be communicated to the City Council by the Investment Committee.

On July 12, 2017, the City Council adopted Resolution No. 2017-79 approving the Investment Management Consulting Agreement with Templeton Financial Services, Inc. (Templeton) to provide investment management services for \$20 million of the City's longer-term investments. On August 30, 2017, the City sold nine securities from the City's investment portfolio and had \$20 million in cash transferred to a new custodial account named City of Escondido-Templeton Financial Services.

As of December 31, 2017, the Templeton's investment portfolio balance was \$19.94 million with the adjusted average yield (net of fees) at 1.61 percent and the portfolio duration at 4.16. The investment portfolio has been comprised of Municipal Bonds, obligations issued by United States Government Agencies, Corporate Bonds, Supranational Securities, United States Treasury Bills, and Money Market accounts.

Details of the Templeton's investment portfolio are included in the attached reports that are listed below:

- Summary of Average Yield Calculation on Templeton's Investment Portfolio for the Period of September 2017 through December 2017
- Monthly Investment Portfolio Reports Prepared by Templeton – October 2017 through December 2017

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Douglas W. Shultz, City Treasurer
2/5/2018 11:16 a.m.

ATTACHMENTS:

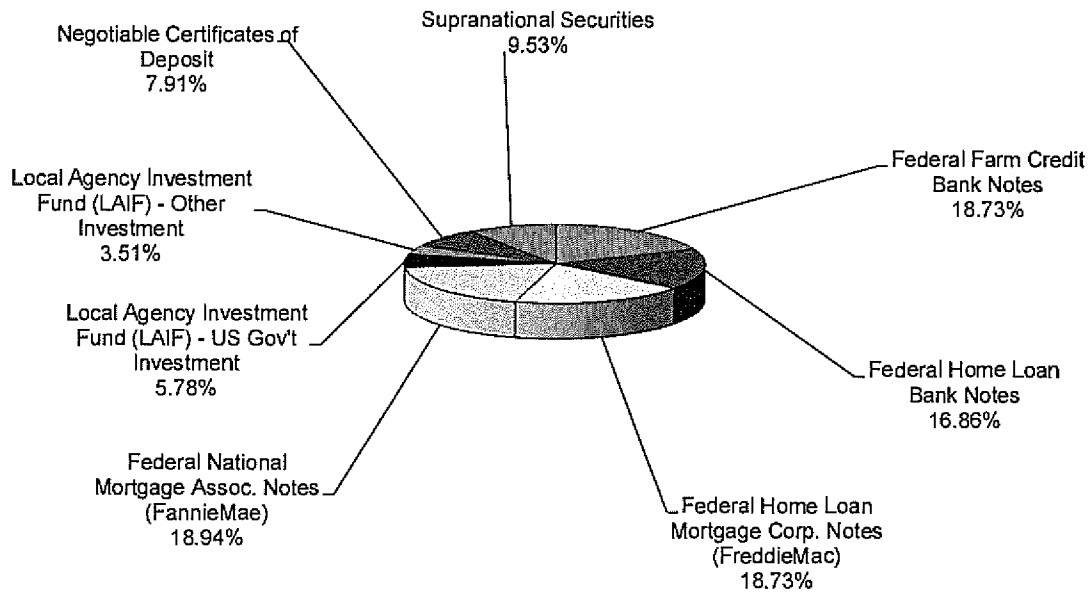
1. Attachment 1 - Summary of Investment Allocation Graph as of September 30, 2017
2. Attachment 2 - Summary of Investment Portfolio Yield for the last 12 months
3. Attachment 3 - Summary and Detailed Reports of Investment Portfolio – July 2017 through September 2017
4. Attachment 4 - Schedule of Investments Matured – July 2017 through September 2017
5. Attachment 5 - Schedule of Funds Managed by Outside Parties as of September 30, 2017
6. Attachment 6 – Summary of Average Yield Calculation on Templeton's Investment Portfolio for the Period of September 2017 through December 2017
7. Attachment 7 – Monthly Investment Portfolio Reports Prepared by Templeton – October 2017 through December 2017

Attachment 1

City of Escondido
 Summary of Investment Allocation
 as of December 31, 2017

Investment Type	Book Value	Market Value	Percent of Portfolio at Market
Federal Farm Credit Bank Notes	\$ 19,417,680.16	\$ 19,202,907.10	18.73%
Federal Home Loan Bank Notes	17,492,453.35	17,291,717.45	16.86%
Federal Home Loan Mortgage Corp. Notes (FreddieMac)	19,532,256.04	19,207,881.03	18.73%
Federal National Mortgage Assoc. Notes (FannieMae)	19,618,573.01	19,419,088.30	18.94%
Local Agency Investment Fund (LAIF) - US Gov't Investment	5,927,992.82	5,927,992.82	5.78%
Local Agency Investment Fund (LAIF) - Other Investment	3,594,673.04	3,594,673.04	3.51%
Negotiable Certificates of Deposit	8,141,000.00	8,114,547.83	7.91%
Supranational Securities	9,790,831.12	9,773,604.13	9.53%
Total Investment Portfolio - December 2017	\$103,515,459.54	\$102,532,411.70	100%
Reported Total Investments - September 2017	\$105,134,376.38	\$104,731,872.84	
Change from Prior Quarter	\$ (1,618,916.84)	\$ (2,199,461.14)	
Portfolio Duration	2.02		

Summary of Investment Allocation as of December 31, 2017



Attachment 2

**CITY OF ESCONDIDO
SUMMARY OF INVESTMENT PORTFOLIO YIELDS
FOR THE LAST 12 MONTHS
As of December 31, 2017**

<u>Date</u>	<u>Book Value</u>	<u>Yield</u>
Dec-17	\$103,515,459.54	1.518%
Nov-17	\$101,704,058.38	1.494%
Oct-17	\$102,167,962.46	1.467%
Sep-17	\$105,134,376.38	1.417%
Aug-17	\$88,523,040.36	1.426%
Jul-17	\$123,521,977.77	1.351%
Jun-17	\$136,217,722.30	1.304%
May-17	\$133,258,604.63	1.286%
Apr-17	\$114,999,393.02	1.293%
Mar-17	\$113,226,740.35	1.264%
Feb-17	\$119,341,309.73	1.224%
Jan-17	\$123,860,796.07	1.213%
Average Portfolio Interest Yields		1.355%

Attachment 3

City of Escondido
 Investment Portfolio - by Asset Class, Summary
 Report Format: By Totals
 Portfolio/Report Group: All Portfolios
 As of 10/31/2017

<u>Description</u>	<u>Face Amount</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>YTM @ Cost</u>	<u>YTM @ Market</u>	<u>Portfolio Duration</u>	<u>Days to Maturity</u>
California Local Agency Investment	15,522,665.86	15,522,665.86	15,522,665.86	15,522,665.86	1.143	1.143	0.00	1
Federal Agency Coupon Securities	74,631,000.00	75,329,205.22	74,438,408.55	75,020,929.12	1.501	1.763	2.61	979
Money Market Account	225,721.87	225,721.87	225,721.87	225,721.87	0.200	0.200	0.00	1
Negotiable Certificate of Deposit	8,390,000.00	8,390,000.00	8,403,053.73	8,390,000.00	1.823	1.790	1.97	739
Supranational Securities	3,000,000.00	3,009,810.00	3,005,640.00	3,008,645.61	1.393	1.516	0.81	297
Total / Average	<u><u>101,769,387.73</u></u>	<u><u>102,477,402.95</u></u>	<u><u>101,595,490.01</u></u>	<u><u>102,167,962.46</u></u>	<u><u>1.467</u></u>	<u><u>1.660</u></u>	<u><u>2.10</u></u>	<u><u>788</u></u>

Douglas W. Shultz, City Treasurer

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 10/31/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
California Local Agency Investment Fund										
LAIF LGIP	LGIP7282	05/31/2011	15,522,665.86	15,522,665.86	15,522,665.86	1.143	1.143	0.00	1	15.25
Sub Total / Average			15,522,665.86	15,522,665.86	15,522,665.86	1.143	1.143	0.00	1	15.25
Federal Agency Coupon Securities										
FFCB 1.14 6/29/2020	3133EGJD8	06/29/2016	2,000,000.00	1,968,440.00	1,996,620.29	1.205	1.749	2.62	972	1.97
FFCB 1.4 10/14/2021	3133EGYQ2	10/27/2016	2,000,000.00	1,946,020.00	1,995,428.26	1.460	2.115	3.86	1,444	1.97
FFCB 1.46 10/28/2020	3133EFLZ8	10/28/2015	1,000,000.00	990,450.00	1,000,000.00	1.460	1.789	2.94	1,093	0.98
FFCB 1.55 9/27/2019	3133EG2D6	01/27/2017	2,000,000.00	1,995,880.00	2,001,487.85	1.510	1.660	1.88	696	1.97
FFCB 1.61 8/1/2018	3133ECW75	02/03/2014	1,000,000.00	1,001,420.00	1,001,231.66	1.440	1.418	0.75	274	0.98
FFCB 1.66 9/20/2021	3133EHZA4	10/11/2017	2,000,000.00	1,979,120.00	1,986,553.39	1.840	1.940	3.77	1,420	1.97
FFCB 1.7 3/4/2019	3133EDTU6	05/27/2016	1,750,000.00	1,753,307.50	1,762,992.84	1.135	1.557	1.33	489	1.72
FFCB 1.8 11/12/2019	3133EEBN9	11/12/2014	5,000,000.00	5,011,050.00	5,000,000.00	1.800	1.689	1.99	742	4.91
FFCB 2.46 8/5/2020	3133ECW91	06/30/2016	1,500,000.00	1,525,665.00	1,557,141.95	1.047	1.821	2.67	1,009	1.47
FFCB 4.81 9/1/2020	31331S4M2	06/30/2016	310,000.00	335,699.00	341,957.95	1.080	1.795	2.67	1,036	0.30
FFCB 5.125 11/15/2018	31331YEJ5	12/26/2013	760,000.00	788,598.80	784,592.49	1.856	1.461	1.00	380	0.75
FHLB 1.375 2/18/2021	3130A7CV5	06/24/2016	2,000,000.00	1,971,180.00	2,006,058.38	1.280	1.827	3.23	1,206	1.97
FHLB 1.375 3/9/2018	313378A43	03/28/2013	3,000,000.00	3,001,530.00	3,005,090.75	0.883	1.228	0.36	129	2.95
FHLB 1.61 8/26/2020	3130ABD94	09/25/2017	2,000,000.00	1,989,360.00	1,997,024.02	1.664	1.805	2.75	1,030	1.97
FHLB 1.75 12/14/2018	313376BR5	12/26/2013	895,000.00	897,255.40	894,132.28	1.841	1.522	1.11	409	0.88
FHLB 1.75 3/12/2021	313382K69	04/27/2016	1,000,000.00	997,540.00	1,008,071.69	1.500	1.826	3.27	1,228	0.98
FHLB 1.875 11/29/2021	3130AABG2	12/16/2016	2,000,000.00	1,995,120.00	1,982,637.26	2.100	1.937	3.91	1,490	1.97
FHLB 1.875 6/11/2021	313379RB7	06/24/2016	2,000,000.00	2,000,560.00	2,036,550.78	1.350	1.867	3.48	1,319	1.97
FHLB 2.25 3/11/2022	313378CR0	05/09/2017	2,000,000.00	2,009,920.00	2,020,655.46	2.000	2.130	4.17	1,592	1.97
FHLB 4.625 9/11/2020	3133XD4P3	05/25/2016	2,350,000.00	2,525,803.50	2,559,001.13	1.410	1.924	2.70	1,046	2.31
FHLMC 1.05 9/28/2018	3134GAMD3	05/04/2017	1,000,000.00	996,290.00	998,131.85	1.258	1.462	0.91	332	0.98
FHLMC 1.125 8/12/2021	3137EAEC9	08/17/2016	3,000,000.00	2,920,050.00	2,979,310.03	1.314	1.858	3.70	1,381	2.95
FHLMC 1.25 10/2/2019	3137EADM8	03/16/2016	1,000,000.00	992,650.00	998,504.35	1.330	1.640	1.90	701	0.98
FHLMC 1.25 8/1/2019	3137EADK2	07/02/2015	3,000,000.00	2,980,500.00	2,984,995.71	1.546	1.628	1.73	639	2.95
FHLMC 1.4 8/22/2019	3134G3A91	03/15/2016	1,000,000.00	995,940.00	1,001,935.30	1.290	1.628	1.79	660	0.98
FHLMC 1.5 3/19/2020	3134G3K58	09/28/2017	616,000.00	611,749.60	614,563.76	1.600	1.797	2.35	870	0.61
FHLMC 1.55 8/21/2020	3134G3D64	05/26/2016	1,195,000.00	1,185,822.40	1,200,510.35	1.380	1.832	2.75	1,025	1.17
FHLMC 1.65 1/29/2021	3134G34D9	07/13/2016	2,410,000.00	2,393,467.40	2,450,063.82	1.123	1.869	3.16	1,186	2.37
FHLMC 1.65 8/28/2020	3134G3F96	05/26/2016	1,000,000.00	995,920.00	1,007,375.98	1.380	1.798	2.77	1,032	0.98
FHLMC 1.75 5/21/2021	3134G44H8	07/13/2016	2,000,000.00	1,989,180.00	2,035,771.50	1.230	1.908	3.44	1,298	1.97

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 10/31/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
FHLMC 1.875 8/17/2021	3134G92Y2	05/09/2017	2,000,000.00	1,993,760.00	1,998,165.61	1.900	1.960	3.67	1,386	1.97
FHLMC 2 3/12/2020	3134G3QX1	03/15/2016	1,250,000.00	1,255,500.00	1,265,722.52	1.450	1.809	2.32	863	1.23
FNMA 0.875 5/21/2018	3135G0WJ8	12/20/2013	1,500,000.00	1,496,265.00	1,494,796.59	1.526	1.326	0.55	202	1.47
FNMA 1 8/28/2019	3135G0P49	01/27/2017	2,000,000.00	1,977,700.00	1,983,911.47	1.447	1.620	1.82	666	1.97
FNMA 1.06 5/29/2018	3136G05G2	12/20/2013	500,000.00	499,010.00	498,669.52	1.540	1.405	0.58	210	0.49
FNMA 1.25 5/6/2021	3135G0K69	05/19/2016	1,000,000.00	980,750.00	991,400.43	1.505	1.818	3.43	1,283	0.98
FNMA 1.25 8/17/2021	3135G0N82	10/11/2016	3,000,000.00	2,927,790.00	2,981,346.52	1.420	1.910	3.71	1,386	2.95
FNMA 1.25 8/28/2018	3136G1F53	03/16/2016	1,000,000.00	998,530.00	1,001,377.87	1.080	1.429	0.82	301	0.98
FNMA 1.5 11/30/2020	3135G0F73	04/26/2017	2,000,000.00	1,983,360.00	1,990,383.58	1.661	1.778	3.01	1,126	1.97
FNMA 1.75 1/30/2019	3136FTZZ5	02/03/2014	2,595,000.00	2,600,734.95	2,597,788.14	1.660	1.570	1.24	456	2.55
FNMA 1.875 9/18/2018	3135G0YM9	05/04/2017	1,000,000.00	1,003,440.00	1,005,363.67	1.258	1.480	0.88	322	0.98
FNMA 2 10/5/2022	3135G0T78	10/11/2017	2,000,000.00	1,992,560.00	1,999,980.22	2.000	2.080	4.71	1,800	1.97
FNMA 2 8/26/2022	3136G05L1	09/28/2017	2,000,000.00	1,983,520.00	2,003,631.90	1.960	2.181	4.60	1,760	1.97
Sub Total / Average			74,631,000.00	74,438,408.55	75,020,929.12	1.501	1.763	2.61	979	73.33
Money Market										
Bank of America MM	MM0555	05/31/2011	225,721.87	225,721.87	225,721.87	0.200	0.200	0.00	1	0.22
Sub Total / Average			225,721.87	225,721.87	225,721.87	0.200	0.200	0.00	1	0.22
Negotiable Certificate of Deposit										
Ally Bank 1.9 6/22/2020	02006L3N1	06/22/2017	245,000.00	245,167.78	245,000.00	1.900	1.873	2.57	965	0.24
American Exp Centurion 2 11/28/2018	02587DWJ3	11/28/2014	247,000.00	247,417.87	247,000.00	2.000	1.839	1.06	393	0.24
American Exp Fed 5vgs Bk 2 7/24/2019	02587CAJ9	07/24/2014	247,000.00	247,771.92	247,000.00	2.000	1.815	1.70	631	0.24
Barclays Bank 2.099 7/23/2019	06740KHK6	07/28/2014	247,000.00	248,194.79	247,000.00	2.099	1.812	1.70	630	0.24
Beneficial Bank 2.15 10/18/2022	08173QBX3	10/18/2017	245,000.00	245,931.54	245,000.00	2.150	2.069	4.73	1,813	0.24
BMW 1.95 6/20/2019	05580AAL8	06/20/2014	247,000.00	247,518.63	247,000.00	1.950	1.819	1.61	597	0.24
Capital One Bank USA NA 2.4 6/1/2022	1404203C2	06/01/2017	245,000.00	248,826.14	245,000.00	2.400	2.041	4.33	1,674	0.24
Capital One NA 2 8/12/2019	14042E5L0	08/12/2015	247,000.00	247,808.18	247,000.00	2.000	1.812	1.75	650	0.24
Cardinal Bank 1.25 6/19/2018	14147VEV4	06/19/2015	249,000.00	248,505.29	249,000.00	1.250	1.565	0.63	231	0.24
Celtic Bank 1.25 12/20/2017	15118RJL2	12/20/2013	246,000.00	245,998.01	246,000.00	1.250	1.250	0.14	50	0.24
Charter Bank Eau claire 1.5 8/6/2018	16116PHH7	08/05/2014	248,000.00	247,728.64	248,000.00	1.500	1.643	0.76	279	0.24
Cit Bank 2.2 11/26/2019	17284C4L5	11/26/2014	247,000.00	249,006.31	247,000.00	2.200	1.798	2.02	756	0.24
Comenity Capital Bank 2 10/13/2020	20033AND4	10/13/2015	249,000.00	249,637.61	249,000.00	2.000	1.910	2.87	1,078	0.24
Compass Bank 1.2 5/14/2018	20451PKT2	05/13/2015	248,000.00	247,570.34	248,000.00	1.200	1.524	0.54	195	0.24

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 10/31/2017

Description	CU5IP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
Discover FS 2 6/18/2019	254671W48	06/18/2014	247,000.00	247,717.46	247,000.00	2.000	1.818	1.60	595	0.24
Enerbank USA 2.05 8/28/2019	29266NB30	08/28/2014	247,000.00	248,052.22	247,000.00	2.050	1.812	1.80	666	0.24
EVERBANK FL 1.6 7/30/2019	29976DZM5	07/30/2015	248,000.00	247,073.57	248,000.00	1.600	1.818	1.72	637	0.24
First Bank of Richmond 1.8 10/19/2020	319267GK0	10/18/2017	245,000.00	244,913.02	245,000.00	1.800	1.811	2.90	1,084	0.24
FIRST BUSINESS 1.5 10/30/2019	31938QP65	10/30/2015	248,000.00	246,505.55	248,000.00	1.500	1.808	1.98	729	0.24
Flushing Bank 1.45 6/26/2018	34387ABQ1	06/26/2015	248,000.00	247,819.90	248,000.00	1.450	1.562	0.65	238	0.24
Franklin Synergy Bank 1.6 8/30/2019	35471TDK5	05/31/2017	245,000.00	244,056.04	245,000.00	1.600	1.814	1.81	668	0.24
Goldman Sachs Bank USA 2.35 6/21/2022	38148PKX4	06/21/2017	245,000.00	248,320.93	245,000.00	2.350	2.042	4.39	1,694	0.24
KEY BANK NA 1.35 10/29/2018	49306SVK9	10/28/2015	248,000.00	246,948.38	248,000.00	1.350	1.782	0.99	363	0.24
Live Oak Banking Co. 1.85 7/30/2019	538036CA0	10/30/2014	247,000.00	247,154.97	247,000.00	1.850	1.814	1.72	637	0.24
Medallion Bank Utah 2.05 6/28/2021	58403B6Y7	06/28/2017	245,000.00	245,701.31	245,000.00	2.050	1.969	3.53	1,336	0.24
Mercantile Bank of MI 1.8 6/8/2020	58740XZJ2	06/07/2017	245,000.00	244,537.05	245,000.00	1.800	1.863	2.54	951	0.24
Park National Bank 2.1 3/26/2019	700654AV8	09/26/2014	247,000.00	247,935.46	247,000.00	2.100	1.826	1.38	511	0.24
Sallie Mae Bank 2.1 8/13/2019	795450SJ5	08/13/2014	247,000.00	248,247.37	247,000.00	2.100	1.810	1.75	651	0.24
SYNCHRONY BANK 2.25 7/17/2020	87165HKM1	07/17/2015	247,000.00	249,414.40	247,000.00	2.250	1.878	2.63	990	0.24
SYNOUVUS 1.2 11/6/2017	87164DFW5	11/05/2014	248,000.00	247,997.22	248,000.00	1.200	1.266	0.02	6	0.24
Third Fed S & L 2 11/25/2019	88413QAW8	11/24/2014	247,000.00	247,990.49	247,000.00	2.000	1.801	2.02	755	0.24
Unity Bank 1.65 10/30/2020	91330ABC0	10/30/2015	249,000.00	246,998.81	249,000.00	1.650	1.926	2.93	1,095	0.24
Venture Bank Bloomington 1.6 9/6/2019	92326XDN8	06/06/2017	245,000.00	244,046.22	245,000.00	1.600	1.814	1.82	675	0.24
WEX Bank 1.8 6/2/2020	92937CFS2	06/02/2017	245,000.00	244,540.31	245,000.00	1.800	1.874	2.52	945	0.24
Sub Total / Average			8,390,000.00	8,403,053.73	8,390,000.00	1.823	1.790	1.97	739	8.24
Supranational Securities										
IADB 1.75 8/24/2018	4581X0BR8	09/21/2017	3,000,000.00	3,005,640.00	3,008,645.61	1.393	1.516	0.81	297	2.95
Sub Total / Average			3,000,000.00	3,005,640.00	3,008,645.61	1.393	1.516	0.81	297	2.95
Total / Average			101,769,387.73	101,595,490.01	102,167,962.46	1.467	1.660	2.10	788	100.00

City of Escondido
Investment Portfolio - by Asset Class, Summary
Report Format: By Totals
Portfolio/Report Group: All Portfolios
As of 11/30/2017

<u>Description</u>	<u>Face Amount</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>YTM @ Cost</u>	<u>YTM @ Market</u>	<u>Portfolio Duration</u>	<u>Days to Maturity</u>
California Local Agency Investment	11,022,665.86	11,022,665.86	11,022,665.86	11,022,665.86	1.172	1.172	0.00	1
Federal Agency Coupon Securities	75,701,000.00	76,395,205.56	75,230,723.46	76,074,062.33	1.501	1.912	2.51	940
Money Market Account	225,758.97	225,758.97	225,758.97	225,758.97	0.200	0.200	0.00	1
Negotiable Certificate of Deposit	8,387,000.00	8,387,000.00	8,382,931.84	8,387,000.00	1.852	1.919	2.03	763
Supranational Securities	6,000,000.00	5,996,458.00	5,985,350.00	5,994,571.22	1.548	1.739	0.96	350
Total / Average	<u>101,336,424.83</u>	<u>102,027,088.39</u>	<u>100,847,430.13</u>	<u>101,704,058.38</u>	<u>1.494</u>	<u>1.818</u>	<u>2.10</u>	<u>786</u>

Douglas W. Shultz, City Treasurer

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 11/30/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
California Local Agency Investment Fund										
LAIF LGIP	LGIP7282	05/31/2011	11,022,665.86	11,022,665.86	11,022,665.86	1.172	1.172	0.00	1	10.88
Sub Total / Average			11,022,665.86	11,022,665.86	11,022,665.86	1.172	1.172	0.00	1	10.88
Federal Agency Coupon Securities										
FFCB 1.14 6/29/2020	3133EGJD8	06/29/2016	2,000,000.00	1,959,080.00	1,996,724.60	1.205	1.957	2.54	942	1.97
FFCB 1.4 10/14/2021	3133EGYQ2	10/27/2016	2,000,000.00	1,946,800.00	1,995,523.24	1.460	2.119	3.77	1,414	1.97
FFCB 1.46 10/28/2020	3133EFLZ8	10/28/2015	1,000,000.00	984,620.00	1,000,000.00	1.460	2.006	2.86	1,063	0.99
FFCB 1.55 9/27/2019	3133EG2D6	01/27/2017	2,000,000.00	1,990,920.00	2,001,423.72	1.510	1.803	1.80	666	1.97
FFCB 1.61 8/1/2018	3133ECW75	02/03/2014	1,000,000.00	1,000,540.00	1,001,096.81	1.440	1.528	0.67	244	0.99
FFCB 1.66 9/20/2021	3133EHZA4	10/11/2017	2,000,000.00	1,967,160.00	1,986,837.47	1.840	2.111	3.69	1,390	1.97
FFCB 1.7 3/4/2019	3133EDTU6	05/27/2016	1,750,000.00	1,749,090.00	1,762,195.73	1.135	1.741	1.25	459	1.73
FFCB 1.8 11/12/2019	3133EEBN9	11/12/2014	5,000,000.00	4,993,100.00	5,000,000.00	1.800	1.872	1.92	712	4.93
FFCB 2.46 8/5/2020	3133ECW91	06/30/2016	1,500,000.00	1,518,030.00	1,555,442.99	1.047	1.997	2.59	979	1.48
FFCB 4.81 9/1/2020	31331S4M2	06/30/2016	310,000.00	333,188.00	341,032.53	1.080	2.003	2.59	1,006	0.31
FFCB 5.125 11/15/2018	31331YEJ5	12/26/2013	760,000.00	785,224.40	782,650.98	1.856	1.620	0.95	350	0.75
FHLB 1.375 2/18/2021	3130A7CV5	06/24/2016	2,000,000.00	1,960,820.00	2,005,907.67	1.280	2.007	3.14	1,176	1.97
FHLB 1.375 3/9/2018	313378A43	03/28/2013	3,000,000.00	3,000,270.00	3,003,906.86	0.883	1.338	0.28	99	2.96
FHLB 1.61 8/26/2020	3130ABD94	09/25/2017	2,000,000.00	1,980,980.00	1,997,110.69	1.664	1.969	2.69	1,000	1.97
FHLB 1.75 12/14/2018	313376BR5	12/26/2013	895,000.00	895,313.25	894,195.93	1.841	1.716	1.03	379	0.88
FHLB 1.75 3/12/2021	313382K69	04/27/2016	1,000,000.00	991,090.00	1,007,874.49	1.500	2.032	3.19	1,198	0.99
FHLB 1.875 11/29/2021	3130AABG2	12/16/2016	2,000,000.00	1,983,100.00	1,982,986.84	2.100	2.096	3.87	1,460	1.97
FHLB 1.875 6/11/2021	313379RB7	06/24/2016	2,000,000.00	1,989,840.00	2,035,719.45	1.350	2.025	3.40	1,289	1.97
FHLB 2.25 3/11/2022	313378CRO	05/09/2017	2,000,000.00	2,008,660.00	2,020,266.22	2.000	2.143	4.09	1,562	1.97
FHLB 4.625 9/11/2020	3133XD4P3	05/25/2016	2,350,000.00	2,517,085.00	2,553,006.83	1.410	1.983	2.62	1,016	2.32
FHLMC 1.05 9/28/2018	3134GAMD3	05/04/2017	1,000,000.00	995,110.00	998,300.66	1.258	1.647	0.83	302	0.99
FHLMC 1.125 8/12/2021	3137EAEC9	08/17/2016	3,000,000.00	2,898,210.00	2,979,759.48	1.314	2.082	3.62	1,351	2.96
FHLMC 1.25 10/2/2019	3137EADM8	03/16/2016	1,000,000.00	989,340.00	998,568.36	1.330	1.842	1.82	671	0.99
FHLMC 1.25 8/1/2019	3137EADK2	07/02/2015	3,000,000.00	2,971,230.00	2,985,700.14	1.546	1.836	1.65	609	2.96
FHLMC 1.4 8/22/2019	3134G3A91	03/15/2016	1,000,000.00	992,630.00	1,001,847.33	1.290	1.835	1.71	630	0.99
FHLMC 1.5 3/19/2020	3134G3K58	09/28/2017	616,000.00	610,277.36	614,613.28	1.600	1.914	2.27	840	0.61
FHLMC 1.55 8/21/2020	3134G3D64	05/26/2016	1,195,000.00	1,181,783.30	1,200,349.08	1.380	1.969	2.67	995	1.18
FHLMC 1.65 1/29/2021	3134G34D9	07/13/2016	2,410,000.00	2,382,670.60	2,449,050.40	1.123	2.022	3.08	1,156	2.38
FHLMC 1.65 8/28/2020	3134G3F96	05/26/2016	1,000,000.00	991,450.00	1,007,161.56	1.380	1.971	2.68	1,002	0.99
FHLMC 1.75 5/21/2021	3134G44H8	07/13/2016	2,000,000.00	1,980,420.00	2,034,944.74	1.230	2.043	3.38	1,268	1.97
FHLMC 1.875 8/17/2021	3134G92Y2	05/09/2017	2,000,000.00	1,986,700.00	1,998,205.32	1.900	2.062	3.59	1,356	1.97

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 11/30/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
FHLMC 2 3/12/2020	3134G3QX1	03/15/2016	1,250,000.00	1,252,425.00	1,265,175.97	1.450	1.912	2.23	833	1.23
FNMA 0.875 5/21/2018	3135G0WJ8	12/20/2013	1,500,000.00	1,495,845.00	1,495,569.37	1.526	1.462	0.48	172	1.48
FNMA 1 8/28/2019	3135G0P49	01/27/2017	2,000,000.00	1,971,780.00	1,984,636.18	1.447	1.823	1.73	636	1.97
FNMA 1.06 5/29/2018	3136G05G2	12/20/2013	500,000.00	498,940.00	498,859.59	1.540	1.489	0.50	180	0.49
FNMA 1.125 10/19/2018	3135G0E58	11/16/2017	1,070,000.00	1,064,874.70	1,066,166.50	1.533	1.671	0.88	323	1.06
FNMA 1.25 5/6/2021	3135G0K69	05/19/2016	1,000,000.00	974,790.00	991,601.51	1.505	2.014	3.37	1,253	0.99
FNMA 1.25 8/17/2021	3135G0N82	10/11/2016	3,000,000.00	2,911,680.00	2,981,750.28	1.420	2.078	3.63	1,356	2.96
FNMA 1.25 8/28/2018	3136G1F53	03/16/2016	1,000,000.00	997,320.00	1,001,240.54	1.080	1.613	0.74	271	0.99
FNMA 1.5 11/30/2020	3135G0F73	04/26/2017	2,000,000.00	1,973,380.00	1,990,639.79	1.661	1.959	2.94	1,096	1.97
FNMA 1.75 1/30/2019	3136FTZZ5	02/03/2014	2,595,000.00	2,595,596.85	2,597,604.71	1.660	1.729	1.15	426	2.56
FNMA 1.875 9/18/2018	3135G0YM9	05/04/2017	1,000,000.00	1,001,900.00	1,004,863.95	1.258	1.634	0.80	292	0.99
FNMA 2 10/5/2022	3135G0T78	10/11/2017	2,000,000.00	1,977,160.00	1,999,980.55	2.000	2.250	4.63	1,770	1.97
FNMA 2 8/26/2022	3136G05L1	09/28/2017	2,000,000.00	1,980,300.00	2,003,569.99	1.960	2.220	4.52	1,730	1.97
Sub Total / Average			75,701,000.00	75,230,723.46	76,074,062.33	1.501	1.912	2.51	940	74.70
Money Market										
Bank of America MM	MM0555	05/31/2011	225,758.97	225,758.97	225,758.97	0.200	0.200	0.00	1	0.22
Sub Total / Average			225,758.97	225,758.97	225,758.97	0.200	0.200	0.00	1	0.22
Negotiable Certificate of Deposit										
Ally Bank 1.9 6/22/2020	02006L3N1	06/22/2017	245,000.00	244,447.47	245,000.00	1.900	1.991	2.49	935	0.24
American Exp Centurion 2 11/28/2018	02587DWJ3	11/28/2014	247,000.00	247,312.60	247,000.00	2.000	1.871	0.99	363	0.24
American Exp Fed Svgs Bk 2 7/24/2019	02587CAJ9	07/24/2014	247,000.00	247,229.36	247,000.00	2.000	1.942	1.62	601	0.24
Barclays Bank 2.099 7/23/2019	06740KHK6	07/28/2014	247,000.00	247,632.69	247,000.00	2.099	1.939	1.62	600	0.24
Beneficial Bank 2.15 10/18/2022	08173QBX3	10/18/2017	245,000.00	245,040.74	245,000.00	2.150	2.146	4.65	1,783	0.24
BMW 1.95 6/20/2019	05580AAL8	06/20/2014	247,000.00	247,028.11	247,000.00	1.950	1.942	1.53	567	0.24
Capital One Bank USA NA 2.4 6/1/2022	1404203C2	06/01/2017	245,000.00	247,875.88	245,000.00	2.400	2.125	4.25	1,644	0.24
Capital One NA 2 8/12/2019	14042E5L0	08/12/2015	247,000.00	247,240.11	247,000.00	2.000	1.941	1.67	620	0.24
Cardinal Bank 1.25 6/19/2018	14147VEV4	06/19/2015	249,000.00	248,471.77	249,000.00	1.250	1.635	0.55	201	0.25
Celtic Bank 1.25 12/20/2017	15118RJL2	12/20/2013	246,000.00	245,993.24	246,000.00	1.250	1.293	0.05	20	0.24
Charter Bank Eau claire 1.5 8/6/2018	16116PHH7	08/05/2014	248,000.00	247,660.04	248,000.00	1.500	1.701	0.68	249	0.24
Cit Bank 2.2 11/26/2019	17284C4L5	11/26/2014	247,000.00	248,265.31	247,000.00	2.200	1.936	1.96	726	0.24
Comenity Capital Bank 2 10/13/2020	20033AND4	10/13/2015	249,000.00	248,837.90	249,000.00	2.000	2.023	2.79	1,048	0.25
Compass Bank 1.2 5/14/2018	20451PKT2	05/13/2015	248,000.00	247,556.35	248,000.00	1.200	1.595	0.46	165	0.24
Discover FS 2 6/18/2019	254671W48	06/18/2014	247,000.00	247,218.50	247,000.00	2.000	1.941	1.52	565	0.24

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 11/30/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
Enerbank USA 2.05 8/28/2019	29266NB30	08/28/2014	247,000.00	247,459.84	247,000.00	2.050	1.941	1.72	636	0.24
EVERBANK FL 1.6 7/30/2019	29976DZM5	07/30/2015	248,000.00	246,596.69	248,000.00	1.600	1.947	1.64	607	0.24
First Bank of Richmond 1.8 10/19/2020	319267GK0	10/18/2017	245,000.00	244,142.50	245,000.00	1.800	1.907	2.82	1,054	0.24
FIRST BUSINESS 1.5 10/30/2019	31938QP65	10/30/2015	248,000.00	245,924.86	248,000.00	1.500	1.946	1.89	699	0.24
Flushing Bank 1.45 6/26/2018	34387ABQ1	06/26/2015	248,000.00	247,742.20	248,000.00	1.450	1.632	0.57	208	0.24
Focus Bank 2.2 11/24/2022	34415LAP6	11/24/2017	245,000.00	245,571.66	245,000.00	2.200	2.150	4.75	1,820	0.24
Franklin Synergy Bank 1.6 8/30/2019	35471TDK5	05/31/2017	245,000.00	243,543.48	245,000.00	1.600	1.946	1.72	638	0.24
Goldman Sachs Bank USA 2.35 6/21/2022	38148PKX4	06/21/2017	245,000.00	247,369.49	245,000.00	2.350	2.126	4.31	1,664	0.24
KEY BANK NA 1.35 10/29/2018	49306SVK9	10/28/2015	248,000.00	246,809.95	248,000.00	1.350	1.883	0.91	333	0.24
Live Oak Banking Co. 1.85 7/30/2019	538036CA0	10/30/2014	247,000.00	246,626.83	247,000.00	1.850	1.942	1.64	607	0.24
Medallion Bank Utah 2.05 6/28/2021	58403B6Y7	06/28/2017	245,000.00	244,820.19	245,000.00	2.050	2.071	3.45	1,306	0.24
Mercantile Bank of MI 1.8 6/8/2020	58740XZJ2	06/07/2017	245,000.00	243,848.30	245,000.00	1.800	1.961	2.46	921	0.24
Park National Bank 2.1 3/26/2019	700654AV8	09/26/2014	247,000.00	247,508.77	247,000.00	2.100	1.942	1.30	481	0.24
Sallie Mae Bank 2.1 8/13/2019	795450SJ5	08/13/2014	247,000.00	247,657.98	247,000.00	2.100	1.939	1.67	621	0.24
SYNCHRONY BANK 2.25 7/17/2020	87165HKM1	07/17/2015	247,000.00	248,604.76	247,000.00	2.250	1.995	2.55	960	0.24
Third Fed S & L 2 11/25/2019	88413QAW8	11/24/2014	247,000.00	247,291.19	247,000.00	2.000	1.939	1.96	725	0.24
Unity Bank 1.65 10/30/2020	91330ABC0	10/30/2015	249,000.00	246,219.02	249,000.00	1.650	2.045	2.85	1,065	0.25
Venture Bank Bloomington 1.6 9/6/2019	92326XDN8	06/06/2017	245,000.00	243,527.72	245,000.00	1.600	1.946	1.74	645	0.24
WEX Bank 1.8 6/2/2020	92937CFS2	06/02/2017	245,000.00	243,856.34	245,000.00	1.800	1.992	2.44	915	0.24
Sub Total / Average			8,387,000.00	8,382,931.84	8,387,000.00	1.852	1.919	2.03	763	8.28
Supranational Securities										
IADB 1.75 8/24/2018	4581X0BR8	09/21/2017	3,000,000.00	3,001,680.00	3,007,772.31	1.393	1.671	0.73	267	2.96
IBRD 1.25 4/26/2019	459058FC2	11/22/2017	2,000,000.00	1,983,540.00	1,985,205.17	1.785	1.846	1.40	512	1.97
IFC 1.75 9/4/2018	45950KCA6	11/16/2017	1,000,000.00	1,000,130.00	1,001,593.74	1.538	1.731	0.76	278	0.99
Sub Total / Average			6,000,000.00	5,985,350.00	5,994,571.22	1.548	1.739	0.96	350	5.92
Total / Average			101,336,424.83	100,847,430.13	101,704,058.38	1.494	1.818	2.10	786	100.00

City of Escondido
Investment Portfolio - by Asset Class, Summary
Report Format: By Totals
Portfolio/Report Group: All Portfolios
As of 12/31/2017

<u>Description</u>	<u>Face Amount</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>YTM @ Cost</u>	<u>YTM @ Market</u>	<u>Portfolio Duration</u>	<u>Days to Maturity</u>
California Local Agency Investment	9,522,665.86	9,522,665.86	9,522,665.86	9,522,665.86	1.239	1.239	0.00	1
Federal Agency Coupon Securities	75,701,000.00	76,395,205.56	75,121,593.88	76,060,962.56	1.501	1.984	2.42	909
Negotiable Certificate of Deposit	8,141,000.00	8,141,000.00	8,114,547.83	8,141,000.00	1.870	2.084	2.01	755
Supranational Securities	9,813,000.00	9,791,947.75	9,773,604.13	9,790,831.12	1.625	1.846	0.90	332
Total / Average	<u>103,177,665.86</u>	<u>103,850,819.17</u>	<u>102,532,411.70</u>	<u>103,515,459.54</u>	<u>1.518</u>	<u>1.910</u>	<u>2.02</u>	<u>758</u>

Douglas W. Shultz, City Treasurer

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 12/31/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
California Local Agency Investment Fund										
LAIF LGIP	LGIP7282	05/31/2011	9,522,665.86	9,522,665.86	9,522,665.86	1.239	1.239	0.00	1	9.23
Sub Total / Average			9,522,665.86	9,522,665.86	9,522,665.86	1.239	1.239	0.00	1	9.23
Federal Agency Coupon Securities										
FFCB 1.14 6/29/2020	3133EGJD8	06/29/2016	2,000,000.00	1,957,140.00	1,996,832.39	1.205	2.025	2.47	911	1.94
FFCB 1.4 10/14/2021	3133EGYQ2	10/27/2016	2,000,000.00	1,946,300.00	1,995,621.39	1.460	2.142	3.69	1,383	1.94
FFCB 1.46 10/28/2020	3133EFLZ8	10/28/2015	1,000,000.00	983,690.00	1,000,000.00	1.460	2.057	2.77	1,032	0.97
FFCB 1.55 9/27/2019	3133EG2D6	01/27/2017	2,000,000.00	1,986,380.00	2,001,357.45	1.510	1.949	1.72	635	1.94
FFCB 1.61 8/1/2018	3133ECW75	02/03/2014	1,000,000.00	999,900.00	1,000,957.46	1.440	1.627	0.58	213	0.97
FFCB 1.66 9/20/2021	3133EHZA4	10/11/2017	2,000,000.00	1,965,960.00	1,987,131.02	1.840	2.138	3.60	1,359	1.94
FFCB 1.7 3/4/2019	3133EDTU6	05/27/2016	1,750,000.00	1,747,375.00	1,761,372.06	1.135	1.829	1.16	428	1.70
FFCB 1.8 11/12/2019	3133EEBN9	11/12/2014	5,000,000.00	4,986,050.00	5,000,000.00	1.800	1.953	1.84	681	4.85
FFCB 2.46 8/5/2020	3133ECW91	06/30/2016	1,500,000.00	1,515,720.00	1,553,687.39	1.047	2.042	2.51	948	1.45
FFCB 4.81 9/1/2020	31331S4M2	06/30/2016	310,000.00	332,093.70	340,076.25	1.080	2.049	2.50	975	0.30
FFCB 5.125 11/15/2018	31331YEJ5	12/26/2013	760,000.00	782,298.40	780,644.75	1.856	1.719	0.86	319	0.74
FHLB 1.375 2/18/2021	3130A7CV5	06/24/2016	2,000,000.00	1,955,260.00	2,005,751.94	1.280	2.117	3.06	1,145	1.94
FHLB 1.375 3/9/2018	313378A43	03/28/2013	3,000,000.00	3,000,210.00	3,002,683.50	0.883	1.332	0.19	68	2.91
FHLB 1.61 8/26/2020	3130ABD94	09/25/2017	2,000,000.00	1,976,700.00	1,997,200.26	1.664	2.064	2.60	969	1.94
FHLB 1.75 12/14/2018	313376BR5	12/26/2013	895,000.00	894,024.45	894,261.70	1.841	1.866	0.95	348	0.87
FHLB 1.75 3/12/2021	313382K69	04/27/2016	1,000,000.00	989,780.00	1,007,670.73	1.500	2.081	3.11	1,167	0.97
FHLB 1.875 11/29/2021	3130AABG2	12/16/2016	2,000,000.00	1,983,300.00	1,983,348.08	2.100	2.098	3.78	1,429	1.94
FHLB 1.875 6/11/2021	313379RB7	06/24/2016	2,000,000.00	1,983,000.00	2,034,860.41	1.350	2.132	3.35	1,258	1.94
FHLB 2.25 3/11/2022	313378CR0	05/09/2017	2,000,000.00	2,002,980.00	2,019,864.01	2.000	2.212	4.00	1,531	1.94
FHLB 4.625 9/11/2020	3133XD4P3	05/25/2016	2,350,000.00	2,506,463.00	2,546,812.72	1.410	2.071	2.54	985	2.28
FHLMC 1.05 9/28/2018	3134GAMD3	05/04/2017	1,000,000.00	994,830.00	998,475.10	1.258	1.754	0.74	271	0.97
FHLMC 1.125 8/12/2021	3137EAEC9	08/17/2016	3,000,000.00	2,895,870.00	2,980,223.92	1.314	2.128	3.53	1,320	2.91
FHLMC 1.25 10/2/2019	3137EADM8	03/16/2016	1,000,000.00	988,090.00	998,634.50	1.330	1.944	1.73	640	0.97
FHLMC 1.25 8/1/2019	3137EADK2	07/02/2015	3,000,000.00	2,970,660.00	2,986,428.05	1.546	1.880	1.56	578	2.91
FHLMC 1.4 8/22/2019	3134G3A91	03/15/2016	1,000,000.00	990,700.00	1,001,756.43	1.290	1.978	1.62	599	0.97
FHLMC 1.5 3/19/2020	3134G3K58	09/28/2017	616,000.00	609,488.88	614,664.46	1.600	1.989	2.18	809	0.60
FHLMC 1.55 8/21/2020	3134G3D64	05/26/2016	1,195,000.00	1,180,289.55	1,200,182.42	1.380	2.031	2.58	964	1.16
FHLMC 1.65 1/29/2021	3134G34D9	07/13/2016	2,410,000.00	2,377,730.10	2,448,003.20	1.123	2.101	2.99	1,125	2.34
FHLMC 1.65 8/28/2020	3134G3F96	05/26/2016	1,000,000.00	990,120.00	1,006,940.00	1.380	2.032	2.60	971	0.97
FHLMC 1.75 5/21/2021	3134G44H8	07/13/2016	2,000,000.00	1,975,980.00	2,034,090.41	1.230	2.119	3.30	1,237	1.94

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 12/31/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
FHLMC 1.875 8/17/2021	3134G92Y2	05/09/2017	2,000,000.00	1,984,660.00	1,998,246.35	1.900	2.095	3.50	1,325	1.94
FHLMC 2 3/12/2020	3134G3QX1	03/15/2016	1,250,000.00	1,249,462.50	1,264,611.20	1.450	2.020	2.15	802	1.21
FNMA 0.875 5/21/2018	3135G0WJ8	12/20/2013	1,500,000.00	1,496,070.00	1,496,367.92	1.526	1.551	0.39	141	1.45
FNMA 1 8/28/2019	3135G0P49	01/27/2017	2,000,000.00	1,970,500.00	1,985,385.05	1.447	1.903	1.65	605	1.94
FNMA 1.06 5/29/2018	3136G05G2	12/20/2013	500,000.00	498,920.00	499,056.00	1.540	1.587	0.41	149	0.48
FNMA 1.125 10/19/2018	3135G0E58	11/16/2017	1,070,000.00	1,064,628.60	1,066,534.42	1.533	1.759	0.80	292	1.04
FNMA 1.25 5/6/2021	3135G0K69	05/19/2016	1,000,000.00	972,650.00	991,809.30	1.505	2.100	3.28	1,222	0.97
FNMA 1.25 8/17/2021	3135G0N82	10/11/2016	3,000,000.00	2,907,090.00	2,982,167.49	1.420	2.142	3.54	1,325	2.91
FNMA 1.25 8/28/2018	3136G1F53	03/16/2016	1,000,000.00	996,860.00	1,001,098.64	1.080	1.731	0.66	240	0.97
FNMA 1.5 11/30/2020	3135G0F73	04/26/2017	2,000,000.00	1,970,620.00	1,990,904.54	1.661	2.021	2.86	1,065	1.94
FNMA 1.75 1/30/2019	3136FTZZ5	02/03/2014	2,595,000.00	2,593,079.70	2,597,415.17	1.660	1.819	1.07	395	2.52
FNMA 1.875 9/18/2018	3135G0YM9	05/04/2017	1,000,000.00	1,000,870.00	1,004,347.57	1.258	1.750	0.71	261	0.97
FNMA 2 10/5/2022	3135G0T78	10/11/2017	2,000,000.00	1,975,020.00	1,999,980.89	2.000	2.278	4.54	1,739	1.94
FNMA 2 8/26/2022	3136G05L1	09/28/2017	2,000,000.00	1,972,780.00	2,003,506.02	1.960	2.310	4.43	1,699	1.94
Sub Total / Average			75,701,000.00	75,121,593.88	76,060,962.56	1.501	1.984	2.42	909	73.37
Negotiable Certificate of Deposit										
Ally Bank 1.9 6/22/2020	02006L3N1	06/22/2017	245,000.00	243,636.04	245,000.00	1.900	2.132	2.43	904	0.24
American Exp Centurion 2 11/28/2018	02587DWJ3	11/28/2014	247,000.00	246,919.48	247,000.00	2.000	2.036	0.90	332	0.24
American Exp Fed Svgs Bk 2 7/24/2019	02587CAJ9	07/24/2014	247,000.00	246,619.57	247,000.00	2.000	2.101	1.54	570	0.24
Barclays Bank 2.099 7/23/2019	06740KHK6	07/28/2014	247,000.00	247,004.25	247,000.00	2.099	2.098	1.53	569	0.24
Beneficial Bank 2.15 10/18/2022	08173QBX3	10/18/2017	245,000.00	243,766.55	245,000.00	2.150	2.261	4.56	1,752	0.24
BMW 1.95 6/20/2019	05580AAL8	06/20/2014	247,000.00	246,459.24	247,000.00	1.950	2.102	1.46	536	0.24
Capital One Bank USA NA 2.4 6/1/2022	1404203C2	06/01/2017	245,000.00	246,577.43	245,000.00	2.400	2.246	4.21	1,613	0.24
Capital One NA 2 8/12/2019	14042E5L0	08/12/2015	247,000.00	246,613.52	247,000.00	2.000	2.099	1.59	589	0.24
Cardinal Bank 1.25 6/19/2018	14147VEV4	06/19/2015	249,000.00	248,404.57	249,000.00	1.250	1.764	0.47	170	0.24
Charter Bank Eau claire 1.5 8/6/2018	16116PHH7	08/05/2014	248,000.00	247,518.93	248,000.00	1.500	1.825	0.60	218	0.24
Cit Bank 2.2 11/26/2019	17284C4L5	11/26/2014	247,000.00	247,500.20	247,000.00	2.200	2.091	1.87	695	0.24
Comenity Capital Bank 2 10/13/2020	20033AND4	10/13/2015	249,000.00	247,912.64	249,000.00	2.000	2.162	2.71	1,017	0.24
Compass Bank 1.2 5/14/2018	20451PKT2	05/13/2015	248,000.00	247,510.05	248,000.00	1.200	1.736	0.37	134	0.24
Discover FS 2 6/18/2019	254671W48	06/18/2014	247,000.00	246,641.36	247,000.00	2.000	2.101	1.45	534	0.24
Enerbank USA 2.05 8/28/2019	29266NB30	08/28/2014	247,000.00	246,810.28	247,000.00	2.050	2.096	1.63	605	0.24
EVERBANK FL 1.6 7/30/2019	29976DZM5	07/30/2015	248,000.00	246,064.88	248,000.00	1.600	2.105	1.56	576	0.24
First Bank of Richmond 1.8 10/19/2020	319267GK0	10/18/2017	245,000.00	243,248.86	245,000.00	1.800	2.025	2.73	1,023	0.24
FIRST BUSINESS 1.5 10/30/2019	31938QP65	10/30/2015	248,000.00	245,333.85	248,000.00	1.500	2.101	1.81	668	0.24
Flushing Bank 1.45 6/26/2018	34387ABQ1	06/26/2015	248,000.00	247,629.86	248,000.00	1.450	1.758	0.49	177	0.24

City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class
Report Format: By Transaction
As of 12/31/2017

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration to Maturity	Days to Maturity	% of Portfolio
Focus Bank 2.2 11/24/2022	34415LAP6	11/24/2017	245,000.00	244,284.01	245,000.00	2.200	2.263	4.66	1,789	0.24
Franklin Synergy Bank 1.6 8/30/2019	35471TDK5	05/31/2017	245,000.00	242,990.93	245,000.00	1.600	2.102	1.64	607	0.24
Goldman Sachs Bank USA 2.35 6/21/2022	38148PKX4	06/21/2017	245,000.00	246,072.59	245,000.00	2.350	2.247	4.27	1,633	0.24
KEY BANK NA 1.35 10/29/2018	49306SVK9	10/28/2015	248,000.00	246,577.62	248,000.00	1.350	2.052	0.82	302	0.24
Live Oak Banking Co. 1.85 7/30/2019	538036CA0	10/30/2014	247,000.00	246,043.71	247,000.00	1.850	2.099	1.56	576	0.24
Medallion Bank Utah 2.05 6/28/2021	5840386Y7	06/28/2017	245,000.00	243,679.45	245,000.00	2.050	2.211	3.37	1,275	0.24
Mercantile Bank of MI 1.8 6/8/2020	58740XZJ2	06/07/2017	245,000.00	243,065.95	245,000.00	1.800	2.134	2.39	890	0.24
Park National Bank 2.1 3/26/2019	700654AV8	09/26/2014	247,000.00	246,990.76	247,000.00	2.100	2.103	1.22	450	0.24
Sallie Mae Bank 2.1 8/13/2019	795450SJ5	08/13/2014	247,000.00	247,010.52	247,000.00	2.100	2.097	1.59	590	0.24
SYNCHRONY BANK 2.25 7/17/2020	87165HKM1	07/17/2015	247,000.00	247,702.54	247,000.00	2.250	2.134	2.46	929	0.24
Third Fed S & L 2 11/25/2019	88413QAW8	11/24/2014	247,000.00	246,567.11	247,000.00	2.000	2.094	1.87	694	0.24
Unity Bank 1.65 10/30/2020	91330ABC0	10/30/2015	249,000.00	245,353.15	249,000.00	1.650	2.184	2.77	1,034	0.24
Venture Bank Bloomington 1.6 9/6/2019	92326XDN8	06/06/2017	245,000.00	242,959.98	245,000.00	1.600	2.104	1.66	614	0.24
WEX Bank 1.8 6/2/2020	92937CFS2	06/02/2017	245,000.00	243,077.95	245,000.00	1.800	2.134	2.38	884	0.24
Sub Total / Average			8,141,000.00	8,114,547.83	8,141,000.00	1.870	2.084	2.01	755	7.89
Supranational Securities										
IADB 1.125 8/28/2018	4581X0CQ9	12/11/2017	2,372,000.00	2,361,752.96	2,363,454.23	1.677	1.787	0.66	240	2.30
IADB 1.75 8/24/2018	4581X0BR8	09/21/2017	3,000,000.00	2,999,400.00	3,006,869.91	1.393	1.780	0.64	236	2.91
IBRD 1.2 9/30/2019	459058FQ1	12/11/2017	700,000.00	690,228.00	691,373.43	1.920	2.015	1.73	638	0.68
IBRD 1.25 4/26/2019	459058FC2	11/22/2017	2,000,000.00	1,982,240.00	1,986,100.95	1.785	1.934	1.31	481	1.94
IBRD 1.875 3/15/2019	459058DL4	12/11/2017	741,000.00	740,533.17	741,616.58	1.804	1.927	1.19	439	0.72
IFC 1.75 9/4/2018	45950KCA6	11/16/2017	1,000,000.00	999,450.00	1,001,416.02	1.538	1.831	0.67	247	0.97
Sub Total / Average			9,813,000.00	9,773,604.13	9,790,831.12	1.625	1.846	0.90	332	9.51
Total / Average			103,177,665.86	102,532,411.70	103,515,459.54	1.518	1.910	2.02	758	100.00

Attachment 4

City of Escondido
 Transactions Summary
 Investment Maturities
 From 10/1/2017 to 12/31/2017

<u>Issuer</u>	<u>Investment Type</u>	<u>CUSIP Number</u>	<u>Settlement Date</u>	<u>Maturity Date</u>	<u>Coupon Rate</u>	<u>Principal Matured</u>
Iberia Bank 1 10/16/2017	CD	45083AEK43	04/16/15	10/16/17	1.000	247,000
Gold Coast Bank 1.2 10/30/2017	CD	38058KCS3	12/30/13	10/30/17	1.200	246,000
Synovus	CD	87164DFW5	11/05/14	11/06/17	1.200	248,000
Celtic Bank	CD	151118RJL2	12/20/13	12/20/17	1.250	246,000
Total						<u>987,000</u>

Attachment 5

CITY OF ESCONDIDO
 FUNDS MANAGED BY OUTSIDE PARTIES
 As of December 31, 2017

<u>Type of Funds / Institution</u>	<u>Market Value</u>	<u>Interest Rate</u>	<u>Type of Investment</u>
<u>BOND FUNDS</u>			
BANK OF NEW YORK:			
1986-1R/98 Auto Parkway Assessment District	\$ 335,837.34	1.144%	Money Market
1998-1 Rancho San Pasqual Assessment District	343,241.33	1.144%	Money Market
2007A & 2007B JPFA Lease Revenue Bonds (1995 CDC Refunding)	89.63	0.725%	Money Market
2007 COP - Water Project	1,388,502.78	0.729%	Money Market
2012 JPFA Revenue Bonds (Water System Financing)	4,272,563.33	0.996%	LAIF/Money Market
2012 JPFA Revenue Bonds (Wastewater System Financing)	2,851,324.47	0.995%	LAIF/Money Market
2013 JPFA Reidy Creek Lease Revenue Bonds (2001 Refunding)	21.83	1.145%	Money Market
2013 Community Facility District - Hidden Trails (2001 Refunding)	1.00	0.000%	Cash
2015A Wastewater Bond (2004A Refunding)	77.80	1.208%	Money Market
2015B Wastewater Bond (2004B Refunding)	26.62	1.202%	Money Market
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	<u>\$ 9,191,686.13</u>		

Attachment 6

City of Escondido
 Summary of Average Yield Calculation
 Investment Portfolio Managed by Templeton Financial Services
 For the Period of September 2017 to December 2017

Month	Value				Average Yield (Without Fees)		Investment Management Fees				Average Yield (Net of Fees)		Portfolio Duration	Days to Maturity	Years to Maturity
	PAR	Cost	Book	Market	Book	Market	Templeton	Custodian	Total	Percent	Book	Market			
Sep-17	19,951,996.85	19,970,257.63	19,970,787.32	19,967,878.85	1.166%	1.056%	(2,083.33)	(875.00)	(2,958.33)	-0.178%	0.988%	0.878%	0.78	301	0.82
Oct-17	19,854,903.92	19,961,499.61	19,963,513.03	19,951,341.42	1.427%	1.299%	(2,083.33)	(875.00)	(2,958.33)	-0.178%	1.249%	1.121%	1.29	502	1.38
Nov-17	19,902,426.93	19,948,310.58	19,945,341.67	19,860,451.33	2.118%	2.216%	(2,083.33)	(875.00)	(2,958.33)	-0.179%	1.939%	2.037%	3.46	1,335	3.66
Dec-17	19,918,163.34	19,944,553.29	19,940,784.02	19,828,308.59	2.443%	2.575%	(2,083.33)	(875.00)	(2,958.33)	-0.179%	2.264%	2.396%	4.16	1,608	4.41
Average Yield					1.789%	1.787%				-0.178%	1.610%	1.608%			

Attachment 7



Monthly Portfolio Report

Period Ending:
October 31, 2017

Len Templeton, President

Templeton Financial Services, Inc.
1490 S. Price Rd. Suite 101
Chandler, AZ 85286



City of Escondido Portfolio Summary & Characteristics

Asset Class Distribution	Asset Class	Market Value*	Current % Of Portfolio	Previous Month % Of Portfolio
<ul style="list-style-type: none"> ■ U.S. Treasury ■ Money Market ■ Corporate Debt ■ Gov Agencies ■ Municipal Debt 	U.S. Treasury	\$11,247,957.50	56.66%	70.10%
	Money Market	\$2,729,903.92	13.75%	12.03%
	Corporate Debt	\$2,412,240.00	12.09%	12.11%
	Gov Agencies	\$998,370.00	5.04%	0.00%
	Municipal Debt	\$2,562,870.00	12.47%	5.77%
	Total Market Value*	\$19,951,341.42	100.00%	100.00%

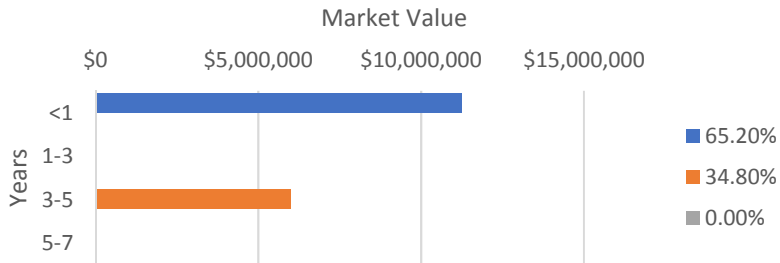
Summary of Assets Held

Asset Class	Market Value*	Current Face	Accrued Income	Duration	Market Yield	Yield (Cost)
U.S. Treasury	\$11,247,957.50	\$11,250,000.00	\$0.00	0.02	0.701%	0.954%
Money Market	\$2,729,903.92	\$2,729,903.92	\$0.00	0.00	0.940%	0.940%
Corporate Debt	\$2,412,240.00	\$2,400,000.00	\$10,600.00	4.24	2.712%	2.646%
Gov Agencies	\$998,370.00	\$1,000,000.00	\$886.67	4.71	2.315%	2.335%
Municipal Debt	\$2,562,870.00	\$2,475,000.00	\$17,633.40	4.23	2.629%	2.563%
Total	\$19,951,341.42	\$19,854,903.92	\$29,120.07	1.29	1.299%	1.427%

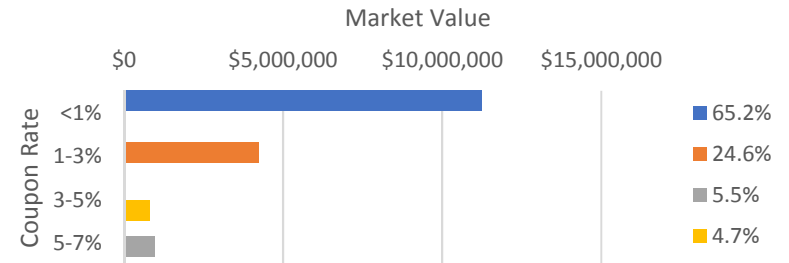
* Market values exclude accrued income

Maturity and Coupon Summaries

Maturity Distribution

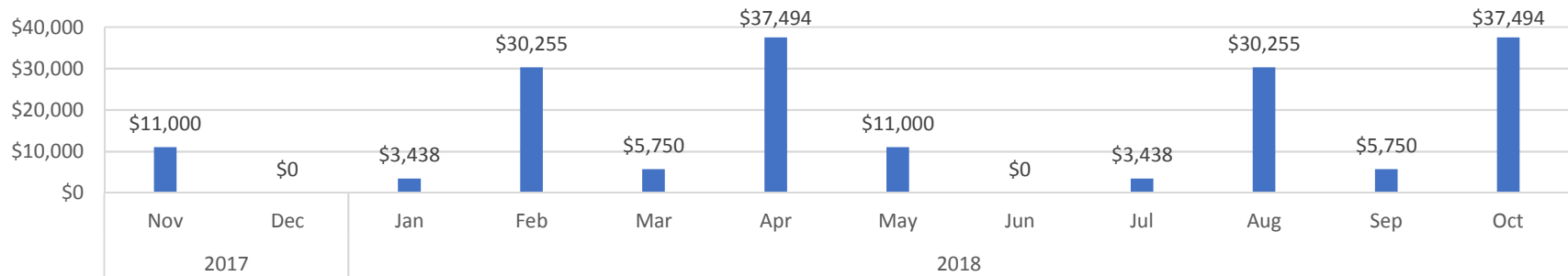


Coupon Distribution



Income Summary

Projected Monthly Income*



*Excludes Money Market Instruments



Monthly Portfolio Report - Holdings

Period Ending 10/31/2017

US Treasury

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
B 0 11/09/2017	912796KX6	1,250,000.00	-	-	-	10/12/2017	10/13/2017	0.961%	0.00	1,249,700.00	1,249,737.50
B 0 11/02/2017	912796MA4	3,000,000.00	-	-	-	10/12/2017	10/13/2017	0.971%	0.00	2,999,838.33	2,999,910.00
B 0 11/02/2017	912796MA4	3,000,000.00	-	-	-	10/25/2017	10/26/2017	0.940%	0.00	2,999,843.33	2,999,910.00
B 0 11/16/17	912796MCO	4,000,000.00	-	-	-	10/19/2017	10/19/2017	0.951%	0.00	3,998,311.11	3,998,400.00
Total U.S. Treasury	-	11,250,000.00	-	-	-	-	-	0.954%	0.00	11,247,692.77	11,247,957.50

Money Markets

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
X9USDBLFD	X9USDBLFD	2,729,903.92	-	-	-	-	-	0.940%	0.00	2,729,903.92	2,729,903.92
Total Money Markets	-	2,729,903.92	-	-	-	-	-	0.940%	0.00	2,729,903.92	2,729,903.92

Corporate Debt

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
C 2 ¾ 04/25/22	172967LG4	800,000.00	BBB+	Baa1	A	9/21/2017	9/25/2017	2.650%	366.67	803,358.15	802,528.00
GS 3 04/26/22	38141GWC4	800,000.00	BBB+	A3	A	9/18/2017	9/20/2017	2.684%	333.33	810,583.10	807,720.00
MS 2 ¾ 05/19/22	61744YAH1	800,000.00	BBB+	A3	A	9/13/2017	9/15/2017	2.605%	9,900.00	804,919.75	801,992.00
Total Corporate Debt	-	2,400,000.00	BBB+	A3	A	-	-	2.646%	10,600.00	2,418,861.00	2,412,240.00

* Market values exclude accrued income



Monthly Portfolio Statement -Holdings

Period Ending 10/31/2017

U.S. Municipal Debt

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
CTCDEV 2.250 08/01/22	212263AS6	500,000.00	AA	-	-	9/27/2017	9/29/2017	2.450%	2,343.75	495,537.31	493,485.00
CTCDEV 5.060 08/01/22	212263AS5	850,000.00	AA-	A2	-	10/5/2017	10/10/2017	2.520%	10,752.50	945,993.12	945,081.00
IDSGEN 2.750 01/01/22	45656RDV1	250,000.00	A	-	-	9/28/2017	9/29/2017	2.600%	2,291.67	251,464.23	250,187.50
MLREV 2.750 10/01/22	56155CAE8	225,000.00	A	-	-	10/12/2017	10/25/2017	3.100%	103.12	221,432.17	220,873.50
MDEV 2.5 08/01/22	62719PAY2	250,000.00	A	-	-	10/6/2017	10/18/2017	2.558%	225.69	249,349.87	248,855.00
SDGGEN 2.875 09/01/21	79730WAX8	400,000.00	AA	-	-	9/27/2017	9/28/2017	2.470%	1,916.67	405,881.46	404,388.00
Total Municipal Debt	-	2,475,000.00	AA-	A2	-	-	-	2.563%	17,633.40	2,569,658.16	2,562,870.00

Government Agencies

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
FFCB 2.280 10/17/22	3133EHF73	1,000,000.00	AA+	Aaa	-	10/25/2017	10/26/2017	2.335%	886.67	997,397.18	998,370.00
Total Money Markets	-	1,000,000.00	AA+	Aaa	-	-	-	2.335%	886.67	997,397.18	998,370.00

Portfolio Totals

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
-	-	19,854,903.92	A+	A2	A	-	-	1.427%	29,120.07	19,963,513.03	19,951,341.42

* Market values exclude accrued income

This information is based on information obtained from sources generally believed to be reliable, but Templeton Financial services cannot guarantee its accuracy. Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this report, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this report serves as the receipt of, or as a substitute for, personalized investment advice from Templeton Financial Services, Inc. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.



Monthly Portfolio Report

Period Ending:
November 30, 2017

Len Templeton, President

Templeton Financial Services, Inc.
1490 S. Price Rd. Suite 101
Chandler, AZ 85286



City of Escondido Portfolio Summary & Characteristics

Asset Class Distribution	Asset Class	Market Value*	Current % Of Portfolio	Previous Month % Of Portfolio
<ul style="list-style-type: none"> ■ Supranationals ■ Money Market ■ Corporate Debt ■ Gov Agencies ■ Municipal Debt 	Supranationals	\$1,954,680.00	10.05%	0.00%
	Money Market	\$4,532,426.93	22.77%	13.75%
	Corporate Debt	\$3,583,586.50	18.09%	12.09%
	Gov Agencies	\$4,965,220.00	25.12%	5.04%
	Municipal Debt	\$4,824,627.90	23.97%	12.47%
	Total Market Value*	\$19,860,541.33	100.00%	-

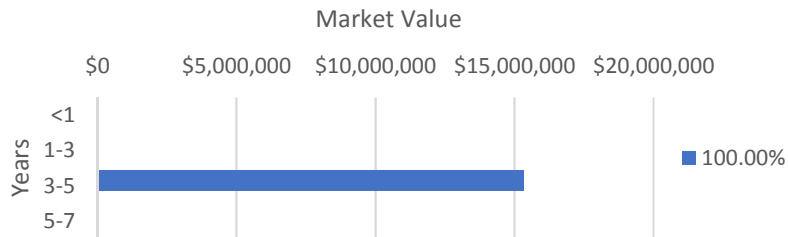
Summary of Assets Held

Asset Class	Market Value*	Current Face	Accrued Income	Duration	Market Yield	Yield (Cost)
Supranationals	\$1,954,680.00	\$2,000,000.00	\$7,388.88	4.60	2.252%	2.119%
Money Market	\$4,532,426.93	\$4,532,426.93	\$0.00	0.00	0.970%	0.970%
Corporate Debt	\$3,583,586.50	\$3,600,000.00	\$10,181.53	4.31	2.717%	2.595%
Gov Agencies	\$4,965,220.00	\$5,000,000.00	\$7,114.99	4.69	2.466%	2.349%
Municipal Debt	\$4,824,627.90	\$4,770,000.00	\$27,195.00	4.34	2.743%	2.607%
Total	\$19,860,541.33	\$19,902,426.93	\$51,880.40	3.46	2.216%	2.118%

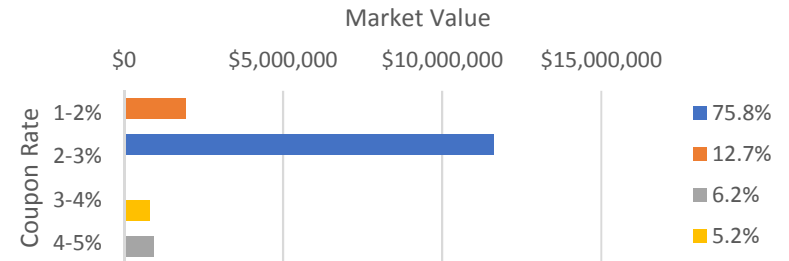
* Market values exclude accrued income

Maturity and Coupon Summaries

Maturity Distribution*

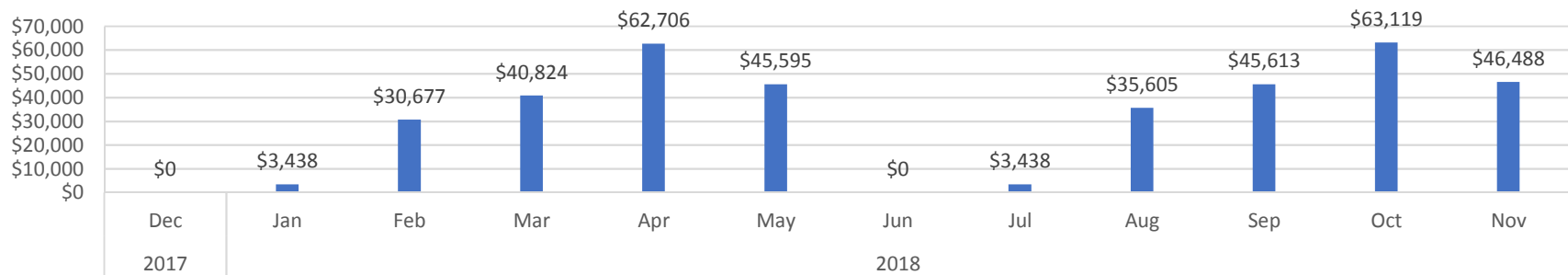


Coupon Distribution*



Income Summary

Projected Monthly Income*



*Excludes Money Market Instruments



Monthly Portfolio Report - Holdings

Period Ending 11/30/2017

Money Markets

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
X9USDBLFD	X9USDBLFD	4,532,426.93	-	-	-	-	-	-	0.970%	0.00	4,532,426.93	4,532,426.93
Total Money Markets	-	4,532,426.93	-	-	-	-	-	-	0.970%	0.00	4,532,426.93	4,532,426.93

Supranationals

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
IADB 1.75 09/14/22	4581X0CZ9	1,000,000.00	-	Aaa	AAA	11/2/2017	11/6/2017	-	2.120%	3,694.44	983,230.12	977,340.00
IADB 1.75 09/14/22	4581X0CZ9	1,000,000.00	-	Aaa	AAA	11/3/2017	11/7/2017	-	2.118%	3,694.44	983,319.36	977,340.00
Total Supranationals	-	2,000,000.00	-	Aaa	AAA	-	-	-	2.119%	7388.88	1,966,549.48	1,954,680.00

Corporate Debt

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
C 2 ¾ 04/25/22	172967LG4	800,000.00	BBB+	Baa1	A	9/21/2017	9/25/2017	3/25/2022	2.650%	2,138.89	803,296.61	798,072.00
AAPL 2.1 09/12/22	037833DC1	950,000.00	AA+	Aa1	-	11/15/2017	11/16/2017	-	2.477%	4,322.50	933,931.27	932,558.00
ORA 2.5 10/15/2022	68389XAP0	250,000.00	AA-	A1	-	11/15/2017	11/16/2017	-	2.553%	781.25	249,392.28	249,612.50
GS 3 04/26/22	38141GWC4	800,000.00	BBB+	A3	A	9/18/2017	9/20/2017	4/26/2021	2.684%	2,266.67	810,389.27	804,632.00
MS 2 ¾ 05/19/22	61744YAH1	800,000.00	BBB+	A3	A	9/13/2017	9/15/2017	-	2.605%	672.22	804,830.89	798,712.00
Total Corporate Debt	-	3,600,000.00	A	A2	A	-	-	-	2.595%	10,181.53	3,601,840.32	3,583,586.50

* Market values exclude accrued income



Monthly Portfolio Report - Holdings

Period Ending 11/30/2017

U.S. Municipal Debt

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
CTCDEV 2.250 08/01/22	212263AS6	500,000.00	AA	-	-	9/27/2017	9/29/2017	-	2.450%	3,250.00	495,614.47	490,670.00
CTCDEV 5.060 08/01/22	21224RAS5	850,000.00	AA-	A2	-	10/5/2017	10/10/2017	-	2.520%	14,217.19	944,333.30	938,468.00
IDSGEN 2.750 01/01/22	45656RDV1	250,000.00	A	A1	-	9/28/2017	9/29/2017	-	2.600%	2,845.49	251,435.39	248,987.50
GUADEV 2.5 08/01/022	400559AE0	230,000.00	AA	-	-	11/17/2017	11/29/2017	-	2.650%	15.97	228,489.79	227,612.60
PSPDEV 2.25 09/01/22	696687ABT2	290,000.00	AA-	-	-	10/27/2017	11/15/2017	-	2.500%	271.88	286,765.45	286,279.30
LONGEN 2.785 11/01/22	54245HAN4	825,000.00	-	A1	-	11/2/2017	11/15/2017	-	2.785%	957.34	825,000.00	824,117.25
SFOFAC 2.5 09/01/22	79772EAE9	380,000.00	-	-	AA+	10/27/2017	11/9/2017	-	2.654%	554.17	377,394.32	375,652.80
SFOFAC 2.5 09/01/22	79772EAX7	350,000.00	-	-	AA+	10/27/2017	11/9/2017	-	2.604%	510.42	348,374.66	346,766.00
MMLGEN 2.750 10/01/22	56155CAE8	225,000.00	A	-	-	10/12/2017	10/25/2017	-	3.100%	601.56	221,491.77	219,728.25
BRDEV 2.25 08/01/22	106293CG6	220,000.00	AA-	-	-	10/19/2017	11/1/2017	-	2.450%	398.75	218,066.09	216,559.20
MURDEV 2.5 08/01/22	62719PAY2	250,000.00	A	-	-	10/6/2017	10/18/2017	-	2.558%	729.17	249,361.11	247,515.00
SDGGEN 2.875 09/01/21	79730WAX8	400,000.00	AA	-	-	9/27/2017	9/28/2017	-	2.470%	2,843.06	405,755.52	402,272.00
Total Municipal Debt	-	4,770,000.00	AA-	A2	AA+	-	-	-	2.607%	27,195.00	4,852,081.87	4,824,627.90

Government Agencies

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
FFCB 2.280 10/17/22	3133EHF73	1,000,000.00	AA+	Aaa	-	10/25/2017	10/26/2017	1/17/2018	2.336%	2,723.33	997,440.28	994,900.00
FMAC 2.4 11/28/22	3134GBY63	1,000,000.00	AA+	Aaa	-	10/26/2017	11/28/2017	2/28/2018	2.400%	133.33	1,000,000.00	992,770.00
FMAC 2.4 11/28/22	3134GBY63	1,000,000.00	AA+	Aaa	-	10/30/2017	11/28/2017	2/28/2018	2.400%	133.33	1,000,000.00	992,770.00
FNMA 2.25 10/27/22	3136G4PV9	2,000,000.00	AA+	Aaa	-	11/28/2017	11/29/2017	4/27/2018	2.304%	4,125.00	1,995,002.80	1,984,780.00
Total Government Agencies	-	5,000,000.00	AA+	Aaa	-	-	-	-	2.349%	7,114.99	4,992,443.07	4,965,220.00

* Market values exclude accrued income



Monthly Portfolio Report - Holdings

Period Ending 11/30/2017

Portfolio Totals

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
Total	-	19,902,426.93	AA-	Aa2	AA+	-	-	-	2.118%	51,880.40	19,945,341.67	19,860,541.33

Pending Trades

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
TEMDEV 2.5 12/15/22	87972DBB7	1,065,000.00	AA	-	-	11/30/2017	12/15/2017	-	2.893%	-	-	-
Total Pending	-	1,065,000.00	AA	-	-	-	-	-	-	-	-	-

* Market values exclude accrued income

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Quarterly Portfolio Report

Period Ending:
December 31, 2017

Len Templeton, President

Templeton Financial Services, Inc.
1490 S. Price Rd. Suite 218
Chandler, AZ 85286



Quarterly Portfolio Report - Highlights

Period Ending 12/31/2017

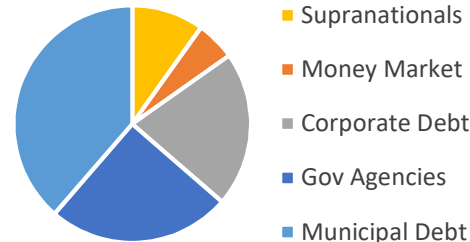
Portfolio Objective & Strategy

Templeton Financial Services will invest in securities that offer higher yields than the City’s current investments of shorter term U.S. Government Agencies, U.S. Treasury Notes, Money Market funds, and investments in LAIF, while meeting the City’s standards of high quality and liquidity. Investible securities might include Medium Term Notes or Corporate Bonds, California Municipal Debt, U.S. Agencies, Supranationals, and FDIC insured C.D.’s . All investments will have a maximum maturity of 5 years from settlement date with an emphasis on 5 year maturities.

Portfolio Management Highlights

Templeton Financial Services, Inc. began managing a portfolio of \$20,000,000 for the City of Escondido on 9/11/17. As of 12/31/2017, the portfolio is fully invested in a diversified mix of securities with a focus on quality, liquidity, and yield. Below are a few key portfolio metrics.

<u>Market Yield</u>	<u>Yield (Cost)</u>	<u>Duration</u>	<u>Average Rating</u>
2.575%	2.443%	4.16	AA-/Aa3/AA



<u>Asset Class</u>	<u>Market Value*</u>
Supranationals	\$1,951,660.00
Money Market	\$1,063,163.34
Corporate Debt	\$4,194,710.50
Gov Agencies	\$4,957,720.00
Municipal Debt	\$7,661,054.75
Total Market Value*	\$ 19,828,308.59

Portfolio Compliance

Investment transactions have been executed in compliance with the City of Escondido’s Investment Policy. Investment purchases have been made in accordance with the City’s prioritized Investment Policy objectives of safety of principal, sufficiency of liquidity and maximization of yield.

* Market values exclude accrued income



Quarterly Portfolio Report - Compliance Checklist

Period Ending 12/31/2017

City of Escondido Compliance Checklist

Asset Class	Maximum Maturity *1	Maximum % of Portfolio	Maximum % One Issuer	Minimum Rating *5	In Compliance?
U.S. Treasury Obligations	5 Years	None	None	None	YES
U.S. Agencies	5 Years	*2	*2	None	YES
Supranationals	5 Years	30%	30%	A	YES
CA Municipal Debt	5 Years	40%	5%*	A	YES
Negotiable Certificates *6	5 Years	30%	10%	*3	YES
Banker's Acceptances *6	180 Days	30%	10%	*3	YES
Commercial Paper *6	270 Days	25%	10%	A	YES
Repurchase Agreements *4	1 Year	None	None	None	YES
Reverse Repos *4	92 Days	20%	None	None	YES
LAIF	N/A	\$50M	N/A	N/A	YES
Non-Neg. Time Deposits *6	5 Years	25%	10%	*3	YES
Med Term Notes/Bonds	5 Years	30%	10%	A	YES
Notes, Bonds, Other	5 Years	None	None	A	YES

*In accordance with Section XII of the City's Treasurer's Investment Policy, this value is based off of the pooled portfolio.

*1 In the absence of a specified maximum, the maximum is 5 years.

*2 No more than one-third of the cost value of the total portfolio at time of purchase can be invested in the unsecured debt of any one agency.

*3 Credit and maturity criteria must be in accordance with Section XII of the City Treasurer's Investment Policy.

*4 Maximum percentage of portfolio for Reverse Repurchase Agreements is 20% of base value.

*5 Minimum credit rating categories include modifications (+/-). Credit ratings are from any NSRO.

*6 Investment types with a 10% maximum with one issuer are further restricted per the City Treasurer's Investment Policy: 5% per issuer and an additional 5% with authorization by the City Treasurer.

*7 The City's investments are governed by California Government Code Sections 53600 (et seq.). Within the investments permitted by the Code, the City seeks to further restrict eligible investments to the guidelines listed above. In the event a discrepancy is found between this policy and the Summary Table above, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.



Tax Cuts: Additional Late Cycle Fiscal Stimulus

During the financial crisis of 2008-2009 the economy could have benefited from a significant shot-in-the-arm from fiscal policy. Instead, the Fed was required to do most of the heavy lifting during this time to stimulate economic growth. They cut the Fed Funds rate to zero and engaged in several aggressive rounds of quantitative easing (QE's) which resulted in a massive increase in the Fed's balance sheet, as well as low interest rates for several years. Now more than 9 years after the collapse of Lehman Brothers on September 15, 2008 the Federal government has cut tax rates for corporations and most individuals to get the economy growing faster. We expect these tax cuts to stimulate the economy in the short term which will cause short term rates to rise.

Will the Rate of Inflation Rise?

We expect upward pressure on prices in the near to intermediate term due to the following factors:

Wage Pressures

The unemployment rate is currently 4.1% which is significantly below the long-term average of 5.8%. This has led to shortages of workers in some industries such as construction. Employers are also passing out \$1,000 bonus payments to their workers because of the tax cuts, and the minimum wage is rising in several parts of the U.S.

Housing Price

The housing glut caused by the financial crisis is over. The number of available homes for sale in the market is at a multi-year low. Falling supply will put upward pressure on housing prices.

Commodity Prices

The U.S. economic recovery has turned into a global recovery. The glut in the supply of oil has been reduced dramatically and prices have been rising. Oil has risen from as low as \$27 a barrel to a recent high of over \$64 a barrel for West Texas Intermediate (WTI) crude oil. We expect commodity prices to rise due to the global recovery, and higher wealth levels caused by the dramatic rise in equity markets worldwide.

Our research shows inflation tends to be a late-cycle phenomenon. Since the fiscal stimulus is coming more than 8 years after the beginning of this economic recovery with the above-mentioned conditions we should see some upward pressure on prices this year. There are, however, factors which may lead to disappointing economic growth in the years ahead.



Economic Headwinds

We do have some concerns about the economic outlook, and we are not as excited as the equity markets about the tax cuts. We see the following headwinds:

Tax Cuts

The Reagan tax cuts were done when the Debt to GDP was about 30%. The current cuts in revenues are coming at a time when Debt to GDP is about 105%-110%. Debt levels of this magnitude are a serious drag on economic growth. We believe increased borrowing to pay for the tax cuts will likely inhibit economic growth rather than increase it in the long run. Our high levels of debt and sluggish economy won't be solved by increased borrowing to finance tax cuts.

Negative Demographics

The U.S. suffers from negative demographic trends which include an aging population, fewer people in the work force, and declining birth rates. These trends are negative for future economic activity and entitlement programs such as Social Security and Medicare. They have also contributed to the problems of funding pension obligations and other post-employment benefit programs for municipalities. These problems are well documented. There is no evidence these trends are in the process of changing.

Monetary Policy

The Fed is in the process of increasing the Federal Funds rate. Following three rate hikes in 2017, they are talking about raising it three more times in 2018. The Fed is also engaging in Quantitative Tightening (QT) by reducing their balance sheet. Both actions are negative for the economy.

High Levels of Debt

Virtually all the developed countries are over-indebted. Studies show Debt to GDP ratios over 90% are a severe drag on economic growth. Monetary and Fiscal policies have been designed to stop the deleveraging process which began during the financial crisis. This means the process of debt liquidation will be drawn out over a much longer period. This will lead to subpar economic growth for many years. Japan is a good example to show borrowing more is not the answer to too much borrowing. They are now suffering from 2 lost decades of economic growth.

The recent tax cuts have created a sense of euphoria in the equity markets as investors believe the cuts will serve as a driver of economic growth. While we believe they may stimulate growth in the short term, we are concerned about the previously mentioned headwinds for the economy and their drag on economic activity.

The Effect of Tax Cuts on the Municipal Market

The recent tax bill affects the Muni market in several ways. First, refunding tax-free issues to generate cost-savings will not be allowed. This will restrict the yearly issuance of new Muni deals by as much as 25%. This reduction in the supply of bonds will create a “scarcity” of Munis. Next, the scarcity of Munis will mean tax-frees should trade at lower ratios compared to the taxable universe of bonds. For example, during the financial crisis long AAA rated 30 year Munis traded at yields of over 110% of long UST bonds with similar maturities. These ratios have already declined to about 90%, and will probably fall to around 85% during the year. This means tax-free bonds should outperform taxable bonds this year. Finally, the new limits on deducting state and local taxes on taxpayers returns will probably increase the demand for Munis. This is especially true in high tax states.

Infrastructure Financing

We were pleased to see the House version of the tax bill which eliminated the use of private activity bonds did not prevail in the tax bill that was passed. The massive infrastructure needs in our country can be easily financed in the Muni market. These needs have been put on hold since the financial crisis due to budget strains caused by reduced tax revenues and unfunded pension liabilities. One way to finance many of these projects is to utilize private activity bonds and Public Private Partnerships. The participation of the private sector will help reduce the stress for municipalities trying to do it all on their own.

Interest Rates

Duration performed well in 2017 as the yield curve flattened. Treasury yields rose from 1.21% to 1.88% on 2-year notes while yields dropped on 30-year treasury bonds from 3.04% to end the year at 2.74%. Five year treasuries widened significantly to end the year at 2.20%.

2 Year vs. 30 Year Treasury Spread



5 Year Treasury Yield





Quarterly Portfolio Report - Summary

Period Ending 12/31/2017

City of Escondido Portfolio Summary & Characteristics

Asset Class Distribution	Asset Class	Market Value*	Current % Of Portfolio	Previous Month % Of Portfolio
<ul style="list-style-type: none"> ■ Supranationals ■ Money Market ■ Corporate Debt ■ Gov Agencies ■ Municipal Debt 	Supranationals	\$1,951,660.00	10.04%	10.05%
	Money Market	\$1,063,163.34	5.34%	22.77%
	Corporate Debt	\$4,194,710.50	21.09%	18.09%
	Gov Agencies	\$4,957,720.00	25.10%	25.12%
	Municipal Debt	\$7,661,054.75	38.43%	23.97%
	Total Market Value*	\$19,828,308.59	100.00%	100.00%

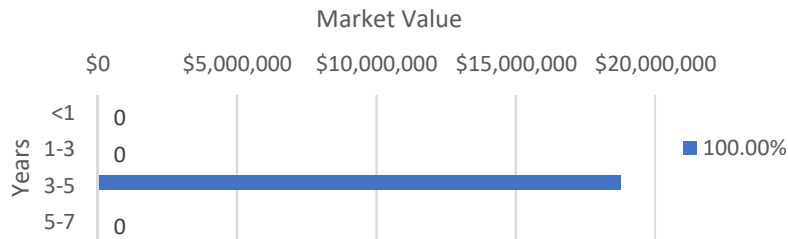
Summary of Assets Held

Asset Class	Market Value*	Current Face	Accrued Income	Duration	Market Yield	Yield (Cost)
Supranationals	\$1,951,660.00	\$2,000,000.00	\$10,402.78	4.51	2.295%	2.119%
Money Market	\$1,063,163.34	\$1,063,163.34	\$0.00	0.00	1.180%	1.180%
Corporate Debt	\$4,194,710.50	\$4,200,000.00	\$23,601.52	4.25	2.736%	2.610%
Gov Agencies	\$4,957,720.00	\$5,000,000.00	\$17,086.67	4.60	2.502%	2.349%
Municipal Debt	\$7,661,054.75	\$7,655,000.00	\$42,901.86	4.30	2.800%	2.673%
Total	\$19,828,308.59	\$19,918,163.34	\$93,992.83	4.16	2.575%	2.443%

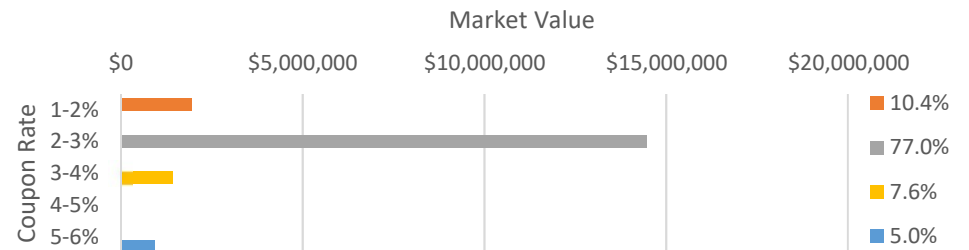
* Market values exclude accrued income

Maturity and Coupon Summaries

Maturity Distribution*

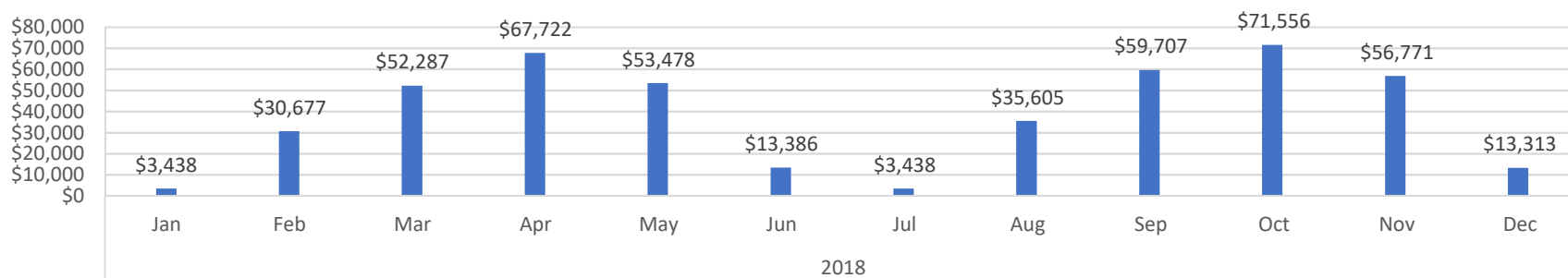


Coupon Distribution*



Income Summary

Projected Monthly Income*



*Excludes Money Market Instruments



Quarterly Portfolio Report - Holdings

Period Ending 12/31/2017

Money Markets

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
X9USDBLFD	X9USDBLFD	1,063,163.34	-	-	-	-	-	-	1.180%	0.00	1,063,163.34	1,063,163.34
Total Money Markets	-	1,063,163.34	-	-	-	-	-	-	1.180%	0.00	1,063,163.34	1,063,163.34

Supranationals

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
IADB 1.75 09/14/22	4581X0CZ9	1,000,000.00	-	-	AAA	11/2/2017	11/6/2017	-	2.120%	5,201.39	983,527.35	975,830.00
IADB 1.75 09/14/22	4581X0CZ9	1,000,000.00	-	-	AAA	11/3/2017	11/7/2017	-	2.118%	5,201.39	983,615.01	975,830.00
Total Supranationals	-	2,000,000.00	-	-	AAA	-	-	-	2.119%	10,402.78	1,967,142.36	1,951,660.00

Corporate Debt

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
C 2 ¾ 04/25/22	172967LG4	800,000.00	BBB+	Baa1	A	9/21/2017	9/25/2017	3/25/2022	2.650%	4,033.33	803,233.01	798,384.00
AAPL 2.1 09/12/22	037833DC1	950,000.00	AA+	Aa1	-	11/15/2017	11/16/2017	-	2.477%	6,040.42	934,216.41	932,159.00
ORA 2.5 10/15/2022	68389XAP0	250,000.00	AA-	A1	A+	11/15/2017	11/16/2017	-	2.553%	1,319.44	249,402.86	249,657.50
JPM 3.25 9/23/22	46625HJE1	600,000.00	A-	A3	A+	11/29/2017	12/1/2017	-	2.700%	5,308.33	614,525.67	614,310.00
GS 3 04/26/22	38141GWC4	800,000.00	BBB+	A3	A	9/18/2017	9/20/2017	4/26/2021	2.684%	4,333.33	810,188.98	803,136.00
MS 2 ¾ 05/19/22	61744YAH1	800,000.00	BBB+	A3	A	9/13/2017	9/15/2017	-	2.605%	2,566.67	804,739.07	797,064.00
Total Corporate Debt	-	4,200,000.00	A-	A2	A	-	-	-	2.610%	23,601.52	4,216,306.00	4,194,710.50

* Market values exclude accrued income



Quarterly Portfolio Report - Holdings

Period Ending 12/31/2017

U.S. Municipal Debt

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
CTCDEV 2.250 08/01/22	212263AS6	500,000.00	AA	-	-	9/27/2017	9/29/2017	-	2.451%	4,218.75	495,694.21	489,670.00
CTCDEV 5.060 08/01/22	21224RAS5	850,000.00	AA-	A2	-	10/5/2017	10/10/2017	-	2.520%	17,920.83	942,618.15	937,635.00
IDSGEN 2.750 01/01/22	45656RDV1	250,000.00	-	A1	-	9/28/2017	9/29/2017	-	2.600%	3,437.50	251,405.59	248,440.00
GUADEV 2.5 08/01/022	400559AE0	230,000.00	AA	-	-	11/17/2017	11/29/2017	-	2.651%	511.11	228,517.24	227,120.40
PSPDEV 2.25 09/01/22	69667ABT2	290,000.00	AA-	-	-	10/27/2017	11/15/2017	-	2.500%	833.75	286,823.21	285,667.40
TEMDEV 2.5 12/15/22	87972DBB7	1,065,000.00	AA	-	-	11/30/2017	12/15/2017	-	2.893%	1,257.29	1,045,807.95	1,042,997.10
SMSDEV 2.25 10/01/22	79876CBS6	750,000.00	AA-	-	-	12/1/2017	12/14/2017	-	2.694%	796.88	735,234.67	737,332.50
MRVOBG 2.742 5/01/22	611581AM1	750,000.00	AA-	-	-	12/1/2017	12/13/2017	-	2.742%	1,028.25	750,000.00	746,257.50
NCRDEV 2.715 3/1/2022	655505BJ3	320,000.00	AA-	-	-	12/7/2017	12/20/2017	-	2.714%	265.47	320,000.00	319,110.40
LONGEN 2.785 11/01/22	54245HAN4	825,000.00	-	A1	-	11/2/2017	11/15/2017	-	2.785%	2,935.85	825,000.00	822,236.25
SFOFAC 2.5 09/01/22	79772EAE9	380,000.00	-	-	AA+	10/27/2017	11/9/2017	-	2.655%	1,372.22	377,440.85	374,847.20
SFOFAC 2.5 09/01/22	79772EAX7	350,000.00	-	-	AA+	10/27/2017	11/9/2017	-	2.604%	1,263.89	348,403.69	346,006.50
MMLGEN 2.750 10/01/22	56155CAE8	225,000.00	A	-	-	10/12/2017	10/25/2017	-	3.101%	1,134.38	221,553.35	219,303.00
BRDEV 2.25 08/01/22	106293CG6	220,000.00	AA-	-	-	10/19/2017	11/1/2017	-	2.450%	825.00	218,101.26	216,106.00
MURDEV 2.5 08/01/22	62719PAY2	250,000.00	A	-	-	10/6/2017	10/18/2017	-	2.559%	1,267.36	249,372.73	246,977.50
SDGGEN 2.875 09/01/21	79730WAX8	400,000.00	AA	-	-	9/27/2017	9/28/2017	-	2.470%	3,833.33	405,625.38	401,348.00
Total Municipal Debt	-	7,655,000.00	AA-	A2	AA+	-	-	-	2.673%	42,901.86	7,701,598.28	7,661,054.75

Government Agencies

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
FFCB 2.280 10/17/22	3133EHF73	1,000,000.00	AA+	Aaa	AAA	10/25/2017	10/26/2017	1/17/2018	2.335%	4,686.67	997,484.80	995,060.00
FMAC 2.4 11/28/22	3134GBY63	1,000,000.00	AA+	Aaa	AAA	10/26/2017	11/28/2017	2/28/2018	2.400%	2,200.00	1,000,000.00	990,840.00
FMAC 2.4 11/28/22	3134GBY63	1,000,000.00	AA+	Aaa	AAA	10/30/2017	11/28/2017	2/28/2018	2.400%	2,200.00	1,000,000.00	990,840.00
FNMA 2.25 10/27/22	3136G4PV9	2,000,000.00	AA+	Aaa	AAA	11/28/2017	11/29/2017	4/27/2018	2.304%	8,000.00	1,995,089.24	1,980,980.00
Total Government Agencies	-	5,000,000.00	AA+	Aaa	AAA	-	-	-	2.349%	17,086.67	4,992,574.04	4,957,720.00

* Market values exclude accrued income



Quarterly Portfolio Report - Holdings

Period Ending 12/31/2017

Portfolio Totals

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
Total	-	19,918,163.34	AA-	Aa3	AA	-	-	-	2.443%	93,992.83	19,940,784.02	19,828,308.59

Pending Trades

Security Description	CUSIP	Face Value	S&P Rating	Moody's Rating	Fitch Rating	Trade Date	Settle Date	Call Date	YTM at Cost	Accrued Interest	Book Value	Market Value*
Total Pending	-	-	-	-	-	-	-	-	-	-	-	-

* Market values exclude accrued income

This information is based on information obtained from sources generally believed to be reliable, but Templeton Financial services cannot guarantee its accuracy. Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this report, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this report serves as the receipt of, or as a substitute for, personalized investment advice from Templeton Financial Services, Inc. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.

CITY COUNCIL STAFF REPORT

Consent Item No. 5

February 14, 2018

File No. 0430-30

SUBJECT: Financial Report for the Quarter Ended December 31, 2017

DEPARTMENT: Finance Department

RECOMMENDATION:

It is requested that the City Council receive and file the Second Quarter Financial Report for Fiscal Year 2017/18 (Attachment 1) and approve the attached budget adjustment.

FISCAL ANALYSIS:

This report provides the City Council with the financial status of selected funds of the City for Fiscal Year 2017/18. The report provides an analysis of unaudited revenue and expenditure for Fiscal Year 2017/18 in comparison to Fiscal Year 2016/17 for the General Fund, the Reidy Creek Municipal Golf Course Fund and the Water and Wastewater Funds. The financial highlights for each of these funds are summarized below.

The City Council adopted a balanced annual operating budget for the General Fund in Fiscal Year 2017/18 without the use of reserves. The General Funds financial condition is unchanged or slightly improved after the second quarter. Expenditures are projected to be within the amended budget level after approval of the below budget adjustments and revenues are expected to be slightly higher by about \$600,000. The proposed amendments to the General Fund operating budget have no effect on the General Fund Reserves as all the adjustments have identified funding sources

- Approve an increase to the Fire Department operating budget of \$887,000 and an increase to the Fleet Services budget of \$50,000. This increase is completely covered by Fire Mutual Aid and will be used to cover Fire Department strike team costs, safety equipment, Fleet Services vehicle maintenance and other capital outlay.
- Approve an increase to the Fleet Services budget in the amount of \$132,705. The funding for this increase is entirely from vehicle damage insurance recoveries from Police vehicles that were totaled during the year. These funds will be used to purchase and outfit three marked Police cars.
- Approve an increase to the Community Services After School Education and Safety (ASES) budget in the amount of \$81,360. This increase is equally offset by the State ASES grant and will cover costs associated with running the after school program.

- Approve an increase to the Water Fund Vista Verde Capital Project in the amount of \$42,685. Full funding for this increase is from a reallocation of unspent bond proceeds from the Reed Reservoir project which is now complete.
- Approve an overall decrease of about \$185,000 to the Library Department budget to reflect the changes in budgeted expenditures due to outsourcing library services. (It should be noted this is for a partial year only).
- Approve an increase to the Library Department budget in the amount of \$60,000. One half of this increase is being provided by the Escondido Library Foundation donation of \$30,000 and the remaining amount is covered by increased property tax revenue during the year. This item provides for a security system at the Library Building (which is the City's responsibility) that will include security lights, security cameras, and a security card door access system. The Library Foundation and City staff have been working on this project since prior to the determination to outsource the operations housed in this facility.

Financial highlights for the other funds are listed below:

The Water Funds net operating income through second quarter 2017/18 is \$10.3 million or an increase of \$2.2 million over the prior year. This increase is from increased operating revenue due to a 5.5% rate increase in March 2017 and increased water consumption.

The Wastewater Funds net operating income through second quarter 2017/18 is \$6 million or fairly flat compared to prior year.

The Reidy Creek Golf Course Fund is projected to end the year with a loss greater than anticipated. The FY 2017/18 operating budget for the golf course was balanced with a transfer from the General Fund of \$105,150. Based on revenue and expenditure projections through year end, additional funding of about \$70,000 is projected. Following prior discussion with Council, Staff continues to explore options with JC Resorts for business model changes to offset the losses associated with the Golf Course and will report back to Council as those proceed.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council's Action Plan regarding Fiscal Management. The City Council adopted budgetary and financial policies on May 3, 2017, to promote stability and long-term financial planning. One of these policies is to provide quarterly financial reports to the City Council to give an update on the City's fiscal status.

PREVIOUS ACTION:

On October 18, 2017, the City Council received the Fiscal Year 2016/17 Fourth Quarter Financial Report. The City Council approved the use of General Fund surplus of \$1,900,000 to fund specific department funding requests totaling \$445,000 and to transfer \$1,455,000 to the "Pension Rate Smoothing Reserve". This Reserve will provide economic relief during recessionary cycles and/or rate increases that are significantly above anticipated projected employee rate increases.

BACKGROUND:

Quarterly financial reports present written financial updates to the City Council concerning certain funds of the City based on the most recent financial information available. These quarterly financial reports include budgetary information for certain funds, along with the actual resources received to date, in addition to the use of these resources in fulfilling each fund's financial plan. The reports provide year-to-date information for the General Fund, Water and Wastewater Funds, and the Reidy Creek Golf Course Fund. The quarterly financial report is for internal use only.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Sheryl Bennett, Deputy City Manager/Admin. Svs.
2/8/2018 11:47 a.m.

Joan Ryan, Assistant Director of Finance
2/8/2018 11:50 a.m.

ATTACHMENTS:

1. Attachment 1: Second Quarter Financial Report for December 31, 2017
2. Attachment 2 - Budget Adjustment



CITY OF ESCONDIDO

ATTACHMENT 1: SECOND QUARTER FINANCIAL REPORT

December 31, 2017

OVERVIEW

This report summarizes the City's overall financial position for the period of July 1, 2016 through December 31, 2017. While the focus of this report is the General Fund, the financial status of the Water and Wastewater Funds, and the Reidy Creek Municipal Golf Course are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting principles (GAAP).

The revenue projections and budget include adjustments for encumbrances, carryovers, and any other supplemental appropriations approved by the City Council as of December 31, 2017.

GENERAL FUND

At the end of the second quarter, General Fund revenues are at 33% of the amended budget, while expenditures are at 47%. Based on past history of revenue receipts and payment of expenditures, it appears that actual revenues through December are projected to be over budget by about \$1.6 million, mainly from one-time revenue. Actual expenditures through December are projected to be over budget by about \$500,000 as a result of increased strike team costs that are covered by fire mutual aid. With this adjustment, the General Fund is on track to reach projected revenue and expenditures in the current fiscal year.

**General Fund
Comparison of Projected Budget to Actuals
As of December 31, 2017**

	ANNUAL AMENDED BUDGET	PROJECTED BUDGET as of 12/31/17	ACTUAL as of 12/31/17
Total Revenue	\$97,477,390	\$30,326,000	\$31,906,037
Total Expenditures	98,898,730	46,130,000	46,663,879
Other Sources (Uses) – Note 1	977,280	977,280	977,280
Total Sources over (Uses) – Note 2	(\$444,060)		
Reserve Balance			\$17,392,319

Note 1: Total Sources (Uses) include transfers in and advances from other funds less transfers out and advance repayments.

Note 2: Council approved the use of General Fund surplus during the year-end report to Council on October 18, 2017.

General Fund Revenue: General Fund total revenue was up 5% compared to the prior year or about \$1.5 million if you exclude one-time revenue. This increase occurred due to growth in sales tax, property taxes, franchise fees, transient occupancy tax and building permits. In addition, the City received one-time revenue from fire mutual aid of about \$937,000. Details of the General Fund revenue sources are outlined below.

General Fund Revenue	Amended Budget	FY 2017/18 Actual	FY 2016/17 Actual
Sales Tax	\$ 38,298,510	\$ 12,695,767	\$ 12,217,600
Property Tax	25,381,000	5,079,209	4,732,558
Other Taxes	12,547,000	3,701,618	3,343,814
Intergovernmental	2,812,000	1,448,416	962,396
Permits & Fees	1,097,000	633,038	517,771
Fines & Forfeitures	1,291,000	460,560	531,544
Charges for Services	11,244,000	5,292,314	5,449,649
Investment & Property	4,806,880	1,522,526	1,532,456
One-Time Revenue	-	1,072,589	1,087,537
Total with One-Time Revenue	97,477,390	31,906,037	30,375,325
Total excluding One Time Revenue	\$ 97,477,390	\$ 30,833,448	\$ 29,287,788

Sales Tax: Sales Tax revenues were up about \$478,000 more than the previous year, or up about 3%. We were projecting sales tax growth of 3% so we are on target to reach this amount. Key gains were seen in restaurants and building materials and declines were seen in general retail. The largest economic segments in the City continue to be new auto sales, restaurants, building materials and general retail. Together they generate 55% of the city's sales tax revenues.

Property Tax: Property Tax revenues are up about 7% or about \$347,000 compared to the prior year. This is because assessed value growth for Escondido in fiscal year 2017/18 was up 6.7% compared to the prior year.

Other Taxes: Other Taxes are up about \$358,000 compared to the prior year. This increase is mainly due to an increase in franchise fees, transient occupancy tax, and property transfer tax.

Intergovernmental: Intergovernmental revenue includes the Rincon fire services revenue, state mandated costs claims and various grants. This revenue is up about \$486,000 partially due to an increase in the monthly fee collected from Rincon fire services of about 6% and also due to a timing difference on the receipt of the Ground

Emergency Medical Transport (GEMT) grant in the amount of \$241,000 which should have been received last fiscal year.

Permits & Fees: Permits and fees have increased over the prior year by about \$115,000 or 22% due to increased development.

Charges for Services: Charges for Services have decreased over the prior year by about \$157,000. These decreases are from Engineering fees and Building plan check fees.

General Fund Expenditures: General Fund total expenditures are up 7% compared to the prior fiscal year or about \$3 million. General Fund expenditures were projected to increase by 7% compared to the prior year so we are on track to meet this target. These projected increases are coming mainly from projected increases in salaries, CalPERS contributions, radio replacement and the City's contribution to the County Regional Communication System.

General Fund Expenditures	Amended Budget	FY 2017/18 Actual	FY 2016/17 Actual
General Government	\$ 5,944,440	\$ 2,261,240	\$ 2,391,997
Community Services	7,073,690	3,263,427	3,266,048
Community Development	4,702,555	1,888,937	1,690,309
Public Works	12,946,870	5,735,679	5,054,488
Public Safety	64,592,165	31,794,138	29,693,542
Other Expenditures	3,639,010	1,720,458	1,602,336
Total	\$ 98,898,730	\$46,663,879	\$ 43,698,720

REIDY CREEK GOLF COURSE FUND

The Reidy Creek Golf Course Fund FY 17/18 budget was balanced using a transfer from the general fund of \$105,150. Other Sources and Uses reflect this transfer and a transfer to cover the prior year's loss of \$142,000. Compared to the prior year, revenues are 4% less and expenditures are 5% more. Based on this trend the fund is projected to end the year with a greater loss than last fiscal year and about \$70,000 more than budgeted. Following prior discussion with Council, Staff continues to explore options with JC Resorts for business model changes to offset the losses associated with the Golf Course and will report back to Council as those proceed.

Reidy Creek Golf Course	Annual Budget	FY 17/18 Actual	FY 16/17 Actual
Revenues	584,870	262,103	271,903
Expenditures	(690,020)	(358,399)	(342,920)
Other Sources (Uses)	247,150	145,000	122,000
Total Sources Over (Under) Uses	142,000	48,704	50,983

ENTERPRISE FUNDS

Water Fund: Net operating income through December 2017 was \$10.3 million, an increase of \$2.2 million from prior year. Operating revenue increased by \$2.3 million or 7.8% compared to the prior year due to increased water consumption and a 5.5% rate increase in March 2017. Operating expenses increased slightly by \$126,000 or less than 1% compared to the prior year.

Water Fund	Annual Budget	FY 2017/18 Actual	FY 2016/17 Actual
Operating Revenues	54,905,000	32,183,082	29,846,936
Operating Expenses	(51,183,295)	(21,838,705)	(21,712,743)
Operating Income	3,721,705	10,344,377	8,134,193
Nonoperating Rev (Exp)	(1,320,030)	1,422,843	(24,704)
Transfer to Capital Projects and Debt Srvc	(11,965,975)	(1,258,282)	(4,302,200)
Total Sources over Uses	(9,564,300)	10,508,938	3,807,289

Wastewater Fund: Net operating income through December 2017 was \$6.0 million, a decrease of \$389,000 from prior year. Operating revenue of \$16.6 million decreased \$295,000 or a decline of 1.7% compared to the prior year. Operating expenditures increased slightly by \$94,000 or less than 1%.

Wastewater Fund	Annual Budget	FY 2017/18 Actual	FY 2016/17 Actual
Operating Revenues	34,500,000	16,609,902	16,904,713
Operating Expenses	(27,171,410)	(10,593,756)	(10,499,313)
Operating Income	7,328,590	6,016,146	6,405,400
Nonoperating Rev (Exp)	(1,965,895)	551,364	(267,059)
Transfer to Capital Projects, Debt Srvc and CIP Reimb.	(11,134,965)	1,190,095	(5,218,429)
Total Sources over Uses	(5,772,270)	7,757,605	919,912

FOR MORE INFORMATION

This summary report is based on detailed information generated by the City's finance department. If you have any questions or would like additional information on this report, please contact the Finance department at (760) 839-4676 or visit www.escondido.org.



CITY OF ESCONDIDO
BUDGET ADJUSTMENT REQUEST

Date of Request: February 14, 2018 _____

Department: Finance _____

Division: _____

Project/Budget Manager: Sheryl Bennett/Joan Ryan _____ x4589/4338
Name ExtensionCouncil Date (if applicable): 2/14/2018 _____
(attach copy of staff report)**For Finance Use Only**

Log # _____

Fiscal Year _____
ear

_____ Budget Balances
_____ General Fund Accts
_____ Revenue
_____ Interfund Transfers
_____ Fund Balance

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
Regular Full-Time	5001-001-104		690,775
Regular Part-Time	5003-001-104		36,305
Temporary Part-Time	5004-001-104		142,865
Overtime	5020-001-104		690
Other Employee Overhead	5025-001-104		29,785
PERS-Normal cost	5026-001-104		74,115
Medical	5027-001-104		113,940
Workers' Comp	5028-001-104		11,075
Flex Benefits	5030-001-104		12,730
Office/Operating Supplies	5101-001-104		12,100
Maintenance of Equipment	5126-001-104		47,315
Professional Services/Contracts	5131-001-104	1,123,285	
Other Mail	5159-001-104		915
Training & Meetings	5160-001-104		70
Dues & Subscriptions	5162-001-104		3,360
Auto Allowance	5163-001-104		2,340
Other Duplicating	5166-001-104		915
Advertising & Printing	5167-001-104		550
Utilities	5170-001-104		63,205
Other Telephone	5173-001-104		465



CITY COUNCIL STAFF REPORT

Consent Item No. 6

February 14, 2018

File No. 0480-70

SUBJECT: Firehouse Subs Public Safety Foundation Grant Award Acceptance

DEPARTMENT: Fire Department

RECOMMENDATION:

It is requested that the City Council accept \$14,888.65 in grant funding from the Firehouse Subs Public Safety Foundation to purchase 91 wildland firefighting jackets. It is also requested that the City Council authorize the Fire Chief to execute, on behalf of the City, all documents required for the management of this grant and that the City Council authorize the necessary budget adjustment to establish a new project number to track these grant funds.

FISCAL ANALYSIS:

Firehouse Subs Public Safety Foundation will fund 100 percent of the cost for the 91 wildland firefighting jackets. There is no matching portion on this grant award.

BACKGROUND:

The Firehouse Subs Public Safety Foundation provides grant funds to purchase life-saving equipment for first responders across the country. The foundation is funded by a portion of purchases at all Firehouse Subs stores throughout the nation, including the shop in Escondido. In 2015 the Escondido Fire Department received a grant award from the foundation to purchase a battery operated hydraulic rescue tool.

The Fire Department was recently awarded funding from the Firehouse Subs Public Safety Foundation to purchase new wildland jackets for Escondido Fire Department fire suppression personnel to replace the safety clothing that is older and at the end of its lifespan. The new wildland jackets will be fire resistant and provide protection from radiant heat. The newer jackets are constructed with modern materials that are lighter and are less likely to cause heat stress related injuries from battling wildfires while wearing personal protective clothing. Additionally, the new protective garments will meet the requirements of National Fire Protection Association (NFPA) standards for protective clothing and equipment for wildland firefighting.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Rick Vogt, Fire Chief
2/7/2018 5:12 p.m.

ATTACHMENTS:

1. Attachment 1 - Budget Adjustment



CITY COUNCIL STAFF REPORT

Consent Item No. 7

February 14, 2018

File No. 0480-70

SUBJECT: Fiscal Year 2017-18 San Diego County Law Enforcement Foundation Less Lethal Life Saving Equipment Grant

DEPARTMENT: Police Department

RECOMMENDATION:

It is requested that the City Council authorize the Escondido Police Department to accept a FY 2018 San Diego County Law Enforcement Foundation Grant in the amount of \$2,797.19; authorize the Chief of Police or his designee to execute grant documents on behalf of the City; and approve budget adjustments needed to spend grant funds.

FISCAL ANALYSIS:

This action will have no impact on the General Fund Budget. Grant funds will be used to pay for equipment expenses.

PREVIOUS ACTION:

The City Council authorized the acceptance of a FY 2016 San Diego County Law Enforcement Foundation Less Lethal Life Saving Equipment Grant on September 23, 2015.

BACKGROUND:

The San Diego Law Enforcement Foundation awards grants to police departments in San Diego County to support law enforcement activities. This year the Foundation awarded the Escondido Police Department a \$2,797.19 grant to purchase breaching tools. These items will allow entry to closed areas without the need for excessive force.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Craig Carter, Chief of Police
2/5/2018 12:23 p.m.

ATTACHMENTS:

1. Attachment 1 - Budget Adjustment

CITY COUNCIL STAFF REPORT

Consent Item No. 8

February 14, 2018

File No. 0800-70

SUBJECT: Request for Authorization to Process Two (2) Separate and Unrelated Amendments to the Downtown Specific Plan Related to a Proposed Affordable Senior Housing Project at 220 N. Quince Street (PHG 17-0028) and a Proposed Drive-thru Coffee Facility Located at 350 W. Valley Parkway (PHG 17-0014)

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

It is requested that Council authorize the processing of two (2) separate and unrelated amendments to the Downtown Specific Plan to do the following:

1. A proposal to eliminate the ground-floor retail or office requirement on a portion of the property located on the northeast corner of W. Valley Parkway and N. Quince Street (220 N. Quince Street, APN 229-331-10-00)
2. A proposal to allow drive-thru food-service facilities within the Centre City Urban District of the Downtown Specific Plan, subject to approval of a Conditional Use Permit.

FISCAL ANALYSIS:

For the purposes of this agenda item, the City Council will only be providing direction to staff on the processing of the prospective amendments to the Downtown Specific Plan. Authorization to process the amendment applications will have no direct fiscal or staff impacts. The privately-initiated amendment applications would be processed using existing staff resources with costs to be paid by the project proponents, applicants, or future developers of the project sites. It is possible that the applicant for the senior housing project may request Successor Housing Agency and/or HOME funds; however, they have not indicated whether they intend to do so at this time.

PREVIOUS ACTION:

On August 7, 2013, the City Council adopted Resolution No. 2013-85, approving a comprehensive update to the Downtown Specific Plan. The update provided land use regulations and development standards that would foster a more urban environment with higher residential densities and a mixture of land uses.

BACKGROUND:

Per Chapter VIII of the Downtown Specific Plan, amendments to said specific plan require initiation by the City Council prior to submittal of a formal application. This procedure promotes an orderly process and helps screen and/or prioritize applications for review and identify applications that City Council has no interest in pursuing in consideration of staff resources and capacities. Although the two (2) amendment requests covered by this agenda item should have been brought forward to Council prior to intake, the nature of the request was uncertain and/or full scope of each amendment application was not known at the time. Now that the projects are better defined, the City Council is being asked to authorize the continued processing of these applications. Information about each project and/or amendment request is provided below.

Please note, the applicants and/or project proponents have been contacted and understand that their respective land use development applications may not move forward with additional processing until City Council authorizes that they may be processed. They also understand that some of the application fees are nonrefundable.

1. Senior Housing Project – an amendment request to eliminate the ground-floor retail/office requirement on a specific parcel

The Planning Division received an application from San Diego Interfaith Housing Federation to develop an affordable senior housing project at 220 N. Quince Street. The project would include up to 145 affordable senior apartments on four floors on a podium deck above a garage. The subject property is a 1.45-acre parcel located at the northeast corner of W. Valley Parkway and N. Quince Street. It is immediately south of the Escondido Creek flood control channel, and across N. Quince Street from the Escondido Transit Center. There is a mixture of commercial, industrial, and residential uses around the project site.

The property has a General Plan land use designation of Specific Plan Area (SPA #9), and is within the Gateway Transit District of the Downtown Specific Plan. While a variety of commercial and residential land uses are permitted in the Gateway Transit District, the Specific Plan currently requires retail or office uses on the first floor along both project frontages for this property (W. Valley Parkway and N. Quince Street). Residential land uses are permitted on the interior portion of the first floor of the property through a Planned Development Permit, and on all floors above the first floor. The proposed project would not include retail or office uses on the ground floor and would thus necessitate an amendment to the Downtown Specific Plan to remove the requirement for said uses, subject to approval of a Planned Development Permit.

2. Drive-thru in the Centre City Urban District – an amendment request to allow drive-thru services within a sub-district of the specific plan

The Planning Division received an application from Helf Pavilion, LLC, to develop a drive-thru coffee facility at 350 W. Valley Parkway. The project would be constructed as a stand-alone pad-

building in the parking lot an existing commercial center (Signature Pavilion), immediately adjacent to the W. Valley Parkway right-of-way.

The property has a General Plan land use designation of Specific Plan Area (SPA #9), and is within the Centre City Urban District of the Downtown Specific Plan. All districts of the Downtown Specific Plan currently allow eating establishments by-right, but prohibit drive-thru facilities for those uses. The proposed amendment would allow drive-thru food-service facilities in the Centre City Urban District through a Conditional Use Permit, with limitations to ensure that a proliferation of such facilities does not occur.

ENVIRONMENTAL REVIEW:

The action before the City Council is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262, Feasibility and Planning Studies. This agenda item involves the consideration of processing two separate and unrelated Specific Plan Amendments. This general direction does not have a legally binding effect on any possible future discretionary action.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Bill Martin, Director of Community Development
2/8/2018 8:32 a.m.

Adam Finestone, Principal Planner
2/7/2018 4:55 p.m.

CITY COUNCIL STAFF REPORT

Consent Item No. 9

February 14, 2018

File No. 1020-35

SUBJECT: Street Name Change for a Public Street in the Estancia Bernardo Subdivision (TR 877)

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2018-15 approving a street name change.

PROJECT DESCRIPTION:

The developer of the Estancia Bernardo single-family residential subdivision (Escondido Subdivision TR 877) submitted a request to change the name of a public cul-de-sac from "Short Street" to "Estancia Place." As of this writing, the 13-lot subdivision and cul-de-sac currently is under construction.

LOCATION:

The Estancia Bernardo project site generally is located on the western side of Bernardo Avenue, west of Interstate 15, south of 11th Avenue and north of Gamble Lane.

FISCAL ANALYSIS:

The cost to change any street signs associated with the project would be paid by the applicant.

GENERAL PLAN ANALYSIS:

The subject cul-de-sac is a public street, but not listed as a Circulation Element Street on the Mobility and Infrastructure Element of the General Plan. Therefore, the proposed street name change has no positive or negative effect on existing General Plan goals and policies.

ENVIRONMENTAL REVIEW:

The proposed street name change is not subject to the California Environmental Quality Act (CEQA) because it is not considered a "Project" in conformance with CEQA guidelines because the activity does not have the potential for a direct physical change or a reasonably foreseeable indirect physical change in the environment.

PREVIOUS ACTION:

The 13-lot single-family residential subdivision (TR 877) was approved by the City Council on June 7, 2006. The Final Map was recorded for the Estancia Bernardo subdivision on February 21, 2017, and is being developed by Ambient Communities. Recordation of the map established "Short Street" as the current name for the cul-de-sac. The cul-de-sac provides access to four (4) of the 13 lots in the subdivision. The other nine (9) lots front onto and take direct access from Bernardo Avenue.

ANALYSIS:

The applicant has requested to change the name of the street to help strengthen the project's character, assist marketing efforts, and to match the name of the development. The street currently is under construction. The cul-de-sac is located within the project and would provide access to subdivided properties. None of the homes have been constructed along the cul-de-sac street and the developer owns all of the affected lots. Therefore, there would be no effect on other property owners or residents. Staff sent notices of the proposed street name change to local agencies, districts, utilities, mapping and mailing services, etc. No conflicts were identified nor comments received from the various groups.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Bill Martin, Director of Community Development
2/8/2018 8:32 a.m.

Jay Paul, Senior Planner
2/8/2018 8:15 a.m.

ATTACHMENTS:

1. Resolution No. 2018-15
2. Resolution No. 2018-15 - Exhibit A

RESOLUTION NO. 2018-15

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
CHANGING THE NAME OF A PUBLIC CUL-
DE-SAC STREET IN THE ESTANCIA
BERNARDO SUBDIVISION

Reference Case No. TR 877

WHEREAS, the Estancia Bernardo residential subdivision received City Council approval on June 7, 2006, and the Final Map was recorded on February 21, 2017; and

WHEREAS, as the applicant owns all of the lots affected by the proposed street name change and now desires to change the name from "Short Street" to "Estancia Place" to correspond to the name of the development; and

WHEREAS, local agencies, districts, and emergency services were notified of the requested street name change and no opposition was received; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to rename the public cul-de-sac street within the Estancia Bernardo development to "Estancia Place" as depicted in Exhibit "A" attached to the Resolution and incorporated by this reference.

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

1. That the above recitations are true.
2. That the City Council accepts the recommendation of the Director of Community Development.

3. That the new name for the cul-de-sac street in the Estancia Bernardo subdivision shall be "Estancia Place."

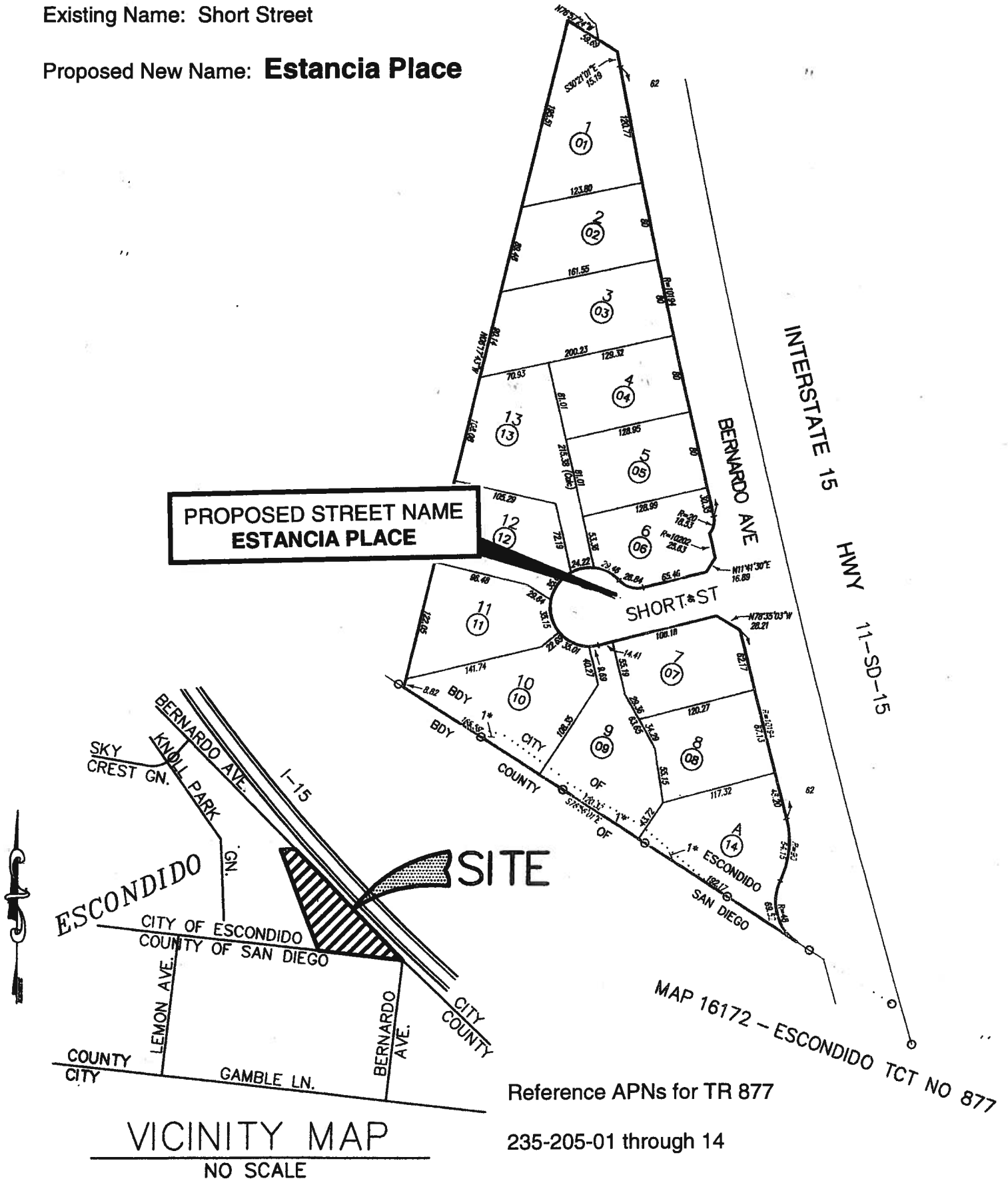
EXHIBIT A

Proposed Street Name Change

Escondido Tract 877 (Final Map No. 16172)

Existing Name: Short Street

Proposed New Name: **Estancia Place**



CITY COUNCIL STAFF REPORT

Consent Item No. 10

February 14, 2018

File No. 0600-10, A-3175

SUBJECT: Extension of Lease Term with American Heritage Charter Schools at 2255 and 2269 East Valley Parkway

DEPARTMENT: Engineering Services Department, Real Property Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2018-17, authorizing a Second Amendment to the Lease Agreement and a First Amendment to the Ground Lease Agreement with Heritage K-8 Charter Schools to extend their current lease expiration from December 31, 2030 to June 1, 2046.

FISCAL ANALYSIS:

American Heritage Charter Schools (AHCS) leased the City owned property at 2245-2261 East Valley Parkway in 2013 for \$16,000 per month, which increases annually by three percent. AHCS invested approximately \$1.25 million in tenant improvements for which the City granted a tenant improvement credit equivalent to \$312,000 spread out over the course of the lease term (or \$2600/month rent credit). The rent credit will expire June 1, 2023, at which time the full monthly rent amount will be paid. No further changes are recommended to the existing lease agreement terms. Rental revenue totaling approximately \$6.6 Million will be deposited into the General Fund over the course of the extended lease term.

PREVIOUS ACTION:

The City Council approved the "East Valley Retail Center Lease Agreement" on June 13, 2013, for the lease of real property for the proposed charter school located at 2255 East Valley Parkway. The City approved a "Ground Lease Agreement," via City Council Resolution No. 2015-214, on December 9, 2015, for the ground lease of real property located at 2269 East Valley Parkway. The City also approved the "First Amendment to Lease," to extend the term of the original agreement through December 31, 2030, which was approved by the City Council via Resolution No. 2015-216 on December 9, 2015.

BACKGROUND:

In April of 2016 the Escondido Union School District approved a merger of 7th and 8th grade programs of the Heritage Digital Academy and the Heritage K-8 Charter School. They were merged into the same classrooms and collectively occupy the premises. The City entered into an Assignment and Assumption Agreement, whereby AHCS assigned the leases to Heritage K-8 Charter Schools.

Extension of Lease Term with American Heritage Charter Schools
February 14, 2018
Page 2

The American Heritage Education Foundation closed a tax-exempt bond issuance in 2016, with a final maturity date of June 1, 2046. It was noted by the underwriter that the lease term for both properties leased from the City currently expires on December 31, 2030, which is prior to the final maturity date of the Series 2016 bonds. Heritage K-8 Charter Schools is requesting an extension of the leases to terminate on June 1, 2046.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Owen Tunnell, Assistant City Engineer
On behalf of *Julie Procopio*, Director of Engineering Services
2/8/2018 9:09 a.m.

ATTACHMENTS:

1. Resolution No. 2018-17
2. Resolution No. 2018-17 Exhibit 1 – Second Amendment to Lease Agreement
3. Resolution No. 2018-17 Exhibit 2 – First Amendment to Ground Lease Agreement

RESOLUTION NO. 2018-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE REAL PROPERTY MANAGER AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A SECOND AMENDMENT TO A LEASE AGREEMENT AND A FIRST AMENDMENT TO A GROUND LEASE AGREEMENT WITH HERITAGE K-8 CHARTER SCHOOL, INC.

2245 (Por.) - 2261 and 2269 East Valley Parkway

WHEREAS, the City of Escondido owns that certain real property located at 2245-2261 and 2269 East Valley Parkway; and

WHEREAS, the City and Heritage Digital Academy entered into the “East Valley Retail Center Lease Agreement” on June 13, 2013 (“Lease”), for the lease of said real property for the purpose of operating a charter school; and

WHEREAS, City Council approved a First Amendment to Lease, to extend the term of the Original Agreement through December 31, 2030, which was approved by the City Council in Resolution 2015-216 on December 9, 2015; and

WHEREAS, the City Council also approved a Ground Lease Agreement, which was approved by City Council Resolution 2015-14 on December 9, 2015, for the ground lease of real property for the purpose of operating a charter school in several modular buildings owned by the City and located at 2269 East Valley Parkway; and

WHEREAS, the City approved an Assignment and Assumption Agreement whereby Heritage Digital Academy requested that the City assign all the rights, duties,

obligations and liabilities of the Lease and Ground Lease to Heritage K-8 Charter School; and

WHEREAS, Heritage K-8 Charter School desires to further extend the lease term through June 1, 2046; and

WHEREAS, the parties desire to approve a Second Amendment to the Lease Agreement and a First Amendment to the Ground Lease Agreement.

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 Real Property Manager and City Clerk are authorized to execute, on behalf of the City, the Second Amendment to the Lease Agreement and First Amendment to the Ground Lease Agreement with Heritage K-8 Charter School, which are attached hereto as Exhibit "1" and Exhibit "2" and incorporated by this reference, in substantially similar form as approved or modified by the City Attorney.



SECOND AMENDMENT TO LEASE AGREEMENT

(2255 East Valley Parkway)

This SECOND AMENDMENT TO LEASE AGREEMENT is made as of this _____ day of _____, 2018.

Between: City of Escondido
201 North Broadway
Escondido, California 92025
("City")

And: Heritage K-8 Charter School, Inc.
1868 East Valley Parkway
Escondido, CA 92027
("Lessee")

WITNESS THAT WHEREAS:

- A. City and Heritage Digital Academy entered into a Lease Agreement dated June 13, 2013 ("ORIGINAL AGREEMENT") for the lease of real property for the purpose of operating a charter school located at 2255 East Valley Parkway; and
- B. City and Heritage Digital Academy entered into a FIRST AMENDMENT dated December 15, 2015, which extended the lease term to December 31, 2030; and
- C. City and Heritage Digital Academy entered into an ASSIGNMENT AND ASSUMPTION AGREEMENT, dated May 9, 2017, which assigned the lease to Heritage K-8 Charter School, Inc.; and
- D. City and Heritage K-8 Charter School, Inc. desire to amend the FIRST AMENDMENT and ORIGINAL AGREEMENT to extend the term.

NOW THEREFORE, it is mutually agreed by and between City and Lessee as follows:

- 1. **Section 3.1 of Section 3 "Term"** shall be deleted in its entirety and replaced with the following:
 - 3.1 Term. The term of the Lease shall commence on June 1, 2013 and expire on June 1, 2046.

- 2. All other terms and conditions of the FIRST AMENDMENT and ORIGINAL AGREEMENT shall remain in full force and effect.
- 3. This SECOND AMENDMENT, FIRST AMENDMENT and ORIGINAL AGREEMENT, together with any attachments, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year noted above.

HERITAGE K-8 CHARTER SCHOOL, INC.

Date: _____

By: _____
(Print Name/Title)

Date: _____

By: _____
(Print Name/Title)

CITY OF ESCONDIDO

Date: _____

Vince McCaw
Real Property Manager

Date: _____

Diane Halverson
City Clerk

Approved as to Form:

Office of the City Attorney
Michael R. McGuinness, City Attorney

By: _____



FIRST AMENDMENT TO LEASE AGREEMENT

(2269 East Valley Parkway)

This FIRST AMENDMENT TO LEASE AGREEMENT is made as of this ___ day of _____, 2018.

Between: City of Escondido
201 North Broadway
Escondido, California 92025
("City")

And: Heritage K-8 Charter School, Inc.
1868 East Valley Parkway
Escondido, CA 92027
("Lessee")

WITNESS THAT WHEREAS:

- A. City and American Heritage Charter Schools entered into a Ground Lease Agreement dated December 10, 2015 ("ORIGINAL AGREEMENT") for the lease of real property for the purpose of operating a charter school located at 2269 East Valley Parkway; and
- B. City and American Heritage Charter Schools entered into an ASSIGNMENT AND ASSUMPTION AGREEMENT, dated May 9, 2017, which assigned the lease to Heritage K-8 Charter School, Inc.; and
- C. City and Heritage K-8 Charter School, Inc. desire to amend the ORIGINAL AGREEMENT to extend the term.

NOW THEREFORE, it is mutually agreed by and between City and Lessee as follows:

1. **Section 3.1 of Section 3 "Term"** shall be deleted in its entirety and replaced with the following:
 - 3.1 Term. The term of the Lease shall commence on January 1, 2016 and expire on June 1, 2046.

- 2. All other terms and condition of the ORIGINAL AGREEMENT shall remain in full force and effect.
- 3. This FIRST AMENDMENT and the ORIGINAL AGREEMENT, together with any attachments, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year noted above.

HERITAGE K-8 CHARTER SCHOOL, INC.

Date: _____

By: _____
(Print Name/Title)

Date: _____

By: _____
(Print Name/Title)

CITY OF ESCONDIDO

Date: _____

Vince McCaw
Real Property Manager

Date: _____

Diane Halverson
City Clerk

Approved as to Form:

Office of the City Attorney
Michael R. McGuinness, City Attorney

By: _____

CITY COUNCIL STAFF REPORT

Consent Item No. 11

February 14, 2018

File No. 0600-10, A-3236

SUBJECT: Bid Award for Escondido Creek Bikeway Missing Link Project

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2018-19, authorizing the bid award to Eagle Paving Company, Inc., determined to be the lowest responsive and responsible bidder and approving a budget adjustment in the amount of \$190,427.

FISCAL ANALYSIS:

The project was selected to receive a TransNet Active Transportation Program Grant by SANDAG in the amount of \$1,092,000. To date funds in the amount of \$190,657 have been expended for design and administration. A remaining balance of \$891,077 from grant funds is available. A budget adjustment in the amount of \$190,427 is requested from the available balance of the Traffic Infrastructure Capital Improvement Project (CIP) budget and from a CIP budget designated for a traffic signal at Maple and Second, that is no longer anticipated due to the Maple Plaza Improvements.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This project relates to item 16 of the Community Improvement section of the City Council Action plan: *Prioritize and implement additional improvements along Escondido Creek following City Council direction.*

PREVIOUS ACTION:

On January 13, 2016, the City Council adopted Resolution No. 2016-06, authorizing the Mayor and the City Clerk to execute a Consulting Agreement for \$176,973 with KOA Corporation for design of the Escondido Creek Bikeway Missing Link Project.

On April 26, 2017, the City Council adopted Resolution No. 2017-52 to amend the 2012 Bicycle Master Plan to include Class IV Bikeway (Cycle Track) as part of the Bicycle Master Plan Escondido Creek Bikeway Missing Link project.

BACKGROUND:

The Escondido Creek Bikeway Missing Link Project will construct new bike facilities through the core of the City and fill a gap between the Escondido Creek Trail on N. Broadway at Woodward Avenue

and the Inland Rail Trail on Quince Street just north of the Escondido Transit Center. A new two-way Class IV Bikeway (Cycle Track) will be constructed along N. Broadway and W. Valley Parkway and a new Class I Bike Path will be constructed west of Centre City Parkway and south of the Escondido Creek to connect the new Bikeway from W. Valley Parkway to Inland Rail Trail. Figure 1 in Attachment 1 depicts the new bikeway alignment of the Escondido Creek Bikeway Missing Link project.

Key features of the project include the following:

- New Class IV two-way Bikeway (Cycle Track)
- New bikeway bridge over the Escondido Creek adjacent to the existing N. Broadway bridge;
- New traffic signal at the intersection of N. Broadway and Woodward Avenue;
- Relocate the existing pedestrian crosswalk on N. Broadway to north of Sherman Place, in front of the San Diego Children’s Discovery Museum;
- New traffic signal at the relocated crosswalk on N. Broadway;
- Modify existing traffic signals along W. Valley Parkway to accommodate the new Class IV two-way Bikeway (Cycle Track)

Figure 2 in Attachment 1 shows a photo simulation of the proposed two-way Class IV Bikeway Cycle Track on N. Broadway and Figure 3 in Attachment 1 depicts the crosswalk relocation on N. Broadway.

On January 18, 2018, the City of Escondido received eleven sealed bids in response to its advertising for this project. The bid results are listed below:

Eagle Paving Company, Inc.	\$1,042,200.00
L.B. Civil Construction	\$1,278,375.50
Tri Group Construction	\$1,286,877.00
Beador Construction Company, Inc.	\$1,390,300.00
Palm Engineering Construction Company, Inc.	\$1,432,506.00
C.S. Legacy Construction, Inc.	\$1,449,030.00
Western Rim Constructors Inc.	\$1,494,339.45
Hazard Construction	\$1,470,706.00
Wier Construction Corporation	\$1,570,734.35
PAL General Engineering	\$2,952,943.25
New Century Construction, Inc.	\$4,802,205.00

Staff recommends that the bid submitted by Eagle Paving Company, Inc. be considered the lowest responsive and responsible bid, and that the contract be awarded in the amount of \$1,042,200.00 to Eagle Paving Company, Inc. The lowest responsive bid is 9.1 percent higher than the Engineer’s estimate of \$955,000.

The bid costs for traffic signals were higher than the Engineer's estimate. The higher cost for traffic signals appear to be driven by recent updates to Caltrans Standard Plans for traffic signal standards that were released in 2017. These updates increased both the foundation and traffic signal pole size. Limited historic bid results are available with the revised Caltrans Standard Plans. Staff believes that the bids received were competitive and recommends award of the contract to Eagle Paving Company, Inc. in the amount of \$1,042,200.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
2/7/2018 9:59 a.m.

ATTACHMENTS:

1. Attachment 1 - Figure 1: Escondido Creek Bikeway Missing Link Project Alignment; Figure 2: Photo Simulation of the Proposed Class IV Bikeway (Cycle Track); Figure 3: Relocation of Crosswalk on N. Broadway
2. Attachment 2 - Budget Adjustment
3. Resolution No. 2018-19
4. Resolution No. 2018-19 - Exhibit 1 - Public Improvement Agreement

Figure 1: Escondido Creek Bikeway Missing Link Project Alignment



Figure 2: Photo Simulation of the Proposed Class IV Bikeway (Cycle Track) on N. Broadway



Figure 3: Relocation of Crosswalk on N. Broadway



RESOLUTION NO. 2018-19

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
PUBLIC IMPROVEMENT AGREEMENT FOR
THE ESCONDIDO CREEK BIKEWAY MISSING
LINK PROJECT AND APPROVING A BUDGET
ADJUSTMENT

WHEREAS, a notice inviting bids for the Project was duly published; and

WHEREAS, a pursuant to said notice, eleven (11) sealed bids for the Project were opened and evaluated on January 18, 2018; and

WHEREAS, Eagle Paving Company, Inc. was determined to be the lowest responsive and responsible bidder; and

WHEREAS, the City Council desires at this time and deems it to be the best public interest to award this contract to Eagle Paving Company, Inc. in the amount of \$1,042,200.

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 authorizes the Mayor and the City Clerk to execute, on behalf of the City, a Public Improvement Agreement with Eagle Paving Company, Inc. in a 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.
3. That the City Council approve a budget adjustment in the amount of \$190,427.

PUBLIC IMPROVEMENT AGREEMENT

This "Agreement", dated the ____ day of ____, 2018, in the County of SAN DIEGO, State of California, is by and between **THE CITY OF ESCONDIDO** (hereinafter referred to as "CITY"), and **EAGLE PAVING COMPANY, INC.** (hereinafter referred to as "CONTRACTOR").

The CITY and the CONTRACTOR, for the consideration stated herein, agree as follows:

1. The complete contract includes all of the Project Documents described in the General Conditions, which are incorporated by reference. The Project Documents are complementary, and what is called for by any one shall be as binding as if called for by all.
2. CONTRACTOR shall perform, within the time set forth in Paragraph 4 of this Agreement, everything required and reasonably inferred to be performed, and shall provide and furnish all the labor, materials, necessary tools, expendable equipment, and all utility and transportation services as described in the complete contract and required for construction of

ESCONDIDO CREEK BIKEWAY MISSING LINK PROJECT

All of said work to be performed and materials to be furnished shall be completed in a good workmanlike manner, free from defects, in strict accordance with the plans, drawings, specifications and all provisions of the complete contract as hereinabove defined. The CONTRACTOR shall be liable to the CITY for any damages and resulting costs, including consultants' costs, arising as a result of a failure to fully comply with this obligation, and the CONTRACTOR shall not be excused with respect to any failure to so comply by any act or omission of the Architect, Engineer, Inspector, or representative of any of them, unless such act or omission actually prevents the CONTRACTOR from fully complying with the requirements of the Project Documents, and unless the CONTRACTOR protests at the time of such alleged prevention that the act or omission is preventing the CONTRACTOR from fully complying with the Project documents. Such protest shall not be effective unless reduced to writing and filed with the CITY within **three (3) working days** of the date of occurrence of the act or omission preventing the CONTRACTOR from fully complying with the Project documents.

3. CITY shall pay to the CONTRACTOR, as full consideration for the faithful performance of the contract, subject to any additions or deductions as provided in the Project documents, the sum of **One million forty-two thousand and two hundred Dollars (\$1,042,200.00)**.
4. The work shall be commenced on or before the twenty-first (21st) day after receiving the CITY'S Notice to Proceed and shall be completed within **One hundred and twenty (120) working days** from the date specified in the Notice to Proceed.
5. Time is of the essence. If the work is not completed in accordance with Paragraph 4 above, it is understood that the CITY will suffer damage. It being impractical and infeasible to determine the amount of actual damage(s), in accordance with Government Code Section 53069.85, it is agreed that CONTRACTOR shall pay to CITY as fixed and liquidated damages, and not as a penalty, the sum(s) indicated in the LIQUIDATED DAMAGES SCHEDULE below for each calendar day of delay until work is completed and accepted. This amount shall be deducted from any payments due

- (b) Any injury to or death of any person(s) or damage, loss or theft of any property caused by any act, neglect, default or omission of the CONTRACTOR, or any person, firm, or corporation employed by the CONTRACTOR, either directly or by independent contract, arising out of, or in any way connected with the work covered by this Agreement, whether said injury or damage occurs on or off City property.
- (c) Any and all liabilities, claims, actions, causes of action, proceedings, suits, administrative proceedings, damages, fines, penalties, judgments, orders, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements, arising out of any violation, or claim of violation of the San Diego Municipal Storm Water Permit (Order No. 2001-01), and updates or renewals, of the California Regional Water Quality Control Board Region 9, San Diego, which the CITY might suffer, incur, or become subject by reason of or occurring as a result of or allegedly caused by the construction, reconstruction, maintenance, and/or repair of the work under this Agreement.

The CONTRACTOR, at CONTRACTOR's own expense, cost, and risk shall defend any and all actions, suit, or other proceedings that may be brought or instituted against the CITY, its governing board, officers, agents or employees, on any such claim, demand or liability, and shall pay or satisfy any judgment that may be rendered against the CITY, its governing board, officers, agents or employees in any action, suit or other proceedings as a result thereof.

8. CONTRACTOR shall take out, prior to commencing the work, and maintain, during the life of this contract, and shall require all subcontractors, if any, of every tier, to take out and maintain:
- (a) General Liability and Property Damage Insurance as defined in the General Conditions in the amount with a combined single limit of not less that **\$3,000,000 per occurrence**.
 - (b) Course of Construction / Builder's Risk Insurance. See Article 5.2 of General Conditions.
 - (c) Insurance Covering Special Hazards: The following special hazards shall be covered by rider or riders to the above-mentioned public liability insurance or property damage insurance policy or policies of insurance, or by special policies of insurance in amounts as follows:
 - (1) Automotive and truck where operated in amounts as above
 - (2) Material hoist where used in amounts as above
 - (d) Workers' Compensation Insurance.
 - (e) Each insurance policy required above must be acceptable to the City Attorney, as follows:
 - (1) Each policy must name the CITY specifically as an additional insured under the policy on a separate endorsement page, with the exception of the workers' compensation and the Errors and Omissions policies.
 - (2) 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.

- (3) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
 - (f) In executing this Agreement, CONTRACTOR agrees to have completed insurance documents on file with the CITY within 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. This Agreement is subject to California Public Contract Code Section 22300, which permits the substitution of securities for any monies withheld by the City under this Agreement, and permits the CONTRACTOR to have all payments of earned retentions by the City paid to an escrow agent at the expense of the CONTRACTOR.
10. Each and every provision of law and clause required by law to be inserted in this Agreement or its attachments shall be deemed to be inserted herein and the Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not currently inserted, then upon application of either party the Agreement shall forthwith be physically amended to make such insertion or correction, without further changes to the remainder of the Agreement.
11. The complete contract as set forth in Paragraph 1 of this Agreement constitutes the entire Agreement of the parties. No other agreements, oral or written, pertaining to the work to be performed, exists between the parties. This Agreement can be modified only by an amendment in writing, signed by both parties and pursuant to action of the Escondido City Council.
12. CONTRACTOR shall comply with those provisions of the Labor Code requiring payment of prevailing wages, keeping of certified payroll records, overtime pay, employment of apprentices, and workers' compensation coverage, as further set forth in the General Conditions, and shall file the required workers' compensation certificate before commencing work. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post any job site notices required by regulation.
13. The terms "Project Documents" and/or "Contract Documents" where used, shall refer to those documents included in the definition set forth in the General Conditions made a part hereof.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of CITY by its officers thereunto authorized and by CONTRACTOR, the date and year first above written.

CITY OF ESCONDIDO
a municipal corporation
201 North Broadway
Escondido, CA 92025

By: _____
Diane Halverson, City Clerk

By: _____
Sam Abed, Mayor

CONTRACTOR

By: _____
Signature

By: _____
Signature*

Print Name

Print Name

Title

Title

(Second signature required only for corporation)

By: _____
Signature**

Print Name

Title

(CORPORATE SEAL OF CONTRACTOR, if corporation)

Contractor's License No.

Tax ID/Social Security No.

*If CONTRACTOR is a corporation, the first signature must be by one of the following officers of the corporation: Chairman of the Board, President, or any Vice President.

**If CONTRACTOR is a corporation, the second signature must be by a different person from the first signature and must be by one of the following officers of the corporation: Secretary, any Assistant Secretary, the Chief Financial Officer, or any Assistant Treasurer.

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

SECTION A-00610 - FAITHFUL PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENT,

That **Eagle Paving Company, Inc.** ("Contractor") and _____ ("Surety") are held and firmly bound unto the CITY OF ESCONDIDO ("Owner") in the sum of _____ Dollars, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, Contractor has been awarded and is about to enter into a contract with Owner to perform all work required under the Bid Schedule(s) of the Owner's specifications entitled,

ESCONDIDO CREEK BIKEWAY MISSING LINK PROJECT

WHEREAS, the provisions of the Contract are incorporated by reference into this Faithful Performance Bond and shall be part of Surety's obligation hereunder.

NOW THEREFORE, if Contractor shall perform all the requirements of said contract required to be performed on his part, at the times and in the manner specified herein, then this obligation shall be null and void, otherwise, it shall remain in full force and effect.

PROVIDED, that

- (1) Any alterations in the work to be done or the materials to be furnished, which may be made pursuant to the terms of the Contract, shall not in any way release Contractor or Surety thereunder;
- (2) Any extensions of time granted under the provisions of Contract shall not release either Contractor or Surety from their respective obligations to Owner;
- (3) Notice of any such alterations or extensions of the Contract is hereby waived by Surety;
- (4) Any payments (including progress payments) made on behalf of Owner to Contractor after the scheduled completion of the work to be performed pursuant to the Contract shall not release either Contractor or Surety from any obligations under the Contract or this Faithful Performance Bond, or both, including any obligation to pay liquidated damages to Owner; and
- (5) To the extent Owner exercises its rights pursuant to this Bond, Owner shall be entitled to demand performance by the surety and be further entitled to recover, in addition to all other remedies afforded by law, its reasonably incurred costs to complete the work, attorneys fees and consultant costs, as well as actual costs incurred by OWNER for the

increased dedication/commitment of time of OWNER employees to the Project. These costs shall be in addition to the penal sum of the bond.

SIGNED AND SEALED, this _____ day of _____, 20____.

Contractor

Surety

Address

Phone No.

(SEAL)

BY _____
Signature

Signature

(SEAL AND NOTARIAL ACKNOWLEDGEMENT OF SURETY)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

SECTION A-00620 - LABOR AND MATERIAL BOND

KNOW ALL MEN BY THESE PRESENT,

That **Eagle Paving Company, Inc.** as Contractor, and _____ as Surety, are held and firmly bound unto the CITY OF ESCONDIDO, hereinafter called Owner, in the sum of _____ dollars, for the payment of which sum well and truly to be made, we bind ourselves our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, said Contractor has been awarded and is about to enter into the annexed contract with said Owner to perform all work required under the Bid Schedule(s) of the Owner's specifications entitled,

ESCONDIDO CREEK BIKEWAY MISSING LINK PROJECT

NOW THEREFORE, if said Contractor, or subcontractor, fails to pay for any materials, equipment, or other supplies, or for rental of same, used in connection with the performance of work contracted to be done, or for amounts due under applicable State law for any work or labor thereon, or for amounts due under the Unemployment Insurance Code, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Contractor and its subcontractors pursuant to Section 13020 of the Unemployment Insurance Code with respect to such labor, said Surety will pay for the same in an amount not exceeding the sum specified above, and, in the event suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any persons, companies or corporations entitled to file claims under applicable State law.

PROVIDED, that any alterations in the work to be done or the materials to be furnished, which may be made pursuant to the terms of said contract, shall not in any way release either said Contractor or said Surety thereunder, nor shall any extensions of the time granted under the provisions of said contract release either said Contractor or said surety, and notice of such alterations or extensions of the contract is hereby waived by said Surety.

SIGNED AND SEALED, this _____ day of _____, 20__.

Contractor

Surety

Address

Phone No.

(SEAL)

BY _____
Signature

Signature

(SEAL AND NOTARIAL ACKNOWLEDGEMENT OF SURETY)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

SECTION A-00630 - CITY OF ESCONDIDO BUSINESS LICENSE

In accordance with Municipal Code Section 16, the successful bidder is required to obtain a City of Escondido Business License prior to execution of contract.

The following information must be submitted to the City Clerk prior to execution of contract:

City of Escondido Business License No. _____

Expiration Date _____

Name of Licensee _____

SECTION A-00660 - WORKERS' COMPENSATION INSURANCE CERTIFICATE

If self-insured for Workers' Compensation, the Contractor shall execute the following form as required by the California Labor Code, Sections 1860 and 1861:

I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, Sections 1860 and 1861, and I will comply with such provisions before commencing the performance of the work of the contract.

Dated: _____

Contractor

By: _____

Signature

SAMPLE NOTICE
(REQUIRED UNDER GENERAL CONDITIONS, ARTICLE 6.1.B)

TO THE PEOPLE ON THIS STREET:

WITHIN THE NEXT FEW DAYS, WORK WILL BE STARTED ON THE FOLLOWING PROJECT:

ESCONDIDO CREEK BIKEWAY MISSING LINK PROJECT

The work may cause some inconvenience, but will be of permanent benefit.

We shall appreciate your cooperation in the following matters:

1. Please be alert when driving or walking in the construction area.
2. Tools, materials and equipment are attractive to children. For the safety of the children, please keep them away.
3. Please report all inconvenience to the Foreman on the job, or to the City of Escondido Field Engineering Inspection Office, 839-4664. The name and phone number of the contractor are given below.

This work is being performed for the City of Escondido by:

We will endeavor to complete this work as rapidly as possible and with a minimum of inconvenience to you.

CITY COUNCIL STAFF REPORT

Consent Item No. 12

February 14, 2018

File No. 0600-10, A-3174

SUBJECT: Valiano Development Traffic Mitigation Funding Agreement, First Amendment

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2018-22, approving the First Amendment to Traffic Mitigation Funding Agreement with Eden Hills Project Owner, LLC.

FISCAL ANALYSIS:

The Traffic Mitigation Funding Agreement requires the developer to deposit \$250,000 toward the Citracado Parkway Extension project to offset traffic impacts associated with the development. The project is also responsible for improvements to portions of Country Club Drive and Kauana Loa. The cost to review plans necessary for roadway improvements will be borne by the developer.

PREVIOUS ACTION:

On December 9, 2015, the City Council adopted Resolution No 2015-209, approving a Sewer Facilities Development Memorandum of Understanding and a Traffic Mitigation Funding Agreement.

BACKGROUND:

The Valiano Housing Development Project (Valiano Project) is planned to include 326 single family residential units. The Valiano Project is located on 239-acres outside the City's limits but within the City's sphere of influence. The Valiano Project is expected to be considered by the San Diego County Board of Supervisors in the Summer of 2018. The City has no land use approval authority for this development project.

The original agreement requires that the developer complete certain improvements to Country Club Drive and Kauana Loa. During preparation of the Environmental Impact Report, it was determined that secondary access from Hill Valley Drive is required. To meet this requirement, the First Amendment to the Agreement is proposed to allow the developer to complete improvements necessary for the roadway extension as follows:

- a) Extend Hill Valley Drive approximately 450-feet to include a paved width of 24-feet, with curb, gutter, sidewalk and street lighting on the north side and an asphalt concrete berm on the south side. The Developer shall rehabilitate the existing section of Hill Valley Drive (from Country Club Drive to the end of existing improvements) as needed.

- b) A non-emergency/public traffic turn around shall be installed at the westerly end of the newly constructed roadway within the 49-foot right-of-way.
- c) Street lights shall be installed at the crest and the turnaround area.
- d) Signing and striping, together with sight distance improvements, shall be installed at the intersection of Hill Valley Drive and Country Club Drive.

The Traffic Mitigation Funding Agreement and First Amendment will only become effective if the County approves the Valiano Project. If the First Amendment is approved, the improvements will be completed prior to filing a Notice of Completion for the Hill Valley Drive Improvements.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Owen Tunnell, Assistant City Engineer
On behalf of *Julie Procopio*, Director of Engineering Services
2/8/2018 9:09 a.m.

ATTACHMENTS:

1. Resolution No. 2018-22
2. Resolution No. 2018-22 - Exhibit "A" - First Amendment to The Valiano Development Traffic Mitigation Funding Agreement

RESOLUTION NO. 2018-22

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE CITY MANAGER, TO
EXECUTE, ON BEHALF OF THE CITY, THE
FIRST AMENDMENT TO TRAFFIC MITIGATION
FUNDING AGREEMENT WITH EDEN HILLS
PROJECT OWNER, LLC

WHEREAS, Eden Hills Project Owner, LLC (the “Developer”) is processing a 326 single family residential development project (the “Valiano Project”) outside of the City of Escondido’s limits; and

WHEREAS, the Valiano Project is within the City’s sphere of influence; and

WHEREAS, the County Board of Supervisors has land use authority to consider the Valiano Project; and

WHEREAS, the City Council approved the Traffic Mitigation Funding Agreement on December 9, 2015, by Resolution No. 2015-209; and

WHEREAS, it has been determined that the extension of Hill Valley Drive, a City of Escondido street, is required to provide secondary access to the development; and

WHEREAS, Traffic Mitigation Funding Agreement and First Amendment would only become effective if the County of San Diego approves the Valiano Project; and

WHEREAS, it is the best interest of the City to approve the First Amendment to Traffic Mitigation Funding Agreement with Eden Hills Project Owner, LLC.

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 authorize the City Manager to execute the First Amendment to Traffic Mitigation Funding Agreement (First Amendment) with Eden Hills Project Owner, LLC. A copy of the First Amendment is attached to this Resolution as Exhibit "A" and incorporated by this reference.

FIRST AMENDMENT TO TRAFFIC MITIGATION FUNDING AGREEMENT

This First Amendment to the Traffic Mitigation Funding Agreement (“**Amendment**”) is made and entered into as of the _____ day of February, 2018 (the “**Amendment Date**”), by and between the CITY OF ESCONDIDO, a California municipal corporation (the “**City**”), and THE EDEN HILLS PROJECT OWNER, LLC, a Delaware limited liability company (the “**Developer**”). City and Developer may be referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. Developer is the owner and developer of property located in an unincorporated portion of the County of San Diego (the “**County**”) subject to the proposed Valiano Specific Plan currently being considered for approval by the County (the “**Project**”). The Project site is located near the City of Escondido (“**City**”).

B. The Parties entered into a Traffic Mitigation Funding Agreement (“**Agreement**”) on December 28, 2015, where Developer agreed to provide the City with infrastructure improvements and a monetary payment in the event that the County approves the Project, in order to ensure that the Project’s impacts relating to traffic within the City will not be significant.

C. The County has prepared a draft environmental impact report (“**EIR**”) to analyze the Project’s impacts, which has been recirculated for public review. Accordingly, the County has not yet made a decision on the Project.

D. The Parties now wish to reinstate and amend the Agreement to extend its term and add provisions relating to improvements to Hill Valley Drive, including the acceptance of dedication of real property to the City for public street/utility purposes in the event the Project is approved.

E. Any capitalized terms contained in this Amendment which are not defined herein shall have the meaning given in the Agreement, unless expressly provided to the contrary herein.

AMENDMENT

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated herein by this reference, the parties hereby amend the Agreement as follows:

1. The entire Agreement is amended such that all references to “Eden Hills Project Owner, LLC” are deemed amended to read “The Eden Hills Project Owner, LLC.”

2. Section 1 of the Agreement is hereby deleted and replaced in its entirety with the following:

“SECTION 1. TERM OF AGREEMENT

This Agreement will commence on the Effective Date and shall continue in full force and effect until the Developer has made all the promised improvements and

monetary payments. Notwithstanding the foregoing, this Agreement will automatically terminate if the County Board of Supervisors does not approve the Project by January 1, 2022.”

3. Section 2 of the Agreement is hereby amended to add subsections “C” and “D”, to read as follows:

“C. As part of the City’s acceptance and approval of the extension of Hill Valley Drive, as outlined in Exhibits B1 and B2 to this Agreement, the City agrees to accept dedication of an irrevocable offer of dedication (“IOD”) for public street and public utility purposes, as depicted in recorded document “City of Escondido Offer of Dedication” recorded March 14, 1990 (90-135506) (attached hereto as Exhibit “C”), for the area approximately 407 feet from the existing public paved road terminus of Hill Valley Drive, as shown in Exhibit B2.

Before the City is obligated to accept the IOD, the Developer shall submit street improvements plans for the extension of Hill Valley Drive to the end of the IOD area, as well as signing and striping plans for the full length of the public street and the intersection of Country Club Drive and Hill Valley Drive (collectively, the “**Hill Valley Street Improvement Plans**”), for City approval. Upon Developer’s execution of a public improvement agreement with the City, submittal of construction performance bonds, and payment of processing fees, the City will take action to accept all or portion of the IOD encumbered by the improvements followed by approval of improvement plans by the City Engineer.

D. Prior to the last Certificate of Occupancy, Developer and City Engineer will meet and confer to ascertain if Developer’s construction traffic has caused damage to haul routes on City streets, taking into account existing non-project traffic, the beginning condition of City’s streets, and the condition of similar streets within the City, and Developer shall reimburse City for the cost of repairs.”

4. Exhibit B1 to the Agreement is amended to add Section 4, to read as follows:

“4. Improvements to Hill Valley Drive

- a. Extend Hill Valley Drive with 24’ of roadway with curb and gutter, sidewalk and street lighting on the north side and asphalt concrete berm on the south side. Roadway geometric design and structural section shall be in accordance with the City’s Residential Street standard. The roadway improvement length shall be approximately 450’. The Developer shall rehabilitate the existing section of Hill Valley Drive (from Country Club Drive to the end of existing improvements) to the satisfaction of the City Engineer including but not limited to, (i) grind and overlay with asphalt concrete the western 200’ of existing road, (ii) remove and replace areas of deficient pavement sections, and (iii) apply Type 2 slurry seal prior to filing a Notice of Completion on Hill Valley Drive.

- b. A non-emergency/public traffic turn around shall be installed at the westerly end of the newly constructed roadway within the 49' of right-of-way. No sidewalk is required in the turnaround area.
- c. Two street lights shall be installed at the crest and turnaround area.
- d. Signing and striping together with improvements to improve sight distance to City standards shall be constructed at the intersection of Hill Valley Drive and Country Club Drive.
- e. Signing and striping shall be installed to restrict parking on both sides of the entire length of Hill Valley Drive.
- f. Roadway improvements will be subject to the City's storm water regulations and design."

5. Exhibit B2 to the Agreement is hereby deleted and replaced in its entirety with the new version of Exhibit B2, attached to this Amendment as Exhibit "1."

6. The Agreement is amended to add Exhibit C, which is attached as Exhibit "2" to this Amendment.

[Remainder of Page Left Intentionally Blank, Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Amendment Date hereinabove written.

CITY OF ESCONDIDO

Jeffrey Epp, City Manager

Approved as to form:

Michael McGuiness, City Attorney

THE EDEN HILLS PROJECT OWNER, LLC,
a Delaware limited liability company,

By: The Eden Hills Operator, LLC,
a Delaware limited liability company,
its Manager

By: Eden Hills Communities Manager, LLC,
a California limited liability company,
its Manager

By: KPMW Integral, LLC,
a California limited liability company,
its Managing Member


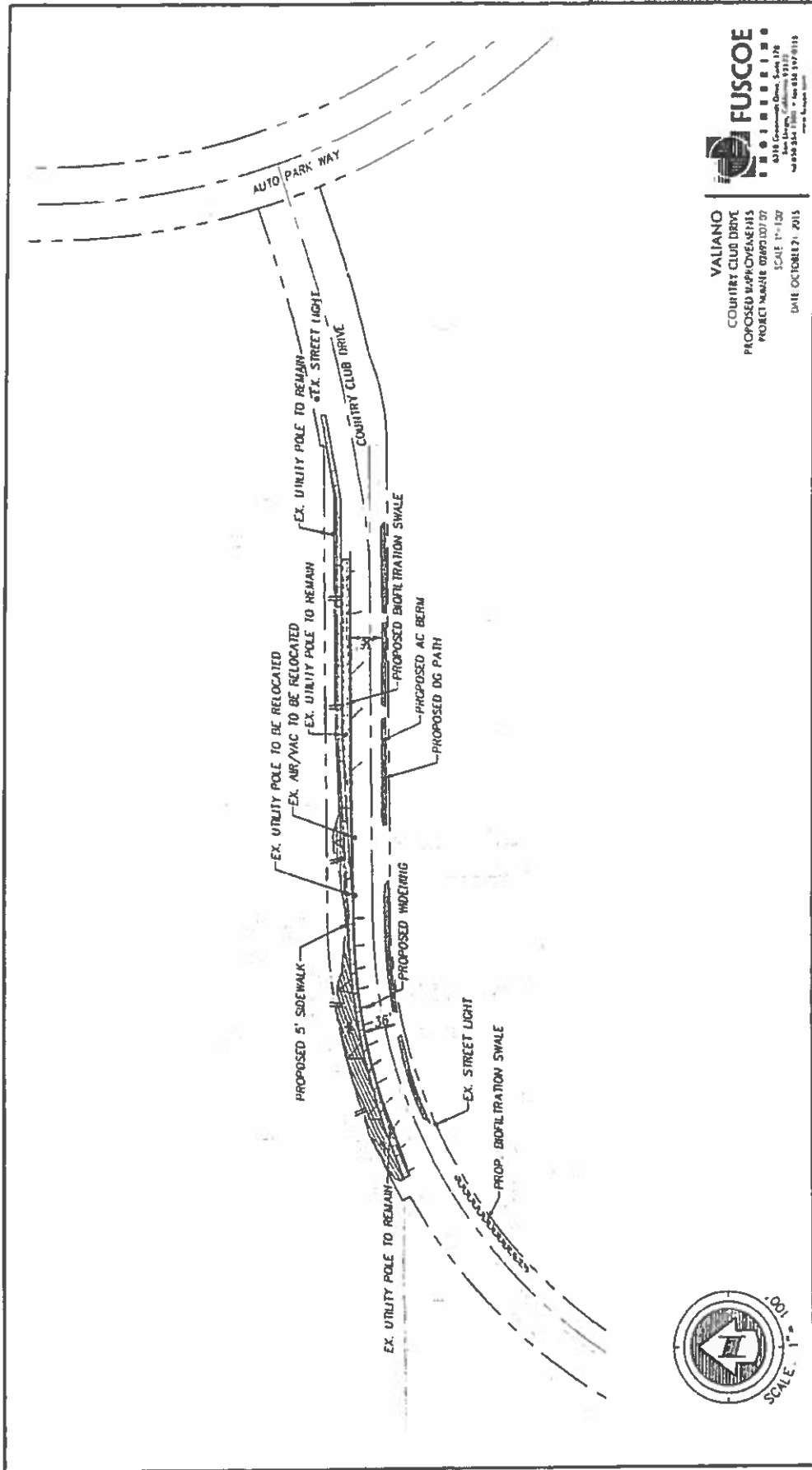
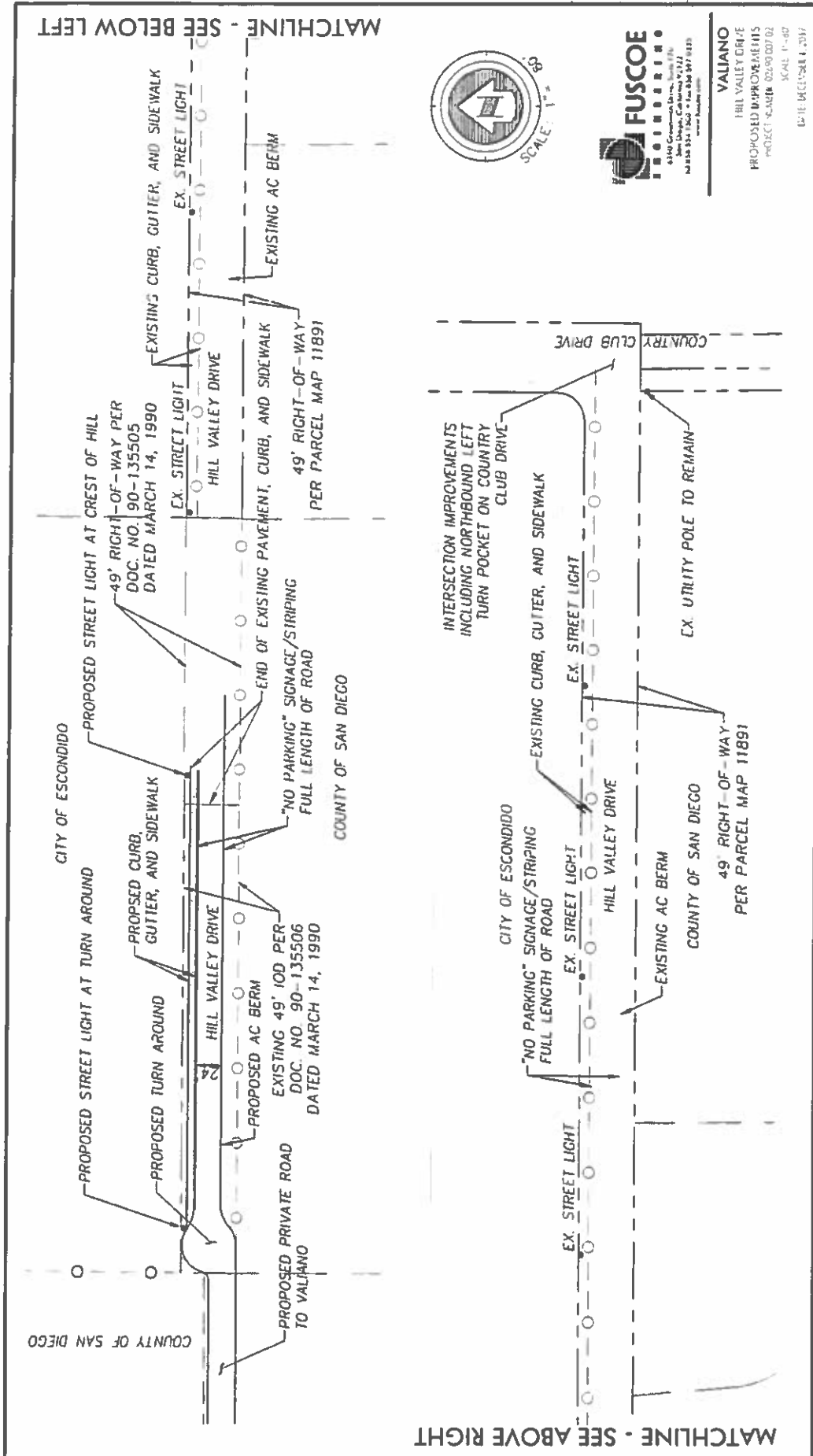
By: 
Name: Lance Wade
Title: Auth Rep

Exhibit 1 (Replacement Exhibit B2)

See Attached Page(s)

Exhibit B2





FUSCOE
 CONSULTANTS
 6140 Granddave Drive, Suite 100
 San Diego, California 92121
 (619) 584-1300 • Fax (619) 587-0125
 www.fuscoec.com

VALIANO
 HILL VALLEY DRIVE
 PROPOSED IMPROVEMENTS
 PROJECT NUMBER 02240007 02
 SCALE: 1" = 20'
 12-11-14 (REVISED) 4, 2017

Exhibit 2 (Exhibit C)

See Attached Page(s)

90 135506

1519

90 MAR 14 AM 11:05
CITY OF ESCONDIDO

Recording Requested By:

City Clerk
City of Escondido

When Recorded Mail To:

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

NO FEE

NO FEE

CITY OF ESCONDIDO
OFFER OF DEDICATION

A.P.N.: 228-311-25

City No. M11-90

LOUIE PAULETTO, a married man as his sole and separate property
(Type Name as Owned)

being the undersigned owner(s) of that certain real property located in the City of Escondido, County of San Diego, California, does/do hereby offer to dedicate to the public for street and public utility purposes, said land described as follows:

SEE ATTACHED EXHIBIT "A"

Said offer of dedication shall remain open and the City council of the City of Escondido may by resolution at any later date, and without further action by the undersigned or his heirs, successors and assigns, accept said offer and open the land so dedicated for public use.

OFFICIAL RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

1520

IN WITNESS WHEREOF, the undersigned hereto sets his hand this
6th day of March, 1990 at Escondido
California.

Louie Pauletto
Louie Pauletto

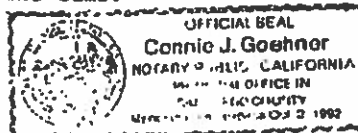
APPROVED AS TO FORM:
BY *[Signature]* CITY ATTORNEY
STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)

On March 6th, 1990, before me, the undersigned
a Notary Public in and for said State, personally appeared
Louie Pauletto

_____, known to me to be the person
whose name(s) is subscribed to the within instrument and
acknowledged that he executed the same.

WITNESS my hand and official seal.

Connie J. Gohner
Notary Public in and for said County



offer.of.ded.M11-90

OFFICIAL RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

OFFICIAL RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

ACCEPTED:

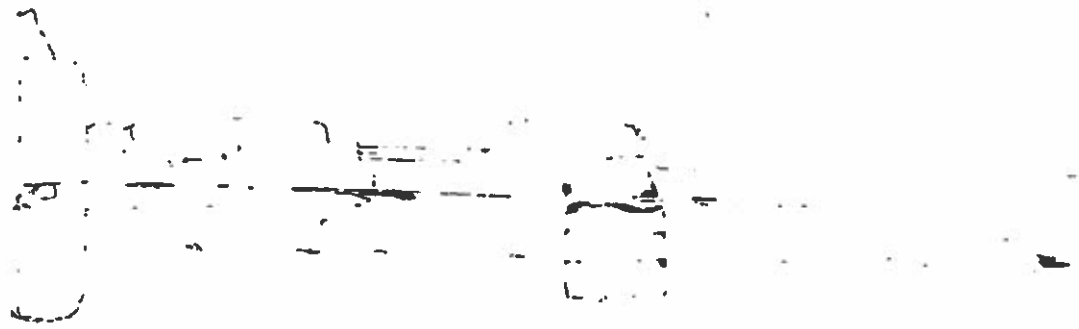
1521

THIS IS TO CERTIFY that the interest in real property conveyed by the Deed or grant, as shown hereon and from the persons above named, to the City of Escondido, a municipal corporation, is hereby accepted pursuant to Resolution No. 89-516 of the City Council of the City of Escondido, dated December 6, 1989, and the grantee consents to recordation thereof by its duly authorized officer.

CITY OF ESCONDIDO

BY Douglas K. Clark
CITY MANAGER

acceptance.certificate



Sheet 1 of 2 Sheets

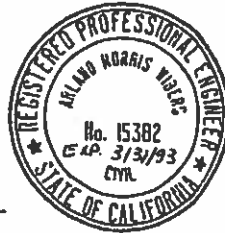
1522

EXHIBIT "A"

OFFER OF DEDICATION

That portion of the Easterly 660.00 feet of the South Half of Lot 6, Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the City of Escondido, County of San Diego, State of California, described as follows:

Commencing at the Southeast corner of said described land, thence South 89°35'20" West, 253.00 feet to the point of beginning; thence South 89°35'20" West, 407.00 feet; thence North 00°00'50" East, 49.00 feet; thence North 89°35'20" East, 407.00 feet; thence South 00°00'50" West, 49.00 feet to the point of beginning.



Arland M. Wiberg
Arland M. Wiberg, R.C.E. 15382

ESCONDIDO DOC.
NO. M 11-90

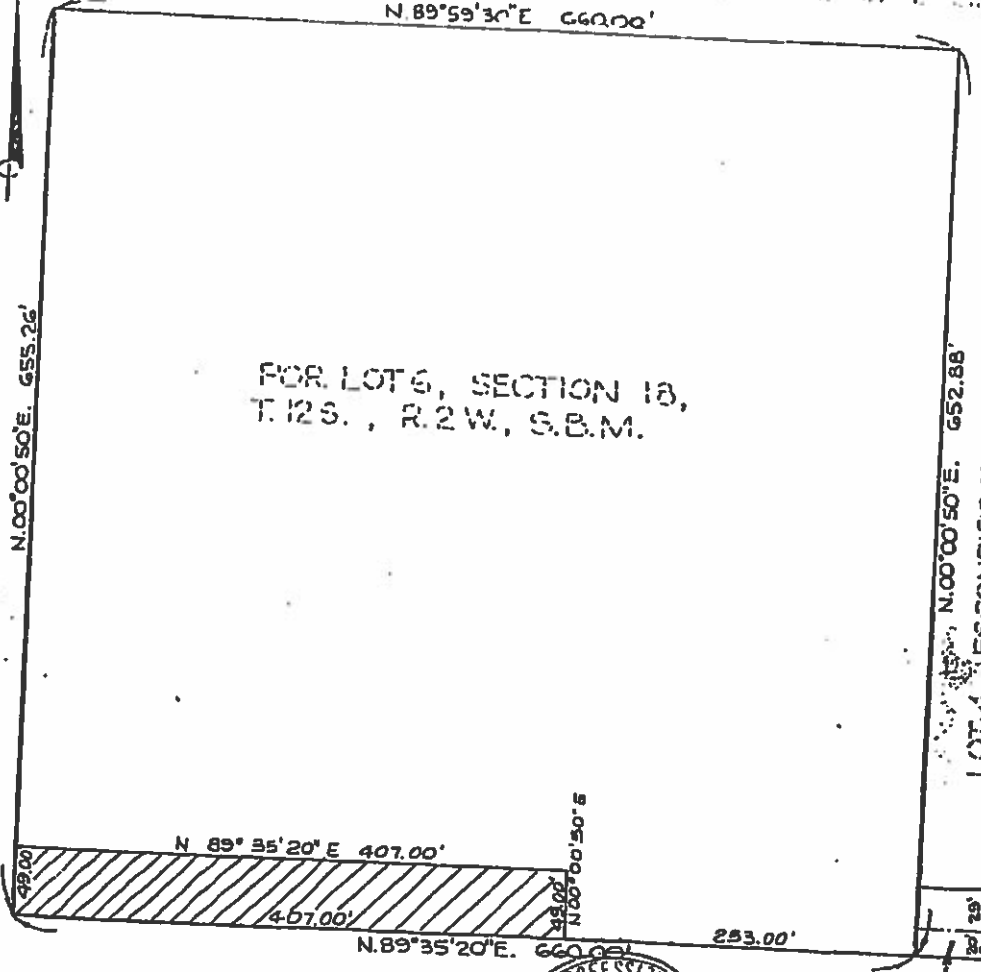
EXHIBIT "A"

OFFICIAL RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

1523

EXHIBIT "A"
N. 89° 59' 30" E 660.00'

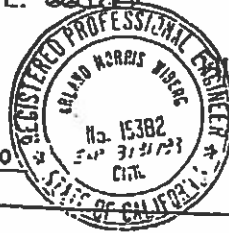
Sheet 2 of 2 Sheets



FOR LOT 6, SECTION 18,
T. 12 S., R. 2 W., S.B.M.

LOT 4, ESCONDIDO TR. 543-R, MAP NO. 1189

ESCONDIDO ENGINEERING, INC.



BY: *Arland M. Wiberg* 2/15/90
ARLAND M. WIBERG, R.C.E. 15382 DATE

WELL VALLEY DR.,
ESCONDIDO DOC.
NO. 111-90

OFFER OF DEDICATION PLAT EXHIBIT "A"

SCALE 1"=100'	ESCONDIDO ENGINEERING, INC. CIVIL ENGINEERS - SURVEYORS 421 HALE AVE. ESCONDIDO, CA. 92025 (619) 745-3222	JOB NO. 87032
DATE 2/15/90		DWS NO.
DRN M.S. CK D.F.		

OFFICIAL RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

CITY COUNCIL STAFF REPORT

Consent Item No. 13

February 14, 2018

File No. 0600-10, A-3235

SUBJECT: Bid Award for the Brine Line Project – Harmony Grove to Broadway

DEPARTMENT: Utilities Department, Construction and Engineering Division

RECOMMENDATION:

It is requested that the City Council:

- 1) Adopt Resolution No. 2018-23, authorizing the Mayor and the City Clerk to execute a Public Improvement Agreement with CCL Contracting, Inc., the lowest responsive and responsible bidder, in the amount of \$5,587,420 for construction of the Brine Line Project – Harmony Grove to Broadway.
- 2) Adopt Resolution No. 2018-25, authorizing the Mayor and the City Clerk to execute a Consulting Agreement with Richard Brady & Associates, Inc. in the amount of \$419,028 for construction management services for the Brine Line Project – Harmony Grove to Broadway.
- 3) Approve a budget adjustment in the amount of \$7,000,000.

FISCAL ANALYSIS:

The Brine Line Capital Improvement Project (#801601) currently has an available balance of \$248,308. A budget adjustment in the amount of \$7,000,000 is needed to fully fund the project. Transfers from other projects are requested, rather than a transfer from the Wastewater Fund balance, to maintain liquid cash reserves and to protect the Wastewater Fund's bond rating. Funding authorization is requested from the following sources: \$5,000,000 from the State Revolving Fund loan awarded by the California Department of Water Resources; \$1,100,000 from HARRF Collections/Maintenance Shop (CIP #801506); \$600,000 from Sewer Pipeline Replacement (CIP #807704); and \$300,000 from Lift Station #1 and Force Main (CIP #800699). The Capital Improvement Projects (CIPs) that are providing funding for the Brine Line project remain a part of the CIP budget, but these projects are not expected to use the funding in the near future.

PREVIOUS ACTION:

On February 16, 2011, the City Council approved the conceptual plan developed by the Utilities Department to address current and future wastewater capacity concerns and to ensure water reliability.

On April 2, 2014, an update was provided to the City Council on the proposed Recycled Water and Potable Reuse Program, and feedback was requested from the City Council about the future direction of the program.

On May 6, 2015, the City Council adopted Resolution No. 2015-40, authorizing the Director of Utilities to submit General, Technical, and Environmental applications for State Revolving Fund (SRF) construction loans the Brine Line Project, the project under consideration with this agenda item. The Resolution also authorized the Director of Utilities to execute associated loan contracts and amendments on behalf of the City of Escondido.

On July 8, 2015, the City Council adopted Resolution No. 2015-108, authorizing the Director of Utilities to submit an application to participate in the Department of Water Resources (DWR) Frequent Financer Program. Projects submitted with the Frequent Financer Program application for potential future funding totaled \$180 million.

On September 23, 2015, the City Council adopted Resolution No. 2015-158, authorizing repayment of the SRF loan for the Brine Line Project (\$4.0 million, later increased to \$5.0 million).

On January 13, 2016, the City Council adopted Resolution No. 2016-11, authorizing repayment of the SRF loan for the Brine Line Project. The repayment resolution increased the authorized application amount for the project from \$4.0 million to \$5.0 million.

On October 11, 2017, the City Council adopted Resolution No. 2017-131, authorizing the Director of Utilities to execute two loan agreements with the State Water Resources Control Board, Division of Financial Assistance. One of these loans will be used to fund construction of the Brine Line Project.

BACKGROUND:

Brine is high salinity water that does not contain solids. Completion of the brine line from Broadway to Harmony Grove, aligned generally along Escondido Creek, will allow for conveyance of brine produced as part of the advanced treatment of recycled water at the Membrane Filtration and Reverse Osmosis facility (MFRO). The MFRO treatment plant is scheduled for construction at the southeast corner of Washington Avenue and Ash Street. A brine pipeline has already been installed from the planned MFRO site to Broadway, along Escondido Creek.

The Brine Line Project extends the existing brine transmission pipeline from Broadway and Woodward (near Grape Day Park) to the existing brine line in Harmony Grove Road, a few hundred feet upstream from the HARRF. This project will construct approximately 12,200 lineal feet (2.3-miles) of 16-inch high-density polyethylene (HDPE) and 15-inch polyvinyl chloride (PVC) brine gravity pipeline using a combination of open trench and jack-and-bore methods. This project will also include the construction of manholes and small diameter fiber optic conduits.

Along the pipeline's alignment, there are several points of note due to the construction to be employed and proximity to well-known locations in the City.

- The alignment has a section that will be open trenched across the Escondido Creek (near the Kia Dealership);
- A 180-foot jack-and-bore section under Auto Parkway (near the Kia Dealership and Auto Park Car Wash);
- A 650-foot open trench section within Caltrans Right of Way (under the I-15 bridge);
- A 130-foot jack and bore section under the North County Transit District (NCTD) railroad tracks, and another open trench across Escondido Creek near the NCTD facility;
- The pipeline then leaves the Escondido Creek and crosses under Centre City Parkway with a 100-foot jack and bore section and traverses easterly and then northerly along the western shoulder of Centre City Parkway;
- The pipeline then traverses east with a 340-foot jack and bore section under a large block wall and through the Civic Center Plaza Shopping Center parking lot; and
- Finally, the pipeline traverses northerly along Escondido Blvd and east along Woodward to the final connection point at Broadway.

Bid Award for the Brine Line Project – Harmony Grove to Broadway
February 14, 2018
Page 4



The Engineer's estimate for this project was \$5,600,000.

Competitive bids were opened by a representative of the City Clerk's Office on January 18, 2018, with the following results:

- | | | |
|----|---------------------------------------------------|-------------|
| 1) | CCL Contracting, Inc., Escondido | \$5,587,420 |
| 2) | J.R. Filanc Construction Company, Inc., Escondido | \$5,953,977 |
| 3) | LH Woods, Vista | \$5,959,000 |
| 4) | LB Civil Construction, Escondido | \$6,424,400 |
| 5) | MNR Construction, Inc., Baldwin Park | \$6,927,380 |
| 6) | Colich & Sons, Gardena | \$7,965,350 |

Staff has thoroughly reviewed the low bid submitted by CCL Contracting Inc., and has determined that they are the lowest responsive and responsible bidder.

Proposals were solicited from three firms specializing in construction management of water and wastewater projects. Richard Brady & Associates was selected based on their extensive experience, including jack and bore tunneling and successfully managing the construction of similar projects. The contract for construction management services includes constructability reviews, construction inspections, administration of the construction contract including adherence to SRF requirements, claim support, and facilitation of partnering sessions. The value of the recommended construction management contract is 7.5 percent of the value of the recommended construction project. This figure is within the reasonable, industry standard range for construction management services. The Utilities Department recommends retaining Richard Brady & Associates, a third-party construction manager, to manage the project.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
2/7/2018 6:56 p.m.

ATTACHMENTS:

1. Attachment 1 - Budget Adjustment
2. Resolution No. 2018-23
3. Resolution No. 2018-23 – Exhibit “A” – Public Improvement Agreement
4. Resolution No. 2018-25
5. Resolution No. 2018-25 – Exhibit “A” – Consulting Agreement

RESOLUTION NO. 2018-23

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 PUBLIC IMPROVEMENT AGREEMENT WITH CCL CONTRACTING INC., FOR THE CONSTRUCTION OF THE BRINE LINE PROJECT - HARMONY GROVE TO BROADWAY

WHEREAS, the Escondido City Council authorized an invitation for bids for the construction of the Brine Line Project – Harmony Grove to Broadway (the “Project”); and

WHEREAS, the Project will install the remaining section of brine gravity pipeline from Harmony Grove Road to Broadway; and

WHEREAS, the Project will construct a brine gravity pipeline that will convey high salinity water back to the Hale Avenue Resource Recovery Facility; and

WHEREAS, the City of Escondido opened sealed bids for the Project on January 18, 2018; and

WHEREAS, Utilities staff thoroughly reviewed the low bid submitted by CCL Contracting, Inc., and have determined that it is the lowest responsive and responsible bidder; and

WHEREAS, the Director of Utilities has determined CCL Contracting, Inc., to be the lowest responsive and responsible bidder and recommends awarding the bid in the amount of \$5,587,420 to CCL Contracting, Inc.; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to award this contract to CCL Contracting, Inc.

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 Council accepts the recommendation of the Director of Utilities.
3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, a Public Improvement Agreement (“Agreement”) with CCL Contracting, Inc. A copy of the Agreement is attached as Exhibit “A” and is incorporated by this reference.

PUBLIC IMPROVEMENT AGREEMENT

This "Agreement", dated the _____ day of _____, 20____, in the County of SAN DIEGO, State of California, is by and between **THE CITY OF ESCONDIDO** (hereinafter referred to as "CITY"), and **CCL CONTRACTING, INC.** (hereinafter referred to as "CONTRACTOR").

The CITY and the CONTRACTOR, for the consideration stated herein, agree as follows:

1. The complete contract includes all of the Project Documents described in the General Conditions, which are incorporated by reference. The Project Documents are complementary, and what is called for by any one shall be as binding as if called for by all.
2. CONTRACTOR shall perform, within the time set forth in Paragraph 4 of this Agreement, everything required and reasonably inferred to be performed, and shall provide and furnish all the labor, materials, necessary tools, expendable equipment, and all utility and transportation services as described in the complete contract and required for construction of

BRINE LINE PROJECT – HARMONY GROVE TO BROADWAY

All of said work to be performed and materials to be furnished shall be completed in a good workmanlike manner, free from defects, in strict accordance with the plans, drawings, specifications and all provisions of the complete contract as hereinabove defined. The CONTRACTOR shall be liable to the CITY for any damages and resulting costs, including consultants' costs, arising as a result of a failure to fully comply with this obligation, and the CONTRACTOR shall not be excused with respect to any failure to so comply by any act or omission of the Architect, Engineer, Inspector, or representative of any of them, unless such act or omission actually prevents the CONTRACTOR from fully complying with the requirements of the Project Documents, and unless the CONTRACTOR protests at the time of such alleged prevention that the act or omission is preventing the CONTRACTOR from fully complying with the Project documents. Such protest shall not be effective unless reduced to writing and filed with the CITY within **three (3) working days** of the date of occurrence of the act or omission preventing the CONTRACTOR from fully complying with the Project documents.

3. CITY shall pay to the CONTRACTOR, as full consideration for the faithful performance of the contract, subject to any additions or deductions as provided in the Project documents, the sum of Five Million Five Hundred Eighty-Seven Thousand Four Hundred Twenty Dollars (\$5,587,420).
4. The work shall be commenced on or before the twenty-first (21st) day after receiving the CITY'S Notice to Proceed and shall be completed within **three hundred sixty-five (365) calendar days** from the date specified in the Notice to Proceed.
5. Time is of the essence. If the work is not completed in accordance with Paragraph 4 above, it is understood that the CITY will suffer damage. It being impractical and infeasible to determine the amount of actual damage(s), in accordance with Government Code Section 53069.85, it is agreed that CONTRACTOR shall pay to CITY as fixed and liquidated damages, and not as a penalty, the sum(s) indicated in the LIQUIDATED DAMAGES SCHEDULE below for each calendar day of

- (b) Any injury to or death of any person(s) or damage, loss or theft of any property caused by any act, neglect, default or omission of the CONTRACTOR, or any person, firm, or corporation employed by the CONTRACTOR, either directly or by independent contract, arising out of, or in any way connected with the work covered by this Agreement, whether said injury or damage occurs on or off City property.
- (c) Any and all liabilities, claims, actions, causes of action, proceedings, suits, administrative proceedings, damages, fines, penalties, judgments, orders, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements, arising out of any violation, or claim of violation of the San Diego Municipal Storm Water Permit (Order No. 2001-01), and updates or renewals, of the California Regional Water Quality Control Board Region 9, San Diego, which the CITY might suffer, incur, or become subject by reason of or occurring as a result of or allegedly caused by the construction, reconstruction, maintenance, and/or repair of the work under this Agreement.

The CONTRACTOR, at CONTRACTOR's own expense, cost, and risk shall defend any and all actions, suit, or other proceedings that may be brought or instituted against the CITY, its governing board, officers, agents or employees, on any such claim, demand or liability, and shall pay or satisfy any judgment that may be rendered against the CITY, its governing board, officers, agents or employees in any action, suit or other proceedings as a result thereof.

- 8. CONTRACTOR shall take out, prior to commencing the work, and maintain, during the life of this contract, and shall require all subcontractors, if any, of every tier, to take out and maintain:
 - (a) General Liability and Property Damage Insurance as defined in the General Conditions in the amount with a combined single limit of not less that **\$3,000,000 per occurrence**.
 - (b) Course of Construction / Builder's Risk Insurance. See Article 5.2 of General Conditions.
 - (c) Insurance Covering Special Hazards: The following special hazards shall be covered by rider or riders to the above-mentioned public liability insurance or property damage insurance policy or policies of insurance, or by special policies of insurance in amounts as follows:
 - (1) Automotive and truck where operated in amounts as above
 - (2) Material hoist where used in amounts as above
 - (d) Workers' Compensation Insurance.
 - (e) Each insurance policy required above must be acceptable to the City Attorney, as follows:
 - (1) Each policy must name the CITY specifically as an additional insured under the policy on a separate endorsement page, with the exception of the workers' compensation and the Errors and Omissions policies.
 - (2) 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.

- (3) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
- (f) In executing this Agreement, CONTRACTOR agrees to have completed insurance documents on file with the CITY within 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. This Agreement is subject to California Public Contract Code Section 22300, which permits the substitution of securities for any monies withheld by the City under this Agreement, and permits the CONTRACTOR to have all payments of earned retentions by the City paid to an escrow agent at the expense of the CONTRACTOR.
10. Each and every provision of law and clause required by law to be inserted in this Agreement or its attachments shall be deemed to be inserted herein and the Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not currently inserted, then upon application of either party the Agreement shall forthwith be physically amended to make such insertion or correction, without further changes to the remainder of the Agreement.
11. The complete contract as set forth in Paragraph 1 of this Agreement constitutes the entire Agreement of the parties. No other agreements, oral or written, pertaining to the work to be performed, exists between the parties. This Agreement can be modified only by an amendment in writing, signed by both parties and pursuant to action of the Escondido City Council.
12. CONTRACTOR shall comply with those provisions of the Labor Code requiring payment of prevailing wages, keeping of certified payroll records, overtime pay, employment of apprentices, and workers' compensation coverage, as further set forth in the General Conditions, and shall file the required workers' compensation certificate before commencing work. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post any job site notices required by regulation.
13. The terms "Project Documents" and/or "Contract Documents" where used, shall refer to those documents included in the definition set forth in the General Conditions made a part hereof.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of CITY by its officers thereunto authorized and by CONTRACTOR, the date and year first above written.

CITY OF ESCONDIDO
a municipal corporation
201 North Broadway
Escondido, CA 92025

By: _____
Diane Halverson, City Clerk

By: _____
Sam Abed, Mayor

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

CONTRACTOR

By: _____
Signature

By: _____
Signature*

Print Name

Print Name

Title

Title

(Second signature required only for corporation)

By: _____
Signature**

Print Name

Title

(CORPORATE SEAL OF CONTRACTOR, if
corporation)

Contractor's License No.

Tax ID/Social Security No.

*If CONTRACTOR is a corporation, the first signature must be by one of the following officers of the corporation: Chairman of the Board, President, or any Vice President.

**If CONTRACTOR is a corporation, the second signature must be by a different person from the first signature and must be by one of the following officers of the corporation: Secretary, any Assistant Secretary, the Chief Financial Officer, or any Assistant Treasurer.

SECTION A-00610 - FAITHFUL PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENT,

That _____ ("Contractor") and _____ ("Surety") are held and firmly bound unto the CITY OF ESCONDIDO ("Owner") in the sum of _____ Dollars, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, Contractor has been awarded and is about to enter into a contract with Owner to perform all work required under the Bid Schedule(s) of the Owner's specifications entitled,

BRINE LINE PROJECT – HARMONY GROVE TO BROADWAY

WHEREAS, the provisions of the Contract are incorporated by reference into this Faithful Performance Bond and shall be part of Surety's obligation hereunder.

NOW THEREFORE, if Contractor shall perform all the requirements of said contract required to be performed on his part, at the times and in the manner specified herein, then this obligation shall be null and void, otherwise, it shall remain in full force and effect.

PROVIDED, that

- (1) Any alterations in the work to be done or the materials to be furnished, which may be made pursuant to the terms of the Contract, shall not in any way release Contractor or Surety thereunder;
- (2) Any extensions of time granted under the provisions of Contract shall not release either Contractor or Surety from their respective obligations to Owner;
- (3) Notice of any such alterations or extensions of the Contract is hereby waived by Surety;
- (4) Any payments (including progress payments) made on behalf of Owner to Contractor after the scheduled completion of the work to be performed pursuant to the Contract shall not release either Contractor or Surety from any obligations under the Contract or this Faithful Performance Bond, or both, including any obligation to pay liquidated damages to Owner; and

- (5) To the extent Owner exercises its rights pursuant to this Bond, Owner shall be entitled to demand performance by the surety and be further entitled to recover, in addition to all other remedies afforded by law, its reasonably incurred costs to complete the work, attorneys fees and consultant costs, as well as actual costs incurred by OWNER for the increased dedication/commitment of time of OWNER employees to the Project. These costs shall be in addition to the penal sum of the bond.

SIGNED AND SEALED, this _____ day of _____, 20__.

Contractor

Surety

Address

Phone No.

(SEAL)

BY _____
Signature

Signature

(SEAL AND NOTARIAL ACKNOWLEDGEMENT OF SURETY)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

SECTION A-00620 - LABOR AND MATERIAL BOND

KNOW ALL MEN BY THESE PRESENT,

That _____ as Contractor, and _____ as Surety, are held and firmly bound unto the CITY OF ESCONDIDO, hereinafter called Owner, in the sum of _____ dollars, for the payment of which sum well and truly to be made, we bind ourselves our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, said Contractor has been awarded and is about to enter into the annexed contract with said Owner to perform all work required under the Bid Schedule(s) of the Owner's specifications entitled,

BRINE LINE PROJECT – HARMONY GROVE TO BROADWAY

NOW THEREFORE, if said Contractor, or subcontractor, fails to pay for any materials, equipment, or other supplies, or for rental of same, used in connection with the performance of work contracted to be done, or for amounts due under applicable State law for any work or labor thereon, or for amounts due under the Unemployment Insurance Code, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Contractor and its subcontractors pursuant to Section 13020 of the Unemployment Insurance Code with respect to such labor, said Surety will pay for the same in an amount not exceeding the sum specified above, and, in the event suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any persons, companies or corporations entitled to file claims under applicable State law.

PROVIDED, that any alterations in the work to be done or the materials to be furnished, which may be made pursuant to the terms of said contract, shall not in any way release either said Contractor or said Surety thereunder, nor shall any extensions of the time granted under the provisions of said contract release either said Contractor or said surety, and notice of such alterations or extensions of the contract is hereby waived by said Surety.

SIGNED AND SEALED, this _____ day of _____, 20__.

Contractor

Surety

Address

Phone No.

(SEAL)

BY _____
Signature

Signature

(SEAL AND NOTARIAL ACKNOWLEDGEMENT OF SURETY)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

SECTION A-00630 - CITY OF ESCONDIDO BUSINESS LICENSE

In accordance with Municipal Code Section 16, the successful bidder is required to obtain a City of Escondido Business License prior to execution of contract.

The following information must be submitted to the City Clerk prior to execution of contract:

City of Escondido Business License No. _____

Expiration Date _____

Name of Licensee _____

SECTION A-00660 - WORKERS' COMPENSATION INSURANCE CERTIFICATE

If self-insured for Workers' Compensation, the Contractor shall execute the following form as required by the California Labor Code, Sections 1860 and 1861:

I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, Sections 1860 and 1861, and I will comply with such provisions before commencing the performance of the work of the contract.

Dated: _____

Contractor

By: _____
Signature

SAMPLE NOTICE
(REQUIRED UNDER GENERAL CONDITIONS, ARTICLE 6.1.B)

TO THE PEOPLE ON THIS STREET:

WITHIN THE NEXT FEW DAYS, WORK WILL BE STARTED ON THE FOLLOWING PROJECT:

BRINE LINE PROJECT – HARMONY GROVE TO BROADWAY

The work may cause some inconvenience, but will be of permanent benefit.

We shall appreciate your cooperation in the following matters:

1. Please be alert when driving or walking in the construction area.
2. Tools, materials and equipment are attractive to children. For the safety of the children, please keep them away.
3. Please report all inconvenience to the Foreman on the job, or to the City of Escondido Utilities Construction Manager, 760-839-6290 Ext. 7031. The name and phone number of the contractor are given below.

This work is being performed for the City of Escondido by:

We will endeavor to complete this work as rapidly as possible and with a minimum of inconvenience to you.

RESOLUTION NO. 2018-25

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 RICHARD BRADY & ASSOCIATES FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE BRINE LINE PROJECT – HARMONY GROVE TO BROADWAY

WHEREAS, the Escondido City Council authorized an invitation for bids for the construction of the Brine Line Project – Harmony Grove to Broadway (the “Project”); and

WHEREAS, the Project will install the remaining section of brine gravity pipeline to convey high salinity water to the Hale Avenue Resource Recovery Facility; and

WHEREAS, the City of Escondido desires construction management services for the Project; and

WHEREAS, the City of Escondido reviewed the proposal from Richard Brady & Associates to provide construction management services for the Project; and

WHEREAS, Richard Brady & Associates has the personnel and expertise to manage the construction project; and

WHEREAS, the City of Escondido staff have completed negotiations with Richard Brady & Associates for said construction management 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 \$419,028.

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 Council accepts the recommendation of the Director of Utilities.
3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, an Agreement with Richard Brady & Associates. A copy of the Agreement is attached as Exhibit "A" 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: Randy Manns
760-839-6290 x7031
("CITY")

And: Richard Brady & Associates, Inc.
2655 Camino del Rio North, Suite 100
San Diego, CA 92108
Richard Brady
858-496-0500
("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 construction management services for the Brine Line Project – Harmony Grove to Broadway; 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 \$419,028.00. 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.
 - 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 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. Prevailing Wages. If applicable, pursuant to Section 1770 et seq. of the Labor Code, CONTRACTOR agrees that a prevailing rate and scale of wages, in accordance with applicable State and Federal Law, will be paid in the carrying out of this Agreement. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules pertaining to

the payment of prevailing wages. The prevailing rate and scale to be paid shall be the same as the 'General Prevailing Wage Rates' approved by the Department of Industrial Relations as of the date of the execution of this Agreement. Said rates and scales are herein referred to and adopted in this Agreement as though fully and completely set forth herein, and said scale as adopted by the Department is made a part of this Agreement by reference. Copies of the prevailing rate of per diem wages are available on the Intranet at (<http://www.dir.ca.gov/DLSR>). 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 CONTRACTOR to comply with this section.

23. Department of Industrial Relations Compliance. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post any job site notices required by regulation. CONTRACTOR, as well as any subcontractors, shall be registered pursuant to Cal. Lab. Code § 1725.5 to be qualified to bid on, be listed in a bid proposal, (subject to the requirements of Section 4104 of the Public Contract Code) or engage in the performance of any public work contract that is subject to the requirements of Chapter 1, Part 7, Division 2 of the California Labor Code. 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 CONTRACTOR to comply with this section.
24. 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.

[SIGNATURES ON FOLLOWING PAGE]

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.

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CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

RICHARD BRADY & ASSOCIATES, INC.

Date: _____

(Consultant signature)

Title

(The above signature must be notarized)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

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

ATTACHMENT A

FEE PROPOSAL & SCOPE OF SERVICES

Task 1 Coordination Efforts

- Coordinate all special inspections not required of the contractor.
- Coordinate, review and observe all equipment testing, the commissioning start-up process and placing the recycled water pipeline into service.
- Coordinate with City staff (COE Water Department / Collections Staff) on the major tie-ins and facility connections.

Time and Material Fee: \$31,230

Task 2 Inspection Requirements

- Monitor project permit conditions and related expiration dates
- Monitor and ensure Contractor's compliance with all requirements of project design specifications and drawings.
- Monitor Contractor's schedule each week; document the construction progress and track the Contractor's anticipated work to help gauge efficiency. Inform the City as necessary of any construction issues, potential claims, and deficient work notifications or non-compliance notices.
- Provide full-time inspection services throughout the construction period.

Time and Material Fee: \$183,030

Task 3 Document Control

- Perform photographic documentation of construction activities in digital format with date & time recorded.
- Update project red line drawings during construction and review contractor red lines during course of construction.
- Preparation of written daily field reports for submittal to the City. Reports should include work performed, labor and equipment utilized, and a discussion of any work not conforming to the plans and specifications.
- Observe and record all major materials delivery to the site in accordance with the specifications and approved shop drawings.
- Include with each CM billing, a monthly construction management report to include a detailed description of work completed and showing the contract status. The monthly

ATTACHMENT A

report will be prepared in a City approved format including color copies of (6) or more digital photographs with captions of work performed.

- Provide document control: process and file all project correspondence, documents, and drawings. Convert all received documents into a pdf format such as material tickets, etc. Provide and maintain a cloud-based storage service, such as Drop Box or other, to retain all documents and correspondences. Set the account to allow for a minimum of (5) City staff to access and review records. Electronic files, pdfs of pertinent contract documents and records shall be maintained with your firm and a final copy of all records shall be submitted to the City on formatted CD disks.

Time and Material Fee: \$37,830

Task 4 Project Management

- Conduct weekly progress meetings: schedule meetings with the Contractor, the City, and others as necessary and prepare and distribute meeting minutes.
- Provide appropriate responses and/or recommendations to submittals, RFIs, change orders and other project correspondences. Consult with the City and the City's consulting design engineer on all technical matters. Notify all parties of issues that might impact the critical path schedule. Negotiate all potential change orders and claims on behalf of the City, unless directed otherwise by the City.
- Provide a thorough review of the Contractor's progress pay application for accuracy, and comparison with the actual work completed. Make appropriate recommendations to the City on payment issues or work discrepancies. Route all documentation to the City for final approval.
- Conduct and coordinate preliminary and final walk-throughs for punch lists, start-up & testing, and closeout measures.
- Provide any needed claim support through final resolution. Mitigate existing issues and resolve all future issues at the lowest level possible to avoid claims.
- Organize the pre-construction meeting with the City.
- Organize and facilitate a pre-construction Partnering Session with the bid awarded contractor to discuss any potential design related issues, preliminary requests for information or other items that might help expedite, ease or promote a positive construction start.
- Facilitate an intermediary Partnering Session; if at some point during construction it is deemed necessary.

Time and Material Fee: \$116,580

Task 5 Additional Inspection Services

The CM shall retain staff or sub-consultants to provide the following specialized services for the recycled water project:

- Geotechnical materials testing and professional services.
- Special inspection services; as required, such as welding inspections, etc.

ATTACHMENT A

These additional services, whether provided by CM staff or sub-consultants will be billed on a time and material basis. All rates and hours will be shown on CM billings. The allowance for these services is not-to-exceed \$40,000.00. Please indicate maximum markup rate for services provided by sub-consultants. As part of the additional services and as requested by the City, \$2,000.00 has been added to cover any required training from other agencies as part of their permit requirements for the Brine Line Project; such as NCTD Railroad Safety Training.

Field Order Allowance: \$ 42,000.00

9% G&A and 10% Profit on ODC's **\$8,358.00**

TOTAL (not to exceed) Time and Materials Fee: \$419,028.00

[Rates for Construction Management Team include vehicle mileage, computers, computer software, printers, reproduction, prints, plotting and record mapping copies, digital cameras, digital video cameras, cell phones and cell phone service, broadband service, delivery service, mail, office supplies, technical reference materials, training, and personal protection equipment (PPE) including hard hats, safety boots, work gloves, safety glasses and other PPE, as required. Office space is not included. However, field meetings can be held at the HARRF facility.]

Task #	Task Description	Total Cost
Task 1	Coordination Efforts	\$31,230
Task 2	Inspection Requirements	\$183,030
Task 3	Document Control	\$37,830
Task 4	Project Management	\$116,580
Task 5	Special Inspections (not to exceed)	\$ 42,000
Other	9% G&A and 10% Profit on ODC's Markup on Task 5	\$8,358
Total	<i>Total T&M Cost</i>	\$419,028

ATTACHMENT B

CONSTRUCTION MANAGEMENT – PERSONNEL

Name	Title	Role
Scott Reilly, CCM	Construction Manager / Inspector	Provide Construction Management support to the Field Engineer and Field Inspector
Ron Brady	RE / Field Inspector	City's one-point contact performing all construction management duties and providing support to the Field Inspector, along with daily inspection and document control
Javier Saunders, PE	Principal-in-Charge	Project team support and oversight

CITY COUNCIL STAFF REPORT

Consent Item No. 14

February 14, 2018

File No. 0480-70

SUBJECT: Escondido Charitable Foundation Grant Authorization

DEPARTMENT: Community Development Department, Housing and Neighborhood Services

RECOMMENDATION:

It is requested that the City Council adopt Resolution 2018-24, to authorize the Housing and Neighborhood Services Manager to complete a grant application for up to \$50,000 to the Escondido Charitable Foundation for the partial restoration of the Victorian Country Home at the Escondido History Center.

FISCAL ANALYSIS:

This action will have no impact on the General Fund budget. Escondido Charitable Foundation has no match requirement.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council's Action Plan regarding Image and Appearance.

PREVIOUS ACTION:

None.

BACKGROUND:

The mission and purpose of The Escondido Charitable Foundation (ECF), an affiliate of The San Diego Foundation (TSDF), is to improve the quality of life in Escondido by meeting emerging needs. The vision of The Foundation is to inspire a culture of giving that supports, strengthens and enriches the quality of life in the Escondido community now and for generations to come. From improving quality of life to rejuvenating the bonds of our communities, the contributions of ECF members stimulate a sense of common purpose by bringing people together to address essential and emerging needs. This year ECF has proposals that aim to have a positive impact on the image of Escondido and create positive experiences of our community. Individual grant awards will be between \$15,000 and \$50,000. Projects must be completed between October 1, 2018 and September 30, 2019.

The City of Escondido owns several historical structures in Grape Day Park and leases them to the Escondido History Center. The Victorian County Home has a variety of specialized maintenance and

Escondido Charitable Foundation Grant Authorization
February 14, 2018
Page 2

restoration needs. Staff recommends pursuing a grant in order to restore the windows by a qualified preservation contractor.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Bill Martín, Director of Comm. Dev.
2/8/2018 8:32 a.m.

Karen Youel, Housing & Neighborhood Svs. Manager
2/7/2018 5:05 p.m.

ATTACHMENTS:

1. Resolution No. 2018-24

RESOLUTION NO. 2018-24

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO AUTHORIZING
THE SUBMITTAL OF AN APPLICATION FOR
THE VICTORIAN COUNTY HOUSE WINDOW
RESTORATION PROJECT FOR THE 2018
ESCONDIDO CHARITABLE FOUNDATION
GRANT CYCLE

WHEREAS, the mission and purpose of The Escondido Charitable Foundation (“ECF”), an affiliate of The San Diego Foundation (“TSDF”), is to improve the quality of life in Escondido by meeting emerging needs; and

WHEREAS, ECF has invited nonprofit organizations serving the Escondido community to submit applications directed toward enhancing Escondido through arts and cultural experiences; and

WHEREAS, the City owns and maintains several buildings along Heritage Walk in Grape Day Park, which serve as Escondido’s historical museum complex and are leased to and managed by the Escondido History Center; and

WHEREAS, the Victorian County House has restoration needs, including the repair of windows throughout the building.

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 approves the filing of an application to the ECF for the Victorian County House Window Restoration Project (“Project”).
3. That the City Council appoints the Housing & Neighborhood Services Manager, or her designee, as agent to conduct all negotiations, execute and submit all

documents to the CTC including, but not limited to applications, agreements, payment requests and so on, which may be necessary for the completion of the aforementioned Project.

CITY COUNCIL STAFF REPORT

Consent Item No. 15

February 14, 2018

File No. 0600-10, A-3238

SUBJECT: Award for Midway Storm Drain Repair Project

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2018-26 awarding a contract to Shaw Equipment Rentals, Inc. in an amount of \$110,000 and determining the City's original cost estimate was reasonable.

FISCAL ANALYSIS:

There are sufficient funds in the adopted Capital Improvement Project (CIP) budget for Storm Drain Repairs and Improvements.

PREVIOUS ACTION:

On July 12, 2017, the City Council adopted Resolution No. 2017-107, authorizing a Consulting Agreement for a Corrugated Metal Pipe (CMP) Storm Drain Assessment to televise and evaluate the condition of City-maintained CMPs and prioritization of damaged CMPs.

BACKGROUND:

Evaluation of City-maintained CMPs revealed damaged CMPs in Midway Drive, which have been determined to be the highest priority pipelines for repair. The outside north-bound lane on Midway Drive has been closed as a precautionary measure to prevent additional damage to the storm drain. The Midway Storm Drain Repair Project ("Project") will repair three sections of damaged CMPs in Midway Drive and enable re-opening of the lane closure.

On January 25, 2018, an informal bid process was conducted for this Project based on the Engineer's estimate of \$90,000. All bids received were in excess of \$100,000. The City's Municipal Code require City Council approval by a four-fifths majority vote to award a contract in excess of \$100,000 when the original estimate was less than \$100,000 and the informal bid procedures were used to solicit bids. The bid results are listed below:

Shaw Equipment Rentals, Inc.	\$110,000.00
New Century Construction, Inc.	\$143,000.00
Capriati Construction Corporation	\$162,309.00

Award for Midway Storm Drain Repair
February 14, 2018
Page 2

Staff recommends awarding a contract to Shaw Equipment Rentals, Inc. the lowest responsive and responsible bidder.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Owen Tunnell, Assistant City Engineer
On behalf of *Julie Procopio*, Director of Engineering Services
2/8/2018 9:09 a.m.

ATTACHMENTS:

1. Resolution No. 2018-26
2. Resolution No. 2018-26 – Exhibit 1 – Public Service Agreement

RESOLUTION NO. 2018-26

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AWARDING A CONTRACT TO SHAW
EQUIPMENT RENTALS, INC., AUTHORIZING
THE MAYOR AND CITY CLERK, TO
EXECUTE, ON BEHALF OF THE CITY, A
PUBLIC SERVICE AGREEMENT FOR THE
MIDWAY STORM DRAIN REPAIR PROJECT

WHEREAS, the City Council has allocated funding in the adopted Capital Improvement Program Budget for the Midway Storm Drain Repair Project (“Project”);
and

WHEREAS, the cost of the Project was estimated at \$90,000 and informal bid procedures were used to solicit bids; and

WHEREAS, the original cost estimate of the Project was reasonable based on current material costs and unit pricing based on previous project bids; and

WHEREAS, Shaw Equipment Rentals, Inc. was determined to be the lowest responsive and responsible bidder; and

WHEREAS, the Municipal Code requires a four-fifths approval for award of any contract greater than \$100,000 when bids are received through an informal bid process;
and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to award this contract to Shaw Equipment Rentals, Inc. in the amount of \$110,000.

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 Mayor and the City Clerk are authorized to execute, on behalf of the City, a Public Service Agreement with Shaw Equipment Rentals, Inc. in a 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.
3. That the City Council determines that the Engineer's cost estimate for the project was reasonable.



CITY OF ESCONDIDO
PUBLIC SERVICES AGREEMENT

This Agreement is made this _____ day of _____, 2018.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, CA 92025
Attn: Dan Higbee
760-839-4084
("CITY")

And: Shaw Equipment Rentals, Inc.
P.O. Box 2109
San Marcos, CA 92079
Attn: Dan Shaw
760-591-3700
("CONTRACTOR")

WHEREAS, the CITY and CONTRACTOR desire to enter into this Agreement for the performance of services;

NOW, THEREFORE, it is mutually agreed as follows:

1. Description of Services. CONTRACTOR will furnish all of the services described in "Attachment A," which is attached and incorporated by this reference. CONTRACTOR agrees to diligently perform such services to their completion, with professional quality and technical accuracy.
2. Compensation. The CITY will pay and CONTRACTOR will accept in full payment for the above work, the sum of \$110,000. Any breach of this Agreement will relieve CITY from the obligation to pay CONTRACTOR, if CONTRACTOR 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 CONTRACTOR contained in subsequent amendment(s) shall not exceed a cumulative total of ten percent (10%) of the maximum payment provided for in this Section 2.
3. Term and Time of Performance. CONTRACTOR must start working within one (1) week from City's notice to begin. CONTRACTOR must diligently perform and complete the work within 30 working days from the date of the Notice to Proceed. Extension of terms or time of performance may be made only upon the City's written consent.
4. Scope of Compensation. CONTRACTOR will be responsible for performance of the tasks specified in the Description of Services in "Attachment A." No compensation will be provided for any other tasks without specific prior written consent from the CITY.

5. Performance. CONTRACTOR must faithfully perform in a proficient manner, to the satisfaction of the CITY, all the work or services described in the Description of Services, above.
6. City Property. All original documents, drawings, electronic media, and other material prepared by CONTRACTOR under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONTRACTOR for any other purpose without prior written consent of the CITY.
7. Insurance Requirements.
 - a. The CONTRACTOR 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 7(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
 - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONTRACTOR acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of CONTRACTOR. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by CONTRACTOR _____

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 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 CONTRACTOR'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.

- d. In executing this Agreement, CONTRACTOR 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.
8. Indemnification. CONTRACTOR (which in this paragraph 8 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 CONTRACTOR in the performance of this Agreement;
 - b. Any personal injuries, property damage or death that CONTRACTOR 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 CONTRACTOR.

Stormwater Indemnification. CONTRACTOR shall further indemnify, defend, and hold harmless CITY and its officers, employees, and agents from and against any and all liabilities, claims, actions, causes of action, proceedings, suits, administrative proceeds, damages, fines, penalties, judgments, orders, liens, levies, costs and expenses of whatever nature, including reasonable attorney's fees and disbursements, arising out of any violation, or claim of violation of the San Diego Municipal Storm Water Permit (Order No. R9-2013-0001), as amended or renewed, of the California Regional Water Quality Control Board Region 9, San Diego, which CITY might suffer, incur, or become subject by reason of or occurring as a result of or allegedly caused by the construction of the Project or the Improvements.

9. Anti-Assignment Clause. Since the CITY has relied on the particular skills of CONTRACTOR in entering this Agreement, CONTRACTOR may not assign, delegate, or sublet any duty or right under this Agreement, or any portion of the Description of Services. Any such purported assignment, delegation, or subletting will void this entire Agreement, unless the CITY has previously approved such action in writing. Unless CONTRACTOR assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY'S written consent, CONTRACTOR shall be the sole payee under this Agreement. Any and all payments made pursuant to the terms of this Agreement are otherwise not assignable.
10. 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.
11. Independent Contractor. CONTRACTOR is an independent contractor and no agency or employment relationship is created by the execution of this Agreement.
12. 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.
13. 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 because any other provision has been waived by CITY, in whole or in part.

14. 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.
15. 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.
16. 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.
17. 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.
18. 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.
19. Business License. The CONTRACTOR is required to obtain a City of Escondido Business License prior to execution of this Agreement.
20. Compliance with Applicable Laws, Permits and Licenses. CONTRACTOR 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. This shall include, but not limited to, all California Labor Code laws regarding payment of prevailing wages and all OSHA regulations. CONTRACTOR shall obtain any and all licenses, permits, and authorizations necessary to perform the 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 CONTRACTOR to comply with this section.
21. Prevailing Wages. If applicable, pursuant to Section 1770 et seq. of the Labor Code, CONTRACTOR agrees that a prevailing rate and scale of wages, in accordance with applicable State and Federal Law, will be paid in the carrying out of this Agreement. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules pertaining to the payment of prevailing wages. The prevailing rate and scale to be paid shall be the same as the 'General Prevailing Wage Rates' approved by the Department of Industrial Relations as of the date of the execution of this Agreement. Said rates and scales are herein referred to and adopted in this Agreement as though fully and completely set forth herein, and said scale as adopted by the Department is made a part of this Agreement by reference. Copies of the prevailing rate of per diem wages are available on the Intranet at (<http://www.dir.ca.gov/DLSR>). 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 CONTRACTOR to comply with this section.
22. Department of Industrial Relations Compliance. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post any job site notices required by regulation. CONTRACTOR, as well as any subcontractors, shall be registered pursuant to Cal. Lab. Code § 1725.5 to be qualified to bid on, be listed in a bid proposal, (subject to the requirements of Section 4104 of the Public Contract Code) or engage in the performance of any public work contract that is subject to the requirements of Chapter 1, Part 7, Division 2 of the

California Labor Code. 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 CONTRACTOR to comply with this section.

23. Immigration Reform and Control Act of 1986. CONTRACTOR shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONTRACTOR affirms that as a licensed Contractor and 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. CONTRACTOR 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

Diane Halverson
City Clerk

DATE: _____

(Contractor Name)

(Contractor Signature)

(Title)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

BY: _____

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

Midway Storm Drain Reconstruction Project

Scope of Work:

- A. General: Repairs are required at two (2) locations along the 60" CMP and three (3) locations on the 65"x 40" Arch CMP (see Exhibit "A" for effected pipe stations):
 - a. The City has performed a video review of this Corrugated Metal Pipe inventory and found 5 locations along this section of its system in need of repairs. The work is located along Midway Drive between Manchester Avenue and East Valley Parkway. Refer to Exhibits "A" and "B" for record drawings, Exhibit "C" for photographs of the damaged pipe, and Exhibit "G" for videos of the damaged pipe. The damaged invert and pipe fatigue stations shown in red on Exhibit "A" indicate the general location of the damage only. Refer to Section C for the description of the repairs needed. Additionally, the 60" pipes shown in Exhibit "A" are CMP, not RCP as referenced on the record drawing. Refer to Exhibit "F" for information about pipe material specified in Sections C and D.

- B. Site Clearing/Demo/Excavation:
 - a. The **Contractor** shall sawcut and remove interfering section of asphalt roadway, concrete curb gutter and sidewalk to repair the damaged pipe sections. All material(s) that are sawcut, removed, or excavated shall be hauled to a legal disposal site. Cost of site clearing, demo and excavation and haul off to a legal site shall be included in the LUMP SUM cost of the project.

- C. Pipe Excavation and Repair – Base Bid Items:
 - a. Station 11+55 (approximate center point of pipe replacement – middle pipe): 60" pipe line damage at this location is located in the invert of this pipe line. Access to this pipe zone is provided through the modified clean out structure located about 30' north of the damaged pipe section, near Station 11+20 on Exhibit "A". The repair method for this pipe section will be to trim the damaged section of pipe to approximately 30" X 30" surface area and to pave the invert with concrete per the typical design detail in section 5.1.2.2.1 Invert Paving of the Caltrans Culvert Repair Practices Manual. Costs for pipe excavation and repairs section shall be included in the LUMP SUM cost of the project.
 - b. Station 18+38 (approximate center point of pipe replacement – middle pipe): 60" CMP pipe line repair will require replacement of approximately 40' of pipe line material. The replacement pipe shall be *Contech* HEL-COR Corrugated Steel Pipe, Aluminized Type 2, 60" diameter, 12 Ga., for H20 and H25 Live Loads appropriate for 12" minimum cover, or approved equal. The repairs will require the **Contractor** to install stabilizing measures in the existing pipe sections upstream and downstream of the pipe failures prior to removing damaged pipe sections. All temporary measures will be removed at the completion of the project. The **Contractor** shall be responsible for the protection of trench backfill for existing parallel pipes and repair of any trench failure, including

backfill and surface restoration. Pipe repair collars will be a combination of a *Contech* two-foot-wide dimple band, with gasket, or approved equal, and D-62 modified pipe collar per SDRSD (12" overlap onto each pipe section). Manufactured bands shall be the same material as the 60" diameter pipe used for the repair. Any surplus pipe line material not utilized in the repair will be delivered to the City Yard located at 475 N Spruce Street.

- c. Station 21+09 (approximate center point of pipe replacement – east pipe): 65"X40" pipe line repair will require the replacement of approximately 60' of pipe line material. The replacement pipe will be *Contech* HEL-COR Corrugated Steel Pipe, Aluminized Type 2, 64"x43" size, 12 Ga., for H20 and H25 Live Loads appropriate for 12" minimum cover, or approved equal. The repairs will require the **Contractor** to install stabilizing measures in the existing pipe sections upstream and downstream of the pipe failures prior to removing damaged pipe sections. All temporary measures will be removed at the completion of the project. The **Contractor** shall be responsible for the protection of trench backfill for existing parallel pipes and repair of any trench failure, including backfill and surface restoration. Pipe repair collars will be a combination of a *Contech* two-foot-wide dimple band, with gasket, or approved equal, and D-62 modified pipe collar per SDRSD (12" overlap onto each pipe section and modified for elliptical pipe section). Manufactured bands shall be the same material as the 64"x43" diameter pipe used for the repair. Any surplus pipe line material not utilized in the repair will be delivered to the City Yard located at 475 N Spruce Street.

D. Pipe Excavation and Repair – Additive Alternate Bid Items:

- a. Station 23+23 (approximate center point of pipe replacement – west pipe): 65"X40" pipe line repair will require the replacement of approximately 40' of pipe line material. The replacement pipe will be *Contech* HEL-COR Corrugated Steel Pipe, Aluminized Type 2, 64"x43" size, 12 Ga., for H20 and H25 Live Loads appropriate for 12" minimum cover, or approved equal. The repairs will require the **Contractor** to install stabilizing measures in the existing pipe sections upstream and downstream of the pipe failures prior to removing damaged pipe sections. All temporary measures will be removed at the completion of the project. The **Contractor** shall be responsible for the protection of trench backfill for existing parallel pipes and repair of any trench failure, including backfill and surface restoration. Pipe repair collars will be a combination of a *Contech* two-foot-wide dimple band, with gasket, or approved equal, and D-62 modified pipe collar per SDRSD (12" overlap onto each pipe section and modified for elliptical pipe section). Manufactured bands shall be the same material as the 64"x43" diameter pipe used for the repair. Attention should be directed to Exhibit "B", which shows a 48" HDPE has been installed parallel to the 65"x40" CMPA at Station 23+23. The 48" HDPE is not shown on Exhibit "A". Per Section A-A on Sheet 3 of Exhibit "B", there is approximately 12 inches of clearance between the edge of the 48" HDPE and the edge of the 65"x44"

CMPA. Any surplus pipe line material not utilized in the repair will be delivered to the City Yard located at 475 N Spruce Street.

- b. Station 32+75 (approximate center point of pipe replacement – west pipe): The repair method for this pipe section will be to install a modified D-62 pipe collar, maximum collar width 36". Attention should be directed to Exhibit "B", which shows a 48" HDPE has been installed parallel to the 65"x40" CMPA at Station 32+75. The 48" HDPE is not shown on Exhibit "A". Per Section A-A on Sheet 3 of Exhibit "B", there is approximately 12 inches of clearance between the edge of the 48" HDPE and the edge of the 65"x44" CMPA.
- E. Backfill and surface restoration:
- a. The pipe line repair sections will be back filled with $\frac{3}{4}$ " crushed rock to spring line of the pipes. The remainder of the trench will be backfilled using 190-E-400 (2) sack concrete, maximum 6" slump. The slurry backfill will be placed to within 5" of the surface of the finished roadway. Allow slurry to cure for a minimum of 72 hours (or has reached 80 percent of the design compressive strength) prior to paving.
 - b. The permanent roadway repair will be per COE Drawing G-4-E base AC pavement section plus 1 $\frac{1}{2}$ " finish pavement.
 - c. Concrete improvement replacement will be per COE Drawing G-6-E of the City Standard Drawings. Cost of the backfill and surface restoration section shall be included in the LUMP SUM cost of the project.
 - d. Refer to Exhibit "D" for typical backfill and surface restoration section.
- F. Traffic Control:
- The **Contractor** shall install and maintain traffic control measures in accordance with the attached traffic control plan (Exhibit "E") and the requirements of the Encroachment Permit throughout the construction of the project. As a precautionary measure to keep traffic off the pipe fatigue locations identified at Stations 18+38, 21+09, and 23+23, traffic control measures are currently implemented to close the number two northbound lane. These traffic control measures will remain in-place until the **Contractor** notifies the City they would like them to be removed. The **Contractor** shall maintain these traffic control measures if they choose to leave them in-place during the construction of the project. Steel plates shall be installed at the end of each working day if trenches remain open overnight. Cost of the traffic control shall be included in the lump sum price for Midway Storm Drain Reconstruction Project. Access to driveways shall be maintained at all times.
- G. Permits and Miscellaneous:
- The successful applicant will be required to obtain a City of Escondido Encroachment Permit. The permit will be issued at no cost to the **Contractor** after all the necessary application conditions are met. The **Contractor** shall have a valid state **Contractor's** "A" license.

H. Storm Water Pollution Control:

- a. Storm water pollution prevention plan for the project shall consist of isolating the work area from the existing downstream storm drain structures.
- b. Best Management Practices (BMPs) implemented shall be installed per CASQA's BMP Construction Handbook, current edition.
- c. All costs associated with the project's pollution prevention activities will be included in the **Contractors** price of the pipe line repair.
- d. After completion of the work, the **Contractor** shall remove all temporary SWPPP measures on the job site.

I. Bid Award and Price:

- a. Bids are due by 5:00 pm on Thursday, January 25th, and can be submitted via email to Marissa Navarro at mnavarro@escondido.org or by mail to:
City of Escondido
Attn: Marissa Navarro
201 North Broadway
Escondido, CA 92025
- b. The City shall use the Total Base and Alternate Bid items to determine the low bidder, but shall reserve the right to award a contract for base bid work only. The **Contractor** shall execute a Public Services Agreement with the City, obtain a City of Escondido Business License, and apply for a no-fee Encroachment Permit.
- c. If the City includes the Additive Alternate Bid Items in the contract, the **Contractor** shall make the pipe line repairs at Stations 23+23 and 32+75 the first order of work.
- d. Anticipated delivery time for manufacturer's pipe materials is three weeks. The **Contractor** shall immediately place an order for materials upon execution of the PSA and schedule construction to commence within 14 days of delivery of materials.
- e. The **Contractor** shall diligently complete this work within 30 working days from the date of the Notice to Proceed.
- f. The Field Engineering inspector shall inspect the pipe before installation and after installation (prior to backfill).
- g. Payment to the **Contractor** will be made in a lump sum amount upon satisfactory completion of the work.
- h. The City shall televise the repairs prior to payment to the **Contractor**.
- i. Engineers estimate for this project is \$90,000.00

J. **THIS IS A PREVAILING WAGE JOB** see item 21 of Public Service Agreement.

Exhibits

- Exhibit "A": 60" CMP and 65"x40" CMPA Record Drawing (Dwg. 1023)
Exhibit "B": 48" HDPE Record Drawing (Dwg. P-2274) as reference only
Exhibit "C": Photos of damaged pipes
Exhibit "D": Typical section of trench backfill and surface restoration
Exhibit "E": Traffic Control Plans

Exhibit "F": Contech Pipe Information

Exhibit "G": Pipe videos with the following titles (and stations for reference)

1. Pipe 11690A Damaged Invert at 20' (11+55)
2. Pipe 11690A US1210 DSU10273 (18+38)
3. Pipe 12299 US1207 DS1211 (21+09)
4. Pipe 16914A New MH 6052 (23+23)
5. Pipe 16914 New MH 6052 (32+75)

The videos in Exhibit "G" can be downloaded from the City's FTP site:

FTP Site: <ftp://coeftp.ci.escondido.ca.us/>

User name and password are case sensitive:

User name: design

Password: U5z2BpTA

The files are located in the folder titled: PSA Midway Storm Drain

Base Bid Items:

Price \$ _____

Additive Alternate Bid Item A:

Price \$ _____

Additive Alternate Bid Item B:

Price \$ _____

Total of Base Bid and Alternates A & B:

Total \$ _____

Contractor:

Printed

Signature

Date

CITY COUNCIL STAFF REPORT

Public Hearing Item No. 16

February 14, 2018

File No. 0810-20

SUBJECT: Amendment to Article 57 (Miscellaneous Use Restrictions) of the Escondido Zoning Code and Amendment to Article 11 of Chapter 17 (Offenses – Miscellaneous Provisions) of the Escondido Municipal Code (AZ 17-0005)

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

It is requested that the City Council introduce Ordinance No. 2017-03, which amends Article 57 (Miscellaneous Use Restrictions) of the Escondido Zoning Code and Chapter 17 (Offenses-Miscellaneous Provisions) of the Municipal Code to regulate all cannabis and marijuana-based land uses and activities to the extent permitted by state law.

PROJECT DESCRIPTION:

The Project involves code amendments to regulate cannabis and marijuana-based land uses and activities to the extent permitted by state law. The proposed Zoning Code Amendment would 1) update definitions and terms related to cannabis (“marijuana”) and marijuana-related products to align with the definitions provided within State law; 2) expand the prohibition of marijuana dispensaries to also prohibit any form of marijuana business, trade, or industry; and 3) establish an exception to the prohibitions therein to allow private noncommercial use or lawful delivery or transport to the extent permitted under State law. The proposed Municipal Code Amendment would update the City’s Social Host Ordinance to make it illegal to provide an environment where minors consume cannabis or any other controlled substances.

PREVIOUS ACTION:

The Planning Commission makes recommendations to the City Council as authorized by the Escondido Municipal Code (Chapter 20) for potential amendments to the Zoning Code (Chapter 33). On January 9, 2018, the Planning Commission adopted Planning Commission Resolution No. 6112, recommending that the City Council approve the proposed Zoning Code Amendment, by a 6-0 vote (with Garcia absent). The January 9, 2018, Planning Commission staff report and draft minutes are included for reference as Attachment 2 and Attachment 3 to this report, respectively. The Planning Commission did not review the proposed amendment to Chapter 17 (Offenses Miscellaneous Provisions) because the amendment is not within their purview.

BACKGROUND:

State Proposition 64, the Adult Use of Marijuana Act, approved statewide by voters on Nov 8, 2016, allows adults, 21 and over, to possess, privately use, and give away up to one ounce of marijuana, and to cultivate no more than six plants for personal use at their residence. It also legalizes the commercial sale, distribution, and production of marijuana for adult use at state-licensed facilities beginning Jan 1, 2018, under terms spelled out in the Medical and Adult Use of Cannabis Regulation and Safety Act (approved by the legislature in 2017). Although the State has recently created regulations and licensing requirements for marijuana cultivation, manufacturing, sales, and use; under the new State laws, local city and county governments can restrict or ban marijuana business-related uses in their respective jurisdictions. Because of new state laws, the City must change the wording of its local laws if it wants commercial cannabis activities to continue to be illegal in the City.

ANALYSIS:

The reasons for approving the Zoning Code Amendments related to prohibiting cannabis and marijuana-based land uses and activities is to comply fully with the new expanded State law while continuing to exercise the strictest levels of local control over marijuana cultivation, processing and use, in compliance with Proposition 64, as well as applicable Federal law.

In conjunction with the proposed Zoning Code Amendments, the Chief of Police recommended updating the City's Social Host Ordinance. The current ordinance focuses on alcohol use by minors at parties. The proposed changes broadened the scope of the Ordinance to also address the use of cannabis and/or controlled substances by minors. The Ordinance continues to hold individuals responsible when they fail to take all reasonable steps to prevent the unlawful consumption of alcoholic beverages, cannabis or controlled substances by a minor at a party. In addition to the substantive changes, staff has also proposed several administrative revisions to improve the City's ability to hold offenders accountable. A strikeout version of the proposed changes to the Social Host Ordinance is included as Attachment 1. The additional changes include revised definitions, standardized terms and the deletion of superfluous language. It is important to note that the proposed amendment does not make it against the law to furnish alcohol, cannabis or controlled substances to individuals under the age of 21 because such acts are already illegal under state law.

ENVIRONMENTAL REVIEW

The proposed Zoning Code Amendments are exempt from environmental review in conformance with CEQA Guidelines Section 15061(b)(3). The activity is covered by the general rule which exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment.

AZ 17-0005
February 14, 2018
Page 3

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Bill Martín, Director of Community Development
2/8/2018 8:29 a.m.

Mike Strong, Assistant Director of Planning
2/8/2018 8:14 a.m.

ATTACHMENTS:

1. Attachment 1 - Strikeout Version of Proposed Changes to Escondido Municipal Code Chapter 17, Article 11
2. Attachment 2 - January 9, 2018 Planning Commission staff report
3. Attachment 3 - Draft January 9, 2018 Planning Commission Meeting Minutes
4. Ordinance No. 2018-03
5. Ordinance No. 2018-03 – Exhibit “A”

Attachment 1

Strikeout Version of Proposed Changes to Escondido Municipal Code

Chapter 17, Article 11

ARTICLE 11. POLICE SERVICES AT PARTIES ~~AND EVENTS AND~~
~~ALCOHOL INVOLVING THE~~ CONSUMPTION ~~OF ALCOHOLIC BEVERAGES,~~
~~CANNABIS OR CONTROLLED SUBSTANCES~~ BY MINORS

Sec. 17-216. Purpose.

~~—(1)—~~ Sec. 17-216. Purpose.

~~_____~~ (a) Law enforcement control of ~~large parties, gatherings or events on~~
~~private property~~ Parties is necessary when such ~~continued~~ activity is reasonably
determined to be a threat to the peace, health, safety or general welfare of the public;.

~~—(2)—~~ (b) Police officers have been required to make ~~as many as~~
~~three~~ more than one return ~~calls~~ response to a location of a ~~party, gathering or event~~ Party
in order to disperse uncooperative and disorderly participants, ~~and the~~ reduce noise, and
eliminate public nuisances to the community. The return of police officers to a location
constitutes a drain of ~~manpower and~~ law enforcement resources, often leaving other
areas of the ~~city~~ City without minimal levels of police protection;.

~~—(3)—~~ ~~All of these circumstances create a significant hazard to the safety of the police~~
~~officers and to the public in general and constitutes a public nuisance;~~

~~—(4)—~~ (c) The unlawful consumption of ~~alcohol~~ Alcoholic Beverages,
Cannabis and ~~illegal drugs~~ Controlled Substances by ~~minors~~ Minors is harmful to the
health, safety and welfare of Minors and the entire community, ~~and imposing.~~

~~_____~~ (d) Imposing both criminal and financial liability on ~~adults~~ Responsible

Persons permitting ~~such conduct is an~~ a Party constituting a public nuisance, including those which allow for the unlawful consumption of Alcoholic Beverages, Cannabis or Controlled Substances by Minors, constitutes a reasonable and effective means to prevent ~~consumption of alcohol and illegal drugs by minors.~~ these events and protect the health, safety and welfare of the public.

Sec. 17-217. Definitions.

—Sec. 17-217. Definitions.

_____ For ~~the~~ purposes of this ~~article~~Article, the following definitions shall apply:

—~~Alcohol~~ Alcoholic Beverage means ~~ethyl alcohol, hydrated oxide of ethyl, or spirits of wine~~ a liquid as defined in California Business and Professions Code § 23004, from whatever source or by whatever process produced.

—~~Alcohol beverage includes alcohol, spirits, liquor, wine, beer, and every liquid or solid containing alcohol, spirits, win, or beer, and which contains one-half of one percent or more of alcohol by volume and which is fit for beverage purposes either alone or when~~, including when diluted, mixed, or combined with other substances.

— Cannabis means a substance as defined in California Business and Professions Code § 26001(f), either alone or when mixed or combined with any other substance.

_____ Controlled ~~substances or illegal drugs shall include~~ Substances means all narcotics or drugs, the possession or use of which is illegal under the laws of the State of California as defined under the Penal Code, Health and Safety Code, and all other related statutes.

— Cost of Law Enforcement ~~services includes~~ Services means the salaries

and benefits of police officers, fire fighters or other ~~code enforcement~~ City personnel for the amount of time actually spent in responding to, or in remaining at, ~~the party, gathering, or an~~ event ~~and~~ subject to this Article; the City administrative costs directly attributable to the ~~incident~~ event subject to this Article; the actual cost of any medical treatment ~~to provided to City personnel~~ injured ~~police officers or other code enforcement personnel~~ during any event subject to this Article; and the actual cost of repairing any ~~damaged city~~ City equipment or property; ~~and the cost arising from the use~~ damaged or lost as a result of ~~any damaged equipment in responding to or remaining at the party, gathering or event~~ an event subject to this Article.

~~— *Juvenile* means any person under eighteen (18) years of age;~~

~~— *Guardian* means (1) a person who, under court order, is the guardian of the person of a minor; or (2) a public or private agency with whom a minor has been placed by the court.~~

~~— Law Enforcement Services means the dispatch to or presence at a Party subject to this Article of any number of law enforcement officials and related City personnel.~~

~~— Minor means any person under twenty-one (21) years of age.~~

~~— Parent or Guardian means a person who is a ~~natural~~ biological parent, adoptive ~~parents, or~~ parent, step-parent, foster parent or a Guardian appointed by Court Order, of ~~another person~~ a Minor.~~

~~— Party, gathering or event means a ~~group~~ gathering of persons who have assembled ~~or are assembling~~ for a ~~party, social occasion or social activity~~ purpose or event where an Alcoholic Beverage, Cannabis or Controlled Substance is furnished,~~

consumed, sold, or possessed.

— Responsible Person ~~responsible for the event~~ includes, but is not limited to: means (1) ~~The~~ the person or entity, other than a public agency, who owns, rents, leases, or otherwise has control of the premises where ~~the party, gathering or event~~ a Party takes place; (2) the person(s) ~~in charge of the premises;~~ (3) ~~the person(s) who organized the event. If a person responsible for the event is a juvenile, then the parents or guardians of that juvenile will be jointly and severally liable for the costs incurred for enforcement service pursuant to this chapter.~~ otherwise makes the premises available for the Party; or (3) a person who is the Parent or Guardian of a Minor in attendance at the Party.

— ~~Special security assignment means the assignment of police officers and services during a second call to a location after the distribution of a written warning that the party, gathering or event violates the law.~~

Sec. 17-218. Police services at large parties, gatherings or events requiring a second response.

— **Sec. 17-218. Law Enforcement Services at Parties requiring a second or subsequent response.**

— When a large party, gathering or event Party occurs ~~on private property~~ at any location, and a ~~police officer at the scene~~ law enforcement official determines that there is a threat to the public peace, health, safety or general welfare, ~~the person(s) responsible for the event~~ as a result of such activity, after issuance of a written warning, the Responsible Person shall be liable for the ~~cost of providing police services for the special security assignment~~ Cost of Law Enforcement Services during ~~a secondary~~ subsequent response ~~by the police after the first warning, to control the threat to the public~~

~~peace, health, safety or general welfare, or for the actual cost of enforcement services provided during the response as a result of conduct violating section~~to the same Party.

Sec. 17-219 or 17-200. Consumption of Alcoholic Beverages by Minor.

Sec. 17-219. Unsupervised consumption of alcohol by minor at private party.

— ~~___~~(a)— ~~Except as permitted by state~~ or federal law, no ~~minor~~Minor shall consume in any ~~public place or any place open to the public~~ any alcoholic beverage and/or controlled substance, or consume at any place not open to the public any alcoholic beverage and/or controlled substance Alcoholic Beverage.

— ~~___~~(b)— A violation of this section shall constitute a misdemeanor punishable by a fine of one thousand dollars (\$1,000) or by imprisonment for a period of not to exceed six (6) months, or by both fine and imprisonment.

Sec. 17-220. Serving alcohol and/or controlled substances to minors at parties, gatherings, or events on private property.

Sec. 17-220. Serving Alcoholic Beverages, Cannabis or Controlled Substances to Minors at Parties.

~~___~~(a)— It is the duty of any ~~person having control of any premises, who knowingly permits, allows, or hosts a gathering at said premises~~Responsible Person to take all reasonable steps to prevent the unlawful consumption of ~~alcoholic beverages and/or controlled substances~~Alcoholic Beverages, Cannabis or Controlled Substances by ~~any minor~~a Minor at ~~the gathering~~a Party. Reasonable steps include, but are not limited to, controlling access to ~~alcoholic beverages at the gathering~~a Party where such substances are furnished; controlling access to Alcoholic Beverages, Cannabis and Controlled Substances at the location of the Party; controlling the quantity of ~~alcoholic~~

~~beverages~~Alcoholic Beverages, Cannabis or Controlled Substances present at the ~~gathering~~location of the Party; verifying the age of all persons ~~attending~~in attendance at the ~~gathering~~Party by inspecting drivers' licenses or other government-issued identification cards ~~to ensure that minors do not consume alcoholic beverages while at the gathering~~; and supervising the activities of ~~minors~~Minors in attendance at the ~~gathering~~Party.

~~— (b) — No person—~~ A Responsible Person shall ~~knowingly~~not permit, allow, or host a ~~party, gathering, or event at his or her place of residence or other private property, place, or premises under his or her control where at least three (3) or more persons are present and at least one minor~~Party where a Minor unlawfully consumes an ~~alcoholic beverage or illegal drugs,~~Alcoholic Beverage, Cannabis or Controlled Substance whenever ~~the person having control of any premises either~~that Responsible Person knows ~~a minor has consumed an alcoholic beverage and/or illegal drugs or~~ reasonably should have known that a ~~minor~~Minor consumed ~~an alcoholic beverage and/or illegal drugs~~had access to such substances had the person taken all reasonable steps to prevent ~~the~~that consumption ~~of alcoholic beverages by a minor~~ as set forth in subsection (a) of this section.

~~— (c) —~~ (c) Whenever a Responsible Person is present at the premises at the time the Party takes place, where a Minor unlawfully obtains, possesses, or consumes any Alcoholic Beverage, Cannabis or Controlled Substance, it shall be prima facie evidence that such person had actual knowledge or should have had the knowledge, that the Minor obtained, possessed, or consumed such substance in violation of this Article.

(d) A violation of this section shall constitute a misdemeanor punishable by fine of one thousand dollars (\$1,000.00) or by imprisonment for a period of not to exceed six (6) months, or by both fine and imprisonment.

~~—(d) This section shall not apply to conduct involving the use of alcohol which occurs exclusively between a minor child and his or her parent or legal guardian, as permitted by Article I, Section 4, of the California Constitution.~~

Sec. 17-221. Police service fee.

~~—(a)~~ **Sec. 17-221. Recovery of Cost of Law Enforcement Services.**

 (a) The ~~police services fee shall include the cost of personnel and equipment but shall not exceed one thousand dollars (\$1,000) for a single incident. Such fee is deemed to be supplementary to~~ recovery of the Cost of Law Enforcement Services allowed for in this Article shall be in addition to all other applicable administrative, civil or criminal fines and penalties, ~~and the city does not hereby waive its right to seek reimbursement for actual costs exceeding the above amount through other legal remedies or procedures.~~

~~—(b) The amount of such fee charged shall be deemed a debt to the city of the person or persons receiving such services, and if minors, their parents or guardians. Any person owing money shall be liable in an action brought in the name of the city for recovery of such amount, including~~ which may be assessed against the Responsible Person pursuant to state and local law and shall include reasonable attorney fees and costs.

Sec. 17-222. Appeals.

~~—Any individual aggrieved by the decision of the chief of police to assess any penalty under the provisions of this article may appeal to the city council as provided in this code.~~

Sec. 17-223. Reservation of legal options.

~~—The~~ (b) This Article shall not limit the right of the City of Escondido does not waive its right to seek reimbursement for actualthe Costs of Law Enforcement Services and any other related costs-of-enforcement-services, expenses or damages suffered as the result of a Party, through other legal remedies or procedures.

(c) If the Responsible Person is under eighteen (18) years of age at the time of the Party, the Parent or Guardian of that person will be jointly and severally liable to the City for the Cost of Law Enforcement Services provided for in this Article.

Sec. 17-222. Reservation of legal options.

The procedure provided for in this chapterArticle is in addition to any other statute, ordinance or law, civil or criminal. This chapterArticle in no way limits the statutory authority of peace officers or private citizens to make arrests for any criminal offense arising out of conduct regulated by this articleherein.

Sec. 17-224. Prima facie evidence.

~~—Whenever a person having control of the residence~~ **Sec. 17-223. Local authority.**

~~This Article, or premises is present at that residence or premises at the time that a minor obtains, possesses, or consumes any alcoholic beverage, it shall be prima facie evidence that such person had the knowledge or should have had the knowledge, that the minor obtained, possessed, or consumed an alcoholic beverage at the party.~~

Sec. 17-225. Local authority.

—~~Sections 17-217, 17-218, 17-219, 17-220, and 17-221~~[provision herein](#), shall not apply where prohibited or preempted by state or federal law.

[Sec. 17-224. Reserved.](#)

[Sec. 17-225. Reserved.](#)

PLANNING COMMISSION

Agenda Item No.: G.3
Date: January 9, 2018

CASE NUMBER: AZ 17-0005
APPLICANT: City of Escondido
LOCATION: Citywide
TYPE OF PROJECT: Zoning Code Amendment

PROJECT DESCRIPTION: A proposed amendment to Article 57 of the Escondido Zoning Code to regulate certain medical and non-medical (“recreational” or “adult-use”) marijuana-based land uses and activities to the extent permitted by State law.

STAFF RECOMMENDATION: Recommend the City Council approve the proposed Zoning Code Amendment.

BACKGROUND/SUMMARY OF ISSUES:

State Proposition 64, the Adult Use of Marijuana Act, approved statewide by voters on Nov 8, 2016, allows adults 21 and over to possess, privately use, and give away up to one ounce of marijuana, and to cultivate no more than six plants for personal use at their residence. It also legalizes the commercial sale, distribution, and production of marijuana for adult use at state-licensed facilities beginning Jan 1, 2018, under terms spelled out in the Medical and Adult Use of Cannabis Regulation and Safety Act (approved by the legislature in 2017). Although the State has recently created regulations and licensing requirements for marijuana cultivation, manufacturing, sales, and use; under the new State laws, local city and county governments can restrict or ban marijuana business-related uses in their respective jurisdictions. Because of new state laws, the City must change the wording of its local laws if it wants commercial cannabis activities to continue to be illegal in the city.

The proposed Zoning Code Amendment would 1) update definitions and terms related to cannabis (“marijuana”) and marijuana-related products to align with the definitions provided within State law; 2) expand the prohibition of marijuana dispensaries to also prohibit any form of marijuana business, trade, or industry; and 3) establish an exception to the prohibitions therein to allow private noncommercial use or lawful delivery or transport to the extent permitted under State law.

REASONS FOR STAFF RECOMMENDATION:

Staff recommends approval of the proposed Zoning Code Amendment for the following reason:

- The proposed Zoning Code Amendment brings the City’s marijuana based land use controls into compliance with State Proposition 64, while continuing to exercise the strictest levels of local control over marijuana cultivation, processing and sales, as appropriate under Federal law.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "MDS", is positioned below the text "Respectfully Submitted,".

Mike Strong
Assistant Planning Director

EXHIBITS:

- A Factors to be Considered/Findings of Fact
- B Proposed Zoning Code Amendment

ATTACHMENTS:

- PC-1 League of Cities FAQ Publication (2017)

ENVIRONMENTAL ANALYSIS:

The proposed Zoning Code Amendment is exempt from the requirement for environmental review under the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that no environmental impacts will result from the City’s action, and consequently, can be determined to be exempt and in accordance with CEQA Section 21084 and Section 15061(b)(3) – General Rule of Exemption – of the CEQA Guidelines.

The Adult Use of Marijuana Act (Proposition 64) already took effect on November 8, 2016 by virtue of the voters’ approval of the proposition on that date. Furthermore, the new statutes preempt any inconsistent local ordinance, and the City’s proposed action is simply to amend its marijuana based land use controls to align with the new requirements of State law. The proposed Zoning Code amendment will not create a new land use regulation which falls outside of the parameters of the new State law.

ZONING CODE AMENDMENT ANALYSIS:

On November 8, 2016 the voters of the State of California approved Proposition 64 (the “Adult Use of Marijuana Act”), which allowed for limited possession, cultivation, processing, and use of marijuana and marijuana products by persons aged 21 years or older for non-medical purposes. With passage of Proposition 64, local regulations regarding possession, cultivation, processing, use and transport of marijuana now must now comply with the certain, specified statutory requirements. However, the State laws preserve local authority to prohibit commercial marijuana activity.

An express prohibition on cannabis (“marijuana”) is desirable to preserve local control and prevent the issuance of State licenses for marijuana businesses to operate in Escondido. Adoption of the proposed Zoning Code Amendment will allow the City to comply fully with the new expanded State law while continuing to exercise the strictest levels of local control over marijuana cultivation, processing and use, in compliance with Proposition 64, as well as applicable Federal law. For more information about the relationship between Proposition 64, local and State law, please refer to Attachment “PC-1.”

EXHIBIT “A”

FACTORS TO BE CONSIDERED / FINDINGS OF FACT

AZ 17-0005

Environmental Determination

The Planning Commission, in its independent judgement, has determined the Zoning Code Amendment to be exempt from environmental review because it can be seen with certainty that no environmental impacts will result from the City’s action, and consequently, can be determined to be exempt in accordance with CEQA Section 21084 and Section 15061(b)(3) – General Rule of Exemption – of the CEQA Guidelines.

Zoning Code Amendment

1. The public health, safety, and welfare would not be adversely affected by the proposed Zoning Code Amendment because prohibition of commercial cannabis (“marijuana”) activity is necessary to prevent adverse direct and secondary effects to individuals, while at the same time the proposed Zoning Code Amendment protects individual rights to use marijuana within private residents as authorized by Proposition 64. The proposed Zone Code Amendment would also help prevent larger community-related effects associated with marijuana-related activities, such as increases in property and violent crimes, increases in marijuana-related traffic incidences, increases in youth marijuana use, preventing the blighting and degradation of neighborhoods in the vicinity of commercial marijuana activities.
2. The proposed Zoning Code Amendment would be consistent with the goals and policies of the General Plan because it advances a number of health, safety, and welfare related objectives. The proposed Zoning Code also canonizes the current practice of prohibition throughout the city to the extent allowed by State law. The City of Escondido currently prohibits all commercial marijuana activity under the City’s Zoning Ordinance as a non-permitted use and a non-permitted business under its licensing ordinance. The City’s Zoning Code is a permissive Zoning Code, whereby only those land uses expressly contained in a list of uses authorized in a zoning classification is permitted, and all other uses are thereby prohibited. The City’s Zoning Code does not expressly list marijuana-related uses or marijuana-related businesses among the permitted uses, and therefore, such uses always have been and continue to be prohibited in the City. The City has uniformly interpreted the Zoning Code as a permissive Zoning Code and has relied upon this determination to consistently prohibit marijuana-related uses or marijuana-related businesses. The City’s licensing ordinance prohibits any business, operation, or use that can’t be conducted or carried out without being in violation of State or Federal law. The Federal Controlled Substances Act, 21 U.S.C. Section 801 et. seq., makes it unlawful to manufacture, distribute, or possess marijuana. The proposed Zoning Code Amendment helps preserve local control over this issue and prevent the State from issuing licenses for commercial marijuana activities and marijuana businesses to operate in the City of Escondido. By not expanding allowed uses and activities to any level beyond the state-mandated uses and activities, the City maintains a position of maximum compliance with Federal law, while also meeting the State law.
3. The proposed Zoning Code amendment does not conflict with any specific plan.

EXHIBIT “B”
PROPOSED ZONING CODE AMENDMENT
AZ 17-0005

Amend the various Zoning Code sections to read as specified below. The changes are listed in order by section number, with ~~strikeout~~ typeface illustrating deletions and underline typeface illustrating new text.

Sec. 33-1117. Medical marijuana.

Repeal in its entirety Section 33-1117 of Article 57 of the Escondido Zoning Code and adopting in full new text as follows.

Sec. 33-1117. Commercial and Medical Cannabis Uses.

(a) Definitions.

- (1) For the purposes of this Article, unless the context clearly requires otherwise, the definitions found in the Medicinal and Adult Use Cannabis Regulation and Safety Act codified at California Business and Professions Code Section 26000 et seq. shall control.

(b) Uses and Activities Prohibited.

- (1) All cannabis activities and uses are expressly prohibited in all zones in the City other than as provided in Section 33-1117(c). No use permit, variance, building permit, or any other entitlement, license, or permit, whether administrative or discretionary, shall be approved or issued for the establishment or operation of cannabis related activities or uses in the City of Escondido, and no person or entity shall otherwise establish or conduct such activities in the City.

(c) Exemptions.

- (1) Personal Use. Nothing in this Article shall prohibit the personal use of cannabis as specifically provided in California Health and Safety Code §11362.1 at a personal residence, provided that the activity or use is wholly contained within the residence and not visible to the public.
- (2) Transportation. Nothing in this Article shall prevent a duly licensed cannabis business that is in compliance with the Medicinal and Adult Use Cannabis Regulation and Safety Act from transporting cannabis or cannabis products on public roads through the City to another destination outside the City limits. No commercial or medical cannabis business may deliver any product to any residence, office, commercial or any other place in the City limits.

ATTACHMENT PC-1

League of Cities FAQ Publication (2017)

https://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Hot-Issues/Adult-Use-of-Marijuana-Act/AUMA-FAQ_Final.aspx

This link will take you to a site over which the City of Escondido has no control. The link has been provided solely as an informational resource that has been distributed by the League of California Cities, January 2017, which remains accessible to the public at this domain as of this writing. The City assumes no responsibility for the content of the material contained at that site or for the accuracy of any information that is found there.

A hardcopy of the Attachment it is available for review in the Planning Division during normal business hours. To obtain a copy, please the City Clerk at (760) 839-4617.

CITY OF ESCONDIDO

**MINUTES OF THE REGULAR MEETING OF THE
ESCONDIDO PLANNING COMMISSION**

January 9, 2018

The meeting of the Escondido Planning Commission Meeting was called to order at 7:00 p.m. by Chairman Weber, in the City Council Chambers, 201 North Broadway, Escondido, California.

Commissioners present: Jeffery Weber, Chairman; Don Romo, Vice-chairman; Michael Cohen, Commissioner; James McNair, Commissioner; James Spann, Commissioner; and Stan Weiler, Commissioner.

Commissioners absent: Joe Garcia, Commissioner.

Staff present: Mike Strong, Assistant Planning Director; Owen Tunnell, Principal Engineer; Ann Dolmage, Associate Planner; Adam Phillips, Deputy City Attorney; and Ty Paulson, Minutes Clerk.

MINUTES:

Moved by Commissioner Spann, seconded by Commissioner McNair, to approve the minutes of the November 28, 2017 meeting. Motion carried unanimously. (6-0)

WRITTEN COMMUNICATIONS – Received.

FUTURE NEIGHBORHOOD MEETINGS – None.

ORAL COMMUNICATIONS: None.

PUBLIC HEARINGS:

1. **CONDITIONAL USE PERMIT FOR AN EXPANSION OF THE CHALICE UNITARIAN UNIVERSALIST CONGREGATION FACILITY – PHG 15-0039 and ENV 17-0009:**

REQUEST: A Conditional Use Permit (CUP) for an expansion of the Chalice Unitarian Universalist Congregation facility. The property is currently developed with a two-story, 3,300-SF building containing a chapel, kitchen, meeting area,

restrooms, and offices. A detached 330-SF cottage also exists on the site and is used as meeting space. The property is served by a private septic system and has a parking lot with 39 spaces. The proposed expansion would occur across two phases. Phase 1 would construct a new 2,659-SF multipurpose building (to contain classrooms, office space, storage space, and restrooms), install two new stormwater detention basins, expand the parking lot from 39 to 49 spaces, and construct street improvements on Miller Avenue. Phase 2 would remodel the kitchen/restroom/office area on the first floor of the chapel building and add 422 SF of foyer space to that building. The proposal also includes the adoption of the environmental determination prepared for the project.

PROPERTY SIZE AND LOCATION: The 2.34-acre project site is located at 2324 Miller Avenue, at the northwest corner of the intersection of Miller Avenue and Hamilton Lane.

Ann Dolmage, Associate Planner, referenced the staff report and noted staff issues were whether all of the components of the phased Conditional Use Permit were appropriate for the site, and whether the project would have any adverse visual, noise, and compatibility impacts to surrounding residential uses, whether sufficient parking is provided to accommodate the range of anticipated uses, and whether continued use of the septic system is appropriate for the project (as an alternative to connecting to City sewer). Staff recommended approval based on the following:

1) The 2.34-acre project site had sufficient area to accommodate both of the proposed phases, including parking and setbacks from residential uses. The site was zoned RE-20 and church uses were allowed in this zone with approval of a Conditional Use Permit. The site had been occupied by Chalice Unitarian Universalist Congregation for over ten years. The proposed multipurpose building had been designed to be visually compatible with the existing chapel building, and located to address any potential visual, noise, or compatibility impacts to surrounding uses. The project would expand and improve its parking area to increase its capacity from 39 to 49 spaces, in the same general location as the existing parking. Construction noise was expected to occur during project implementation, but mitigation measures have been proposed in the project's Mitigated Negative Declaration to minimize these impacts to a less than significant level;

2) Currently, the facility has 39 parking spaces to accommodate its congregation. Upon completion of the project, the church would have a new 2,569-SF multipurpose building (containing classrooms and offices) and an additional 422 SF of foyer space in the chapel building. A conservative parking calculation (i.e., the worst-case scenario) for this site would assume that all buildings are in use at the same time. Off-street parking standards require one parking space for every

100 SF of church assembly space when non-fixed seating is used. The facility would have 3,446 SF of assembly space at full buildout (1,416 SF in the chapel building, 1,700 SF in the multipurpose building, and 330 SF in the accessory building), for an assembly parking requirement of 34 spaces. The parking standards require one parking space for every 300 SF of office space, and since the site would have 1,170 SF of offices (966 SF in the chapel building and 204 SF in the multipurpose building), the office parking requirement would be three spaces. Therefore, the total parking requirement for the site would be 37 spaces, and the site would have a surplus of 12 spaces; and

3) The original County-issued Major Use Permit for this facility assumed a congregation size of no more than 150 people (75 people for each of the two Sunday services). The project site is served by a septic system with a capacity of 875 gallons per day, which is adequate for a congregation of that size, with some extra space for at least 25 additional people (175 people total per day). According to the applicant's architect, the system most likely can accommodate even more people than this, since plumbing codes assume that each person flushes three times per day and include a 50% safety factor on top of that. The applicant has stated that there are no current plans to increase the size of the congregation, so the existing septic system would continue to be adequate once the project is implemented. The project has been conditioned to limit usage of the site to 175 people per day, and proposed increases in this number would require further review and approval from the Planning Division.

Chairman Weber asked if a provision was necessary to restrict outside public events. Ms. Dolmage noted the Commission could add this as a condition.

Peter Bussett, Architect for the project, noted he was available for questions.

Commissioner Weiler and Spann expressed their support for the project.

ACTION:

Moved by Commissioner Weiler, seconded by Commissioner Spann, to approve staff's recommendation. Motion carried unanimously. (6-0)

2. **SOUTH CENTRE CITY SPECIFIC PLAN – A GENERAL PLAN AMENDMENT, REZONE, ZONING CODE AMENDMENT, AND ESTABLISHMENT OF A NEW SPECIFIC PLAN – PHG 15-0003 / ENV 17-0005:**

REQUEST: The Project involves a series of actions to create and implement the South Centre City Specific Plan. The proposed Specific Plan contains guiding principles, goals, policies, implementation strategies, allowable land uses, zoning, development standards, and various supporting maps, including a land use plan map. These components outline a cohesive, long-term, community driven vision that will guide future decisions related to development and land use, natural resources, mobility, infrastructure, public services, and other issues of interest to the City within this planning area. The Project also involves a request to change the existing General Plan Land Use Designation on all properties within the planning area to Specific Planning Area No. 15 (SPA #15) to facilitate the Specific Plan process. A companion Rezone is proposed to change the existing Zoning to SP (Specific Plan). The proposed amendment to Article 44 would establish a Major Home Occupation Permit to allow residents to operate a small business in their homes, in areas defined by the new Specific Plan. The proposed amendment to Article 65 is to reconcile the geographic alignment of the Old Escondido Neighborhood. The proposal also includes the adoption of the environmental determination prepared for the project.

PROPERTY SIZE AND LOCATION: The South Centre City planning area consists of about 420 acres of land in the neighborhoods surrounding Quince Street, South Escondido Boulevard, and Centre City Parkway in southwest Escondido.

Mike Strong, Assistant Planning Director, and Claudia Tedford, Principal at City Place Planning provided a presentation and overview of the Specific Plan planning process and referenced the staff report with the staff recommendation to have the Planning Commission review the draft plan and do the following:

- 1) Recommend City Council adoption of the Initial Study/Negative Declaration and make findings that the project, if approved by City Council, will not have significant effect on the environment; and
- 2) Recommend the City Council approve the proposed General Plan Amendment, Rezone, Zoning Code Amendment to Article 44 and 65, and adopt the South Centre City Specific Plan.

Chairman Weber and staff discussed Page 9, Bullet Points 2 and 3 of the staff report.

Commissioner Spann referenced a property that was removed from the OEN and asked if it would now be allowed commercial uses. Mr. Strong replied in the affirmative.

Commissioner Weiler and staff discussed the Build to Line Range (BTLR).

Commissioner Weiler and staff discussed Table 4.2 with regard to allowing self-storage facilities and the City Council action plan for these uses.

Vice-chairman Romo asked if the amount of mini storage facilities could be prohibited in the southern gateway to the City, feeling residential would be preferable. He also felt incentives might help promote residential. Mr. Strong replied the land use table is a component of the Planning Commission's review and that the body could make changes. Mr. Strong also responded in the affirmative that the draft plan proposes several incentives and also removes constraints to housing construction.

Discussion ensued regarding pre-designating parcels for hydro-modification.

Vice-chairman Romo did not feel mixed use projects were viable. Additional discussion ensued regarding reducing the requirement for mixed-use projects, and/or permitting standalone residential projects.

Chairman Weber referenced the Visual Preference Survey Results as outlined in the staff report, and noted that the facilities being built did not provide the amount of setbacks being visualized. He felt the regulatory standards for requiring larger setbacks and active open space needed to be addressed. Mr. Strong referenced 5.3.12.3 Residential Amenities in Multi-Family Residential as outlined in the staff report, feeling this would help provide streetscapes. He then referenced Section 3.9.4.1, Paragraph 1 (Development Standards) and Paragraph 5 of 3.9.4.2 (Design Guidelines) as outlined in the staff report. Mr. Strong stated that new projects would be evaluated for conformance with design guidelines and the ability for new projects to promote the goals and objections, rather than relying on development standards alone.

Don Steigerwald, Escondido, noted that he lived in the Quince Street area. He expressed concerned with the amount of vehicles parking on the streets on the east side of Quince between 9th and 13th Avenues. He questioned whether any streets in the subject area would be widened, such as 11th Avenue. He also felt there was a need for redevelopment.

Chairman Weber directed Mr. Steigerwald to staff, noting they would be able to provide him the requested information.

Mr. Steigerwald noted that the presentation shows large streetscapes, which the City did not have.

Michael Nonahal, Escondido, representing Anaheim Foundation, noted that they owned several properties off of 9th Avenue, noting they currently were considering a development project in the area of 9th and 10th Avenues. He stated that the current codes prevented meaningful projects for the area. He suggested revising the plan to include a mixed-use plan from 9th Avenue to 10th Avenue, ending at Quince along with increasing the building heights. They felt this would attract businesses conducive to the gateway of Escondido, reduce crime, and increase the City's tax base. He stated that cities across the globe were heading toward mixed-use projects, noting the need for retail was being reduced by ecommerce.

Ann Maioriello, Escondido, stated that several individuals in the impacted areas did not receive notice about the proposed changes, questioning whether they would have a chance to provide input.

Ivana Treuoce, Escondido, Member of the South Tulip Neighborhood Group, noted that they did not receive notice about the proposed plans. She questioned what impacts the plan would have on the residents from 9th Avenue to 13th Avenue to Quince. Mr. Strong referenced the neighborhood group meetings that had been held and noted that the only change for the Quince District was more flexibility for accessory dwelling units and home occupational permits.

ACTION:

Moved by Chairman Weber, seconded by Commissioner Cohen, to approve staff's recommendation. Motion carried unanimously. (6-0)

3. ZONING CODE AMENDMENT – AZ 17-0005:

REQUEST: A proposed amendment to Article 57 of the Escondido Zoning Code to reasonably regulate, certain medical and non-medical ("recreational") marijuana-based land uses and activities to the extent permitted by State law. The proposal also includes the adoption of the environmental determination prepared for the project.

PROPERTY SIZE AND LOCATION: Citywide

Mike Strong, Assistant Planning Director, referenced the staff report and noted staff recommended approval of the proposed Zoning Code Amendment because the proposed Zoning Code Amendment brings the City's marijuana based land use controls into compliance with State Proposition 64, while continuing to exercise the

strictest levels of local control over marijuana cultivation, processing and sales, as appropriate under Federal law.

ACTION:

Moved by Commissioner Spann, seconded by Commissioner McNair, to approve staff's recommendation. Motion carried unanimously. (6-0)

CURRENT BUSINESS ITEMS: None.

ORAL COMMUNICATIONS: None.

PLANNING COMMISSIONERS:

Chairman Weber noted that commissioner term applications were due.

ADJOURNMENT:

Chairman Weber adjourned the meeting at 8:36 p.m. The next meeting was scheduled for February 13, 2018, at 7:00 p.m. in the City Council Chambers, 201 North Broadway, Escondido, California.

Mike Strong, Secretary to the Planning
Commission

Ty Paulson, Minutes Clerk

ORDINANCE NO. 2018-03

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING ARTICLE 57 OF THE ESCONDIDO ZONING CODE; AND AMENDING ARTICLE 11, CHAPTER 17 OF THE ESCONDIDO MUNICIPAL CODE TO ADDRESS CHANGES IN STATE LAW REGARDING CANNABIS

WHEREAS, the City Council of the City Escondido desires to amend Article 57 of the Escondido Zoning Code and Chapter 17 of the Escondido Municipal Code to provide protection for the public health, safety, and welfare by adopting regulations regarding the use of cannabis within the City; and

WHEREAS, the City Council finds proper notices of a public hearing have been given and public hearings have been held before the Planning Commission and City Council on this issue; and

WHEREAS, the City Council has duly reviewed and considered all evidence submitted at said hearings; and

WHEREAS, the City Council has reviewed and considered the Notice of Exemption prepared for this project, in conformance with the California Environmental Quality Act ("CEQA") Section 15061(b)(3) "General Rule," and has determined that all environmental issues have been addressed and finds that no significant environmental impact will result from approving the Zoning Code Amendment and Municipal Code Amendment; and

WHEREAS, upon consideration of the staff report; Planning Commission recommendation; Findings of Fact/Factors to be Considered, attached as Exhibit "A" to this Ordinance and incorporated herein by this reference as though fully set forth herein, and all public testimony presented at the hearing held on this project, this City Council

finds the proposed Zoning Code Amendment and Municipal Code Amendment are consistent with the General Plan and do not affect any specific plans of the City of Escondido.

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. RECITALS. That the City Council hereby finds and determines that the foregoing recitals, which are incorporated herein by reference, are true and correct.

SECTION 2. That Article 11, Chapter 17 of the Escondido Municipal Code is repealed and replaced as follows:

ARTICLE 11. POLICE SERVICES AT PARTIES INVOLVING THE CONSUMPTION OF ALCOHOLIC BEVERAGES, CANNABIS OR CONTROLLED SUBSTANCES BY MINORS

Sec. 17-216. Purpose.

(a) Law enforcement control of Parties is necessary when such activity is reasonably determined to be a threat to the peace, health, safety or general welfare of the public.

(b) Police officers have been required to make more than one return response to a location of a Party in order to disperse uncooperative and disorderly participants, reduce noise, and eliminate public nuisances to the community. The return of police officers to a location constitutes a drain of law enforcement resources, often leaving other areas of the City without minimal levels of police protection.

(c) The unlawful consumption of Alcoholic Beverages, Cannabis and Controlled Substances by Minors is harmful to the health, safety and welfare of Minors and the entire community.

(d) Imposing both criminal and financial liability on Responsible Persons permitting a Party constituting a public nuisance, including those which allow for the unlawful consumption of Alcoholic Beverages, Cannabis or Controlled Substances by Minors, constitutes a reasonable and effective means to prevent these events and protect the health, safety and welfare of the public.

Sec. 17-217. Definitions.

For purposes of this Article, the following definitions shall apply:

Alcoholic Beverage means a liquid as defined in California Business and Professions Code § 23004, from whatever source or by whatever process produced, including when diluted, mixed, or combined with other substances.

Cannabis means a substance as defined in California Business and Professions Code § 26001(f), either alone or when mixed or combined with any other substance.

Controlled Substances means all narcotics or drugs, the possession or use of which is illegal under the laws of the State of California as defined under the Penal Code, Health and Safety Code, and all other related statutes.

Cost of Law Enforcement Services means the salaries and benefits of police officers, fire fighters or other City personnel for the amount of time actually spent in responding to, or in remaining at, an event subject to this Article; the City administrative costs directly attributable to the event subject to this Article; the actual cost of any medical treatment provided to City personnel injured during any event subject to this Article; and the actual cost of repairing any City equipment or property damaged or lost as a result of an event subject to this Article.

Law Enforcement Services means the dispatch to or presence at a Party

subject to this Article of any number of law enforcement officials and related City personnel.

Minor means any person under twenty-one (21) years of age.

Parent or Guardian means a person who is a biological parent, adoptive parent, step-parent, foster parent or a Guardian appointed by Court Order, of a Minor.

Party means a gathering of persons who have assembled for a social purpose or event where an Alcoholic Beverage, Cannabis or Controlled Substance is furnished, consumed, sold, or possessed.

Responsible Person means (1) the person or entity, other than a public agency, who owns, rents, leases, or otherwise has control of the premises where a Party takes place; (2) the person(s) who organized or otherwise makes the premises available for the Party; or (3) a person who is the Parent or Guardian of a Minor in attendance at the Party.

Sec. 17-218. Law Enforcement Services at Parties requiring a second or subsequent response.

When a Party occurs at any location, and a law enforcement official determines that there is a threat to the public peace, health, safety or general welfare as a result of such activity, after issuance of a written warning, the Responsible Person shall be liable for the Cost of Law Enforcement Services during any subsequent response to the same Party.

Sec. 17-219. Consumption of Alcoholic Beverages by Minor.

(a) Except as permitted by state or federal law, no Minor shall consume in any place any Alcoholic Beverage.

(b) A violation of this section shall constitute a misdemeanor punishable

by a fine of one thousand dollars (\$1,000) or by imprisonment for a period of not to exceed six (6) months, or by both fine and imprisonment.

Sec. 17-220. Serving Alcoholic Beverages, Cannabis or Controlled Substances to Minors at Parties.

(a) It is the duty of any Responsible Person to take all reasonable steps to prevent the unlawful consumption of Alcoholic Beverages, Cannabis or Controlled Substances by a Minor at a Party. Reasonable steps include, but are not limited to, controlling access to a Party where such substances are furnished; controlling access to Alcoholic Beverages, Cannabis and Controlled Substances at the location of the Party; controlling the quantity of Alcoholic Beverages, Cannabis or Controlled Substances present at the location of the Party; verifying the age of all persons in attendance at the Party by inspecting drivers' licenses or other government-issued identification cards; and supervising the activities of Minors in attendance at the Party.

(b) A Responsible Person shall not permit, allow, or host a Party where a Minor unlawfully consumes an Alcoholic Beverage, Cannabis or Controlled Substance whenever that Responsible Person knows or reasonably should have known that a Minor consumed or had access to such substances had the person taken all reasonable steps to prevent that consumption as set forth in subsection (a) of this section.

(c) Whenever a Responsible Person is present at the premises at the time the Party takes place, where a Minor unlawfully obtains, possesses, or consumes any Alcoholic Beverage, Cannabis or Controlled Substance, it shall be prima facie evidence that such person had actual knowledge or should have had the knowledge, that the Minor obtained, possessed, or consumed such substance in violation of this Article.

(d) A violation of this section shall constitute a misdemeanor punishable

by fine of one thousand dollars (\$1,000.00) or by imprisonment for a period of not to exceed six (6) months, or by both fine and imprisonment.

Sec. 17-221. Recovery of Cost of Law Enforcement Services.

(a) The recovery of the Cost of Law Enforcement Services allowed for in this Article shall be in addition to all other applicable administrative, civil or criminal fines and penalties which may be assessed against the Responsible Person pursuant to state and local law and shall include reasonable attorney fees and costs.

(b) This Article shall not limit the right of the City to seek reimbursement for the Costs of Law Enforcement Services and any other related costs, expenses or damages suffered as the result of a Party, through other legal remedies or procedures.

(c) If the Responsible Person is under eighteen (18) years of age at the time of the Party, the Parent or Guardian of that person will be jointly and severally liable to the City for the Cost of Law Enforcement Services provided for in this Article.

Sec. 17-222. Reservation of legal options.

The procedure provided for in this Article is in addition to any other statute, ordinance or law, civil or criminal. This Article in no way limits the statutory authority of peace officers or private citizens to make arrests for any criminal offense arising out of conduct regulated herein.

Sec. 17-223. Local authority.

This Article, or any provision herein, shall not apply where prohibited or preempted by state or federal law.

Sec. 17-224. Reserved.

Sec. 17-225. Reserved.

SECTION 3. That Section 33-1117, Article 57 of the Escondido Zoning Code is repealed and replaced as follows:

Sec. 33-1117. Commercial and Medical Cannabis Uses.

(a) Definitions.

(1) For the purposes of this Article, unless the context clearly requires otherwise, the definitions found in the Medicinal and Adult Use Cannabis Regulation and Safety Act codified at California Business and Professions Code Section 26000 et seq. shall control.

(b) Uses and Activities Prohibited.

(1) All cannabis activities and uses are expressly prohibited in all zones in the City other than as provided in Section 33-1117(c). No use permit, variance, building permit, or any other entitlement, license, or permit, whether administrative or discretionary, shall be approved or issued for the establishment or operation of cannabis related activities or uses in the City of Escondido, and no person or entity shall otherwise establish or conduct such activities in the City.

(c) Exemptions.

(1) Personal Use. Nothing in this Article shall prohibit the personal use of cannabis as specifically provided in California Health and Safety Code §11362.1 at a personal residence, provided that the activity or use is wholly contained within the residence and not visible to the public.

(2) Transportation. Nothing in this Article shall prevent a duly licensed cannabis business that is in compliance with the Medicinal and Adult Use Cannabis Regulation and Safety Act from transporting cannabis or cannabis products on public roads through the City to another destination outside the City limits. No commercial or

medical cannabis business may deliver any product to any residence, office, commercial or any other place in the City limits.

SECTION 4. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 5. That as of the effective date of this Ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 6. No offense committed and no liability, penalty or forfeiture, either civilly or criminally incurred prior to the time when any such ordinance or part thereof shall be repealed or altered by the adoption of this Ordinance, shall be discharged or affected by such repeal or alteration; but prosecutions and suits for such offenses, liabilities, penalties or forfeitures shall be instituted and proceeded within all respects as if such prior ordinance or part thereof had not been repealed or altered.

SECTION 7. That the City Clerk is hereby directed to certify to the passage of this Ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the County and circulated in the City of Escondido.

EXHIBIT "A"

FACTORS TO BE CONSIDERED / FINDINGS OF FACT

Zoning Code and Municipal Code Amendment(s) Determinations:

1. It has been determined that amendments to the Zoning Code and Municipal Code are warranted in order to better serve the community.

2. The public health, safety, and welfare would not be adversely affected by the proposed Zoning Code Amendment because prohibition of commercial cannabis ("marijuana") activity is necessary to prevent adverse direct and secondary effects to individuals, while at the same time the proposed Zoning Code Amendment protects individual rights to use marijuana within private residents as authorized by Proposition 64.

The public health, safety, and welfare would not be adversely affected by the proposed Municipal Code Amendment because the proposed change helps strengthen the City of Escondido "Social Host Ordinance" to include marijuana-related activities, which assigns responsibility to those who knew a party was occurring on their property.

The proposed Zoning Code and Municipal Code Amendments would also help prevent larger community-related effects associated with marijuana-related activities, such as increases in property and violent crimes, increases in marijuana-related traffic incidences, increases in youth marijuana use, preventing the blighting and degradation of neighborhoods in the vicinity of commercial marijuana activities.

3. The proposed Zoning Code and Municipal Code Amendments would be consistent with the goals and policies of the General Plan because it advances a number of health, safety, and welfare related objectives. The City of Escondido currently prohibits all commercial marijuana activity under the City's Zoning Ordinance as a non-permitted use and a non-permitted business under its licensing ordinance. The City's Zoning Code is a permissive Zoning Code, whereby only those land uses expressly contained in a list of uses authorized in a zoning classification is permitted, and all other uses are thereby prohibited. The City's Zoning Code does not expressly list marijuana-related uses or marijuana-related businesses among the permitted uses, and therefore, such uses always have been and continue to be prohibited in the City. The City has uniformly interpreted the Zoning Code as a permissive Zoning Code and has relied upon this determination to consistently prohibit marijuana-related uses or marijuana-related businesses. The City's licensing ordinance prohibits any business, operation, or use that can't be conducted or carried out without being in violation of State or Federal law. The Federal Controlled Substances Act, 21 U.S.C. Section 801 et. seq., makes it unlawful to manufacture, distribute, or possess marijuana. The proposed Zoning Code Amendment helps preserve local control over this issue and prevent the State from issuing licenses for commercial marijuana activities and marijuana businesses to operate in the City of Escondido. By not expanding allowed uses and activities to any level beyond the state-mandated uses and activities, the City maintains a position of maximum compliance with Federal law, while also meeting the State law.

4. The proposed Zoning Code amendment does not conflict with any specific plan.

CITY COUNCIL STAFF REPORT

Current Business Item No. 17

February 14, 2018

File No. 1020-71

SUBJECT: Grand Avenue Vision Plan and Smart Growth Incentive Program Applications

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is requested that the City Council approve the Grand Avenue Vision Plan and adopt Resolution No. 2018-21 authorizing the Director of Engineering Services or her designee to complete applications to SANDAG for the Smart Growth Incentive Program. If awarded, it is requested that the Engineering Services Director be authorized to accept the grant funds, to complete grant documents on behalf of the City, and process necessary budget adjustments.

FISCAL ANALYSIS:

The estimated cost to implement the Grand Avenue Vision Plan between Escondido and Juniper is \$15-Million. Staff recommends applying for two grants, each for the maximum grant amount of \$2.5-Million, to fund the first two phases of construction. This action will not impact the General Fund Budget as there are no matching fund requirements.

BACKGROUND:

The City Council's input and approval for the Grand Avenue Vision Plan is requested. The concept plan provided as Attachment 1 was developed through a public process that included multiple stakeholders, including downtown merchants, property owners, residents and technical professionals.

The community's desire to develop a new vision for Grand Avenue was brought to the attention of the City Council in August of 2015. Merchants and property owners expressed an interest in incorporating diagonal parking and improving the ambiance for patrons of downtown businesses. Given the significance of Escondido's historic downtown, it was recognized that if changes are desired to the streetscape, they should be thoughtful, well-vetted by the public, consider aesthetic appeal and properly balance the needs of all users. The City Council directed staff to work toward applying for a Smart Growth Incentive Program grant during the next available SANDAG grant cycle (2018).

PUBLIC VISIONING PROCESS:

In August of 2017 a committee of downtown merchants, property owners, residents and technical professionals were invited to provide input on a vision for Grand Avenue. Discussions were facilitated by David Sorenson, a transportation engineer with experience leading visioning exercises, from

Kimley-Horn and Associates. Stakeholders expressed a desire to improve the economic vitality of Grand Avenue by creating a pedestrian-friendly and aesthetically appealing streetscape with convenient parking and access. Comments from this committee were used to develop concept plans for consideration by the public that narrow Grand Avenue to one lane in each direction and use the excess width to create wider sidewalks and diagonal parking.

A CAFÉ meeting was held on October 12, 2017, to invite the community's input on the concept plans. More than 80 members of the public attended and there was strong support for a narrower roadway, wider sidewalks, outdoor dining areas, enhanced lighting, and diagonal parking.

A third meeting was held on January 11, 2018, with the stakeholder committee to discuss the comments received at the CAFÉ meeting, and to select and further refine the concept plan. The committee voted overwhelmingly to support the concept of diagonal parking on one side of the street, parallel parking the opposite side of the street, and sidewalk widening on both sides of the street. The concept of a round-about at Broadway and Grand, with smaller round-about at Kalmia and Maple, was also highly favored by the committee. The concept plan that incorporates the final recommendations by the stakeholder committee is included as Attachment 1.

SMART GROWTH INCENTIVE PROGRAM:

The *TransNet* Smart Growth Incentive Program (SGIP) funds transportation-related infrastructure improvements and planning efforts that support smart growth development. The goal of the *TransNet* SGIP is to fund comprehensive public infrastructure projects and planning activities that will facilitate compact, mixed use development focused around public transit, and that will increase housing and transportation choices. The projects funded under this program will serve as models for how modest investments in infrastructure and planning can make smart growth an asset to communities around the region and should help attract private developers to build projects that, with the support of the *TransNet*-funded projects, create great places in the San Diego region.

Grant applications are due to SANDAG on March 15, 2018. SANDAG anticipates selecting projects in Summer 2018 and executing grant agreements by the end of the year. It is expected that environmental review and design will require twelve to eighteen months to complete. If selected, improvements to Grand Avenue could begin as soon as mid-2020.

COMMUNITY SUPPORT:

The application has both broad, and specific, support from the community. In addition to the overwhelming support expressed during the outreach process, the Downtown Business Association is donating funds toward design and materials to make interim improvements to replace median landscaping. The support behind these temporary improvements demonstrates the high priority the community places on improvements to Escondido's downtown.

In addition, at the westerly reach of the proposed project area, the Escondido Charitable Foundation, a local philanthropic organization with over 135 members, will fully fund the construction of a welcoming structure. The plan is for the structure to span the intersection of Grand Avenue and Centre City Parkway, marking the entrance to the historic downtown center. An anonymous member of the Foundation has donated \$1,000,000 to complete the work. In addition to this generous donation, the Foundation has designated "The Enhancement of Escondido" as its target topic for the 2018-2019 grant program. The goal of the defined target for giving is intended to improve the appearance, stature and image of the community.

CONCLUSIONS:

Staff requests the City Council provide direction on the concept plan and requests authorization to apply for two Smart Growth Incentive Program grants to complete environmental review, design and construction of the first two phases of the Grand Avenue Vision Plan.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Owen Tunnell, Assistant City Engineer
On behalf of *Julie Procopio*, Director of Engineering Services
2/8/2018 9:09 a.m.

ATTACHMENTS:

1. Attachment 1 – Concept Plan and Public Outreach
2. Resolution No. 2018-21
3. Resolution No. 2018-21 – Exhibit A – SANDAG Grant Agreement Template

Figure 1: Grand Avenue Street Scene Concept Plan



Figure 2: Cross Section

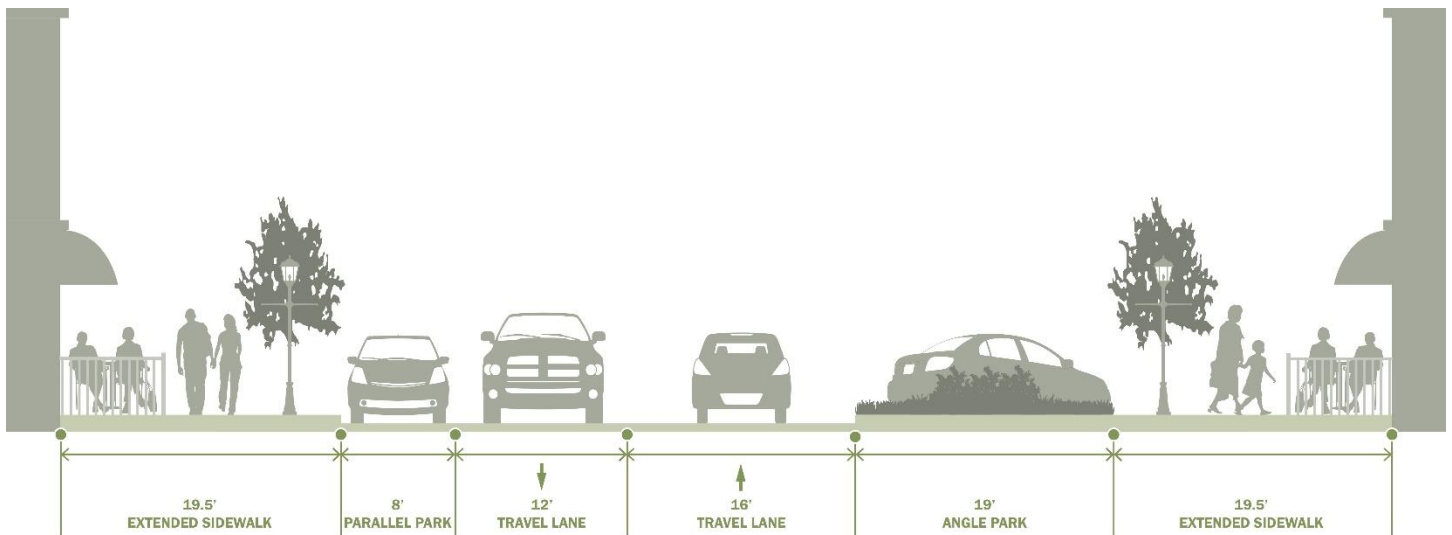


Figure 3: Idea Boards

BRANDING - Things to Consider



Grand Avenue
Community Cafe
ESCONDIDO
City of Choice

DESIGN - *Things to Consider*



Community Cafe

Grand Avenue



Figure 4: Meeting Photos – First Committee Meeting





CAFÉ Community Meeting

RESOLUTION NO. 2018-21

AUTHORIZING THE FILING OF AN
APPLICATION FOR TRANSNET GRANT
FUNDS FROM THE SAN DIEGO
ASSOCIATION OF GOVERNMENTS AND
ACCEPTING THE TERMS OF THE GRANT
AGREEMENT

WHEREAS, \$27 million of *TransNet* funding for Smart Growth Incentive Program (SGIP) projects is available to local jurisdictions and the County of San Diego from Fiscal Years 2017-2019, and up to \$1 million of the SGIP funding is available for the preparation of Climate Action Plans (CAPs) and Complete Streets (CS) Policies; and

WHEREAS, \$3.6 million of *TransNet* and Transportation Development Act (TDA) funding for Active Transportation Grant Program (ATGP) projects is available to local jurisdictions and the County of San Diego from Fiscal Years 2017-2019; and

WHEREAS, the City of Escondido wishes to receive grant funding from SANDAG;
and

WHEREAS, the City of Escondido understands that in order to be eligible to receive grant funds for SGIP and ATGP projects, jurisdictions must have an adopted CAP and CS Policy (or the equivalent) in place before grant funds will be disbursed; and

WHEREAS, the City of Escondido certifies that it adopted a CAP in a public meeting on December 4, 2013, that includes measures to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020 and achieves further reductions beyond 2020 consistent with adopted regional or local GHG emissions reduction targets and

WHEREAS, the City of Escondido certifies that it adopted a CS Policy or the equivalent (such as policies in the General Plan or other documents adopted by the local jurisdiction) in a public meeting on May 23, 2012, that is consistent with the California Complete Streets Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California that the City of Escondido is authorized to submit the following grant application(s) to SANDAG.

Grant Program	Project Name	Total Project Cost (Grant Request + Matching Funds)	Grant Request	Matching Funds
SGIP Capital	Grand Avenue Complete Streets Improvement Project, Phase 1	\$2,500,000.00	\$2,500,000.00	\$0.00
SGIP Capital	Grand Avenue Complete Streets Improvement Project, Phase 2	\$2,500,000.00	\$2,500,000.00	\$0.00

BE IT FURTHER RESOLVED that, if a grant award is made by SANDAG to fund these projects, City of Escondido commits to providing the total match amounts identified per project.

1. BE IT FURTHER RESOLVED that, if a grant award is made by SANDAG, City of Escondido authorizes staff to accept the grant funds, execute the grant

agreement(s) with no exceptions in substantially the same form as attached as Exhibit "A," which is incorporated by this reference, and complete the Project(s).

GRANT AGREEMENT TEMPLATE *for Information Only*

SELECT APPLICABLE PROGRAM:

***TransNet SMART GROWTH INCENTIVE PROGRAM – CAPITAL / PLANNING
OR TransNet SMART GROWTH INCENTIVE PROGRAM – CLIMATE ACTION PLAN
OR TransNet SMART GROWTH INCENTIVE PROGRAM – COMPLETE STREETS POLICY
OR TransNet ACTIVE TRANSPORTATION GRANT PROGRAM – CAPITAL / NON-CAPITAL***

FOURTH FUNDING CYCLE

**GRANT AGREEMENT AGREEMENT NUMBER BETWEEN
THE SAN DIEGO ASSOCIATION OF GOVERNMENTS AND
INSERT JURISDICTION NAME
REGARDING INSERT FULL PROJECT TITLE**

THIS GRANT AGREEMENT Agreement Number (Agreement) is made this Day day of Month, 2018, by and between the San Diego Association of Governments, 401 B Street, Suite 800, San Diego, California, hereinafter referred to as SANDAG, and the Grant Recipient and Address, hereinafter referred to as Grantee. SANDAG and Grantee are hereinafter collectively referred to as the Parties. This agreement expires on Month Day, Year.

Note to Grant Recipient: This Agreement Template covers provisions for the Smart Growth Incentive Program (SGIP) – Capital and Planning; SGIP – Climate Action Plan (CAP); SGIP – Complete Streets Policy; and Active Transportation Grant Program (ATGP) – Capital and Non-Capital grant programs. Prior to contract execution, the Grant Agreement will be tailored to reflect the applicable grant program.

The following recitals are a substantive part of this Agreement:

Smart Growth Incentive Program, SGIP-Climate Action Plan Grant Program, and SGIP-Complete Streets Policy Grant Program Recitals:

- A.** The SANDAG Board of Directors allocates funds under the *TransNet* local sales tax program to support local transportation-related infrastructure projects in the San Diego region through a competitive process.
- B.** The *TransNet* Extension Ordinance contains provisions to fund the Smart Growth Incentive Program (SGIP) for which funding began on April 1, 2008. The SGIP encompasses projects that better integrate transportation and land use and recognizes the comprehensive effort to integrate smart growth place making, access to transit, and environmental justice.
- C.** In January 2010, the SANDAG Board of Directors approved Board Policy No. 035: Competitive Grant Program Procedures, which is included as Attachment B. This Grant Award, Agreement and the Grantee's performance thereunder are subject to Board Policy No. 35, which includes multiple "use it or lose it" provisions.
- D.** On December 15, 2017, SANDAG issued a call for projects from local jurisdictions in San Diego County wishing to apply for a portion of the *TransNet* SGIP funds for use on capital improvement and planning projects meeting certain criteria, and authorizing up to \$1 million

from the SGIP to be used for the development of climate action plans and complete streets policies through two new subprograms.

- E.** On **Month, Day, Year**, the SANDAG Board of Directors approved a list of recommended SGIP, SGIP-Climate Action Plan, or SGIP-Complete Streets projects for the fourth competitive grant cycle, and one of those projects is the subject of this Agreement. The Scope of Work, Project Schedule, and Approved Project Budget are included as Attachment A.
- F.** Grantee's Project is funded with **dollar amount** in *TransNet* SGIP funds and is included in the Regional Transportation Improvement Plan (RTIP). The *TransNet* MPO ID for the Project is **ID number**.
- G.** The purpose of this Agreement is to establish the terms and conditions for SANDAG to provide Grantee with funding to implement the Project.
- H.** Although SANDAG will be providing financial assistance to Grantee to support the Project, SANDAG will not take an active role or retain substantial control of the Project. Therefore, this Agreement is characterized as a funding agreement rather than a cooperative agreement.
- I.** Grantee understands that *TransNet* funds derive from retail transactions and use tax revenues which fluctuate. The SANDAG funding commitment to SGIP Projects, including this Project, is subject to these fluctuations, which may impact funding availability for this Project.

Active Transportation Grant Program Recitals:

- A.** The SANDAG Board of Directors allocates funds under the *TransNet* local sales tax program and the Transportation Development Act (TDA) to support local bicycle and pedestrian transportation projects in the San Diego region through a competitive process.
- B.** The *TransNet* Extension Ordinance contains provisions to fund the Bicycle, Pedestrian, and Neighborhood Safety Program (BPNSP) for which funding began on July 1, 2008. The BPNSP encompasses bicycle and pedestrian travel projects and recognizes the comprehensive effort to integrate smart growth place making, access to transit and environmental justice.
- C.** Article 3 of the TDA provides funding for Bicycle and Pedestrian Facilities and Programs.
- D.** Together the *TransNet* BPNSP and TDA Article 3 funding are commonly referred to as the SANDAG *TransNet* Active Transportation Grant Program (ATGP).
- E.** In January 2010, the SANDAG Board of Directors approved Board Policy No. 035: Competitive Grant Program Procedures, which is included as Attachment B. This Grant Award, Agreement and the Grantee's performance thereunder are subject to Board Policy No. 035, which includes multiple "use it or lose it" provisions.
- F.** On December 15, 2017, SANDAG issued a call for projects from local jurisdictions in San Diego County wishing to apply for SANDAG ATGP funds for use on capital improvement and planning projects meeting certain criteria.
- G.** On **Month, Day, Year**, the SANDAG Board of Directors approved a list of recommended ATGP projects for the fourth competitive grant cycle, and one of those projects is the subject of this

Agreement. The Scope of Work, Project Schedule, and Approved Project Budget are included as Attachment A.

- H. The SANDAG Board of Directors approved programming of approximately \$3.6 million in TDA funds on **Month, Day, Year**, by Resolution Number **Resolution Number**.
- I. Grantee's Project is funded with **dollar amount** in ATGP funds, which includes **dollar amount** in *TransNet* BPNSP funds and is included in the Regional Transportation Improvement Plan (RTIP), and **dollar amount** in TDA funds. The *TransNet* MPO ID for the Project is **ID number** and the TDA Claim Number is **ID number**.
- J. The purpose of this Agreement is to establish the terms and conditions for SANDAG to provide Grantee with funding to implement the Project.
- K. Although SANDAG will be providing financial assistance to Grantee to support the Project, SANDAG will not take an active role or retain substantial control of the Project. Therefore, this Agreement is characterized as a funding agreement rather than a cooperative agreement.
- L. Grantee understands that *TransNet* funds derive from retail transactions and use tax revenues which fluctuate. SANDAG's funding commitment to ATGP Projects, including this Project, is subject to these fluctuations, which may impact funding availability for this Project.

I. GRANT AWARD

- A. The total amount payable to Grantee pursuant to this Agreement by SANDAG shall be the proportion of actual Project costs allocated to grant funding in the Approved Project Budget and shall not exceed the grant award of **dollar amount**.
- B. It is agreed and understood that this Agreement fund limit is a ceiling and that SANDAG will only reimburse the allowable cost of services actually rendered as authorized by SANDAG at or below that fund limitation established herein.

II. APPROVED PROJECT BUDGET

Except to the extent that SANDAG determines otherwise in writing, the Grantee agrees as follows: The Grantee and SANDAG have agreed to a Project budget that is designated the "Approved Project Budget." The Grantee and/or third-party contractor(s) will incur obligations and make disbursements of Project funds only as authorized by the Approved Project Budget. An amendment to the Approved Project Budget requires the issuance of a formal amendment to the Agreement per Board Policy No. 035, unless the re-allocation of funds among budget items or fiscal years does not increase the total amount of the funding awarded for the Project, does not negatively impact the benefits obtained from the Project, and is consistent with applicable laws, regulations, and policies. Prior written SANDAG Project Manager approval is required for transfers of funds between approved project budget line items.

III. MATCHING FUNDS

Grantee agrees to provide matching funds in an amount of **dollar amount** percent of the actual cost of the Project, estimated to be **dollar amount** based on the Approved Project Budget. If the actual cost of the Project exceeds the Project budget, Grantee is responsible for 100 percent of the actual cost greater than the budgeted cost.

A. Availability of Grant Funding

Except where expressly allowed in writing herein, reimbursement of credits for local matching funds will be made or allowed only for work performed on and after the Notice to Proceed date and prior to the termination date of this Agreement, unless expressly permitted by SANDAG, in writing.

B. Reduction of Matching Funds

The Grantee agrees that no refund of, or reduction in, the amount of matching funds may be made unless a reduction of the proportional share of the grant funding provided under this Agreement also is made to SANDAG.

C. Prompt Payment of Matching Funds

The Grantee agrees to complete all proceedings necessary to provide its share of the Project costs at or before the time the matching funds are needed for Project costs. The Grantee agrees to provide not less than its required match amount of Project costs on a proportional basis as Project costs are incurred and coinciding with usual invoicing. Each of Grantee's invoices must include its proportional matching fund contribution, along with supporting, descriptive and/or explanatory documentation for the matching funds provided such that the Grantee maintains a cumulative match percentage no less than the required match percentage as specified above.

IV. PROJECT MANAGERS

Grantee's Project Manager is **Project Manager**.

The SANDAG Project Manager is Tracy Ferchaw.

Project manager continuity and experience is deemed essential in Grantee's ability to carry out the project in accordance with the terms of this Agreement. Grantee shall not change the project manager without first providing written notice to SANDAG.

V. NOTICE

All notices required to be given, by either party to the other, shall be deemed fully given when made in writing and received by the parties at their respective addresses:

San Diego Association of Governments
Attention: Tracy Ferchaw
401 B Street, Suite 800
San Diego, CA 92101

Grantee:
Jurisdiction Name
Attention: **Project Manager**
Address
City, CA, ZIP

VI. PROJECT IMPLEMENTATION

A. General

The Grantee agrees to carry out the Project as follows:

1. **Project Description.** Grantee agrees to perform the work as described in the Scope of Work included as Attachment A.
2. **Effective Date.** The effective date of this Agreement or any amendment hereto is the date on which this Agreement or an amendment is fully executed. The Grantee agrees to undertake Project work promptly after receiving a Notice to Proceed from SANDAG.
3. **Grantee's Capacity.** The Grantee agrees to maintain or acquire sufficient legal, financial, technical, and managerial capacity to: (a) plan, manage, and complete the Project as described in Attachment A and provide for the use of any Project property; (b) carry out the safety and security aspects of the Project; and (c) comply with the terms of the Agreement and all applicable laws, regulations, and policies pertaining to the Project and the Grantee, including but not limited to the *TransNet* Extension Ordinance and Board Policy No. 035.
4. **Project Schedule.** The Grantee agrees to complete the Project according to the Project Schedule included in Attachment A and in compliance with Board Policy No. 035, as amended, and included as Attachment B.
5. **Project Implementation and Oversight.** Grantee agrees to comply with the Project Implementation and Oversight Requirements, included as Attachment C, and Board Policy No. 035, as amended.
6. **Changes to Project's Scope of Work.** This Agreement was awarded to Grantee based on the application submitted by Grantee with the intention that the awarded funds would be used to implement the Project as described in the Scope of Work (included in Attachment A). Any substantive deviation from Grantee's Scope of Work during project implementation may require reevaluation or result in loss of funding. If Grantee knows or should have known that substantive changes to the Project will occur or have occurred, Grantee will immediately notify SANDAG in writing. SANDAG will then determine whether the Project is still consistent with the overall objectives of the grant program and whether the changes would have negatively affected the Project ranking during the competitive grant evaluation process. SANDAG reserves the right to have grant funding withheld from Grantee, or refunded to SANDAG, due to Grantee's failure to satisfactorily complete the Project or due to substantive changes to the Project.
7. **Media and Community Outreach Coordination.** The Grantee agrees to notify and/or assist SANDAG of/with any media and community outreach efforts, including presentations to community groups, other agencies, and elected officials and/or community events related to the Project, such as ground breaking and ribbon cutting activities. Press materials shall be provided to SANDAG staff for review before they are distributed. SANDAG logo(s) should be included in press materials and other project collateral based on SANDAG logo usage guidelines provided by SANDAG, but may never be included in such documents without advance approval from SANDAG.

As part of the quarterly reports submitted to SANDAG, the Grantee agrees to provide project milestone information to support media outreach and communications efforts. This includes project photos taken throughout the project at program events or as part of project tasks. The photos should be high resolution (at least 4 inches by 6 inches with a minimum of 300 pixels per inch) and contain captions with project descriptions, dates, locations, and the names of those featured, if appropriate. SANDAG reserves the right to use the information provided by the Grantee for any combination of the following, including but not limited to: social media posts, online photo albums, videos, press releases, PowerPoint presentations, web updates, newsletters, and testimonials. In submitting photos to SANDAG, the Grantee agrees that the photos have been obtained with the consent of all persons featured in the photo (or that of a parent or guardian of persons under the age of 18) using the SANDAG Photo and Testimonial Release form to be provided by SANDAG, or a similar release form developed by Grantee and agreed upon by SANDAG, and to release the rights of the photos to SANDAG for its use.

8. Project Signage and Designation of *TransNet* Funded Facilities. Each capital project of \$250,000 or more funded in whole or in part by revenues from the *TransNet* Extension Ordinance shall be clearly designated during its construction or implementation as being provided by revenues from the *TransNet* Extension Ordinance.

Grantee agrees to follow the project signage specifications and to install appropriately sized signs in the quantity called for by the *TransNet* Signage Guide (provided by SANDAG). Grantee agrees to follow sign specifications and submit proof files to SANDAG for approval before production.

9. Baseline Data Collection. For capital projects, Grantee is required to coordinate with SANDAG staff on the development of a baseline data collection plan in accordance with the Project Implementation and Oversight Requirements.

B. Application of Laws

Should a federal or state law pre-empt a local law, regulation, or the *TransNet* Extension Ordinance, the Grantee must comply with the federal or state law and implementing regulations. No provision of this Agreement requires the Grantee to observe or enforce compliance with any provision, perform any other act, or do any other task in contravention of federal, state, territorial, or local law, regulation, or ordinance. If compliance with any provision of this Agreement violates or would require the Grantee to violate any law, the Grantee agrees to notify SANDAG immediately in writing. Should this occur, SANDAG and the Grantee agree that they will make appropriate arrangements to proceed with or, if necessary, terminate the Project or affected portions thereof expeditiously.

C. Changes in Project Performance

The Grantee agrees to notify SANDAG immediately, in writing, of any change in local law, conditions (including its legal, financial, or technical capacity), or any other event that may adversely affect the Grantee's ability to perform the Project in accordance with the terms of the Agreement and as required by Board Policy No. 035. The Grantee also agrees to notify SANDAG immediately, in writing, of any current or prospective major dispute, breach, default, or litigation that may adversely affect SANDAG's interests in the Project; and agrees to inform

SANDAG, also in writing, before naming SANDAG as a party to litigation for any reason, in any forum. At a minimum, the Grantee agrees to send each notice to SANDAG required by this subsection to SANDAG's Office of General Counsel.

D. Notice Regarding Prevailing Wages

This Project is funded in whole or in part by *TransNet* revenues consistent with the *TransNet* Extension Ordinance adopted by the voters in November 2004 (SANDAG Ordinance 04-01). Although SANDAG Ordinance 04-01 does not require payment of prevailing wages, California law may require that Grantee's public works projects pay prevailing wages for workers. Grantee acknowledges that SANDAG has strongly encouraged Grantee to seek legal counsel regarding whether the Project will be subject to prevailing wage laws consistent with Labor Code Section 1720, *et seq.* This Agreement requires Grantee's compliance with all federal, state, and local laws and ordinances as applicable.

E. Standard of Care

Grantee expressly warrants that the work to be performed pursuant to this Agreement shall be performed in accordance with the applicable standard of care. Where approval by SANDAG, its Executive Director, or other representative of SANDAG is indicated in the Scope of Work, it is understood to be conceptual approval only and does not relieve the Grantee of responsibility for complying with all laws, codes, industry standards, and liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of the Grantee or its subgrantees.

F. Third-Party Contracting

Although the Grantee may delegate any or almost all Project responsibilities to one or more third-party contractors, the Grantee agrees that it, rather than any third-party contractor, is ultimately responsible for compliance with all applicable laws, regulations, and this Agreement.

1. **Competitive Procurement.** Grantee shall not award contracts over \$3,000 on the basis of a noncompetitive procurement for work to be performed under this Agreement without the prior written approval of SANDAG. Contracts awarded by Grantee, if intended as local match credit, must meet the requirements set forth in this Agreement regarding local match funds.

If Grantee hires a third-party contractor to carry out work funded under this Agreement, Grantee shall: prepare an Independent Cost Estimate prior to soliciting proposals/bids; publicly advertise for competing proposals/bids for the work; for professional services, use cost as an evaluation factor in selecting the third-party contractor and for construction services, award the work to the lowest responsive and responsible bidder; document a Record of Negotiation establishing that the amount paid by Grantee for the work is fair and reasonable; and pass through the relevant obligations in this Agreement to the contractor.

2. **Debarment.** Grantee shall execute and cause their third-party contractors to execute debarment and suspension certificates stating they have not been disqualified from doing business with government entities.

3. **Flowdown.** Grantee agrees to take appropriate measures necessary, including the execution of a subagreement, lease, third-party contract, or other, to ensure that all Project participants, including alternate payees or third-party contractors at any tier, comply with all applicable federal laws, regulations, policies affecting Project implementation and Agreement requirements. In addition, if an entity other than the Grantee is expected to fulfill any responsibilities typically performed by the Grantee, the Grantee agrees to assure that the entity carries out the Grantee's responsibilities as set forth in this Agreement.
4. **No SANDAG Obligations to Third-Parties.** In connection with the Project, the Grantee agrees that SANDAG shall not be subject to any obligations or liabilities to any subgrantee, lessee, third-party contractor at any tier or other person or entity that is not a party to the Agreement for the Project. Notwithstanding that SANDAG may have concurred in or approved any solicitation, subagreement, lease, alternate payee designation, or third-party contract at any tier, SANDAG has no obligations or liabilities to any entity other than the Grantee.
5. **Equipment Purchases.** Grantee shall maintain ownership of any equipment purchased using Agreement funding and shall use such the equipment only for the purposes set forth in this Agreement. The parties agree to meet and confer in good faith to ensure the continued use of the equipment for the purposes intended, which may include reimbursement to SANDAG when the fair market value of the equipment at Project completion exceeds \$5,000.

SANDAG and Grantee agree that Grantee shall keep an inventory record for each piece of equipment purchased under this Agreement and maintain each piece of equipment in good operating order consistent with the purposes for which they were intended. SANDAG shall have the right to conduct periodic maintenance inspections for the purpose of confirming the existence, condition, and proper maintenance of the equipment.

VII. ETHICS

A. Grantee Code of Conduct/Standards of Conduct

The Grantee agrees to maintain a written code of conduct or standards of conduct that shall govern the actions of its officers, employees, council or board members, or agents engaged in the award or administration of subagreements, leases, or third-party contracts supported with grant funding. The Grantee agrees that its code of conduct or standards of conduct shall specify that its officers, employees, council or board members, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from any present or potential subgrantee, lessee, or third-party contractor at any tier or agent thereof. The Grantee may set *de minimis* rules where the financial interest is not substantial, or the gift is an unsolicited item of nominal intrinsic value. The Grantee agrees that its code of conduct or standards of conduct shall also prohibit its officers, employees, board members, or agents from using their respective positions in a manner that presents a real or apparent personal or organizational conflict of interest or personal gain. As permitted by state or local law or regulations, the Grantee agrees that its code of conduct or standards of conduct shall include penalties,

sanctions, or other disciplinary actions for violations by its officers, employees, council or board members, or their agents, or its third-party contractors or subgrantees or their agents.

B. Personal Conflicts of Interest

The Grantee agrees that its code of conduct or standards of conduct shall prohibit the Grantee's employees, officers, council or board members, or agents from participating in the selection, award, or administration of any third-party contract or subagreement supported by grant funding if a real or apparent conflict of interest would be involved. Such a conflict would arise when an employee, officer, board member, or agent, including any member of his or her immediate family, partner, or organization that employs, or intends to employ, any of the parties listed herein has a financial interest in a firm competing for award.

C. Organizational Conflicts of Interest

The Grantee agrees that its code of conduct or standards of conduct shall include procedures for identifying and preventing real and apparent organizational conflicts of interest. An organizational conflict of interest exists when the nature of the work to be performed under a proposed third-party contract or subagreement may, without some restrictions on future activities, result in an unfair competitive advantage to the third-party contractor or subgrantee or impair its objectivity in performing the contract work.

D. SANDAG Code of Conduct

SANDAG has established policies concerning potential conflicts of interest. These policies apply to Grantee. For all awards by SANDAG, any practices which might result in unlawful activity are prohibited including, but not limited to, rebates, kickbacks, or other unlawful considerations. SANDAG staff members are specifically prohibited from participating in the selection process when those staff have a close personal relationship, family relationship, or past (within the last 12 months), present, or potential business or employment relationship with a person or business entity seeking a contract with SANDAG. It is unlawful for any contract to be made by SANDAG if any individual Board member or staff has a prohibited financial interest in the contract. Staff also are prohibited from soliciting or accepting gratuities from any organization seeking funding from SANDAG. SANDAG's officers, employees, agents, and board members shall not solicit or accept gifts, gratuities, favors, or anything of monetary value from consultants, potential consultants, or parties to subagreements. By signing this Agreement, Grantee affirms that it has no knowledge of an ethical violation by SANDAG staff or Grantee. If Grantee has any reason to believe a conflict of interest exists with regard to the Agreement or the Project, it should notify the SANDAG Office of General Counsel immediately.

E. Bonus or Commission

The Grantee affirms that it has not paid, and agrees not to pay, any bonus or commission to obtain approval of its grant funding application for the Project.

F. False or Fraudulent Statements or Claims

The Grantee acknowledges and agrees that by executing the Agreement for the Project, the Grantee certifies or affirms the truthfulness and accuracy of each statement it has made, it

makes, or it may make in connection with the Project, including, but not limited to, the Grantee's grant application, progress reports and invoices.

VIII. PAYMENTS

A. Method of Payment

The method of payment for this Agreement will be based upon actual allowable costs described herein.

B. Alternate Payee

If the Grantee designates a party as an Alternate Payee, Alternate Payee is authorized to submit payment requests directly to SANDAG to receive reimbursement for allowable Project costs. This does not alleviate Grantee from all obligations under this Grant Agreement.

C. Invoicing

Grantee or Alternate Payee is required to submit invoices quarterly. Invoices must be accompanied by a quarterly report (template to be provided by SANDAG). SANDAG will make payments for eligible amounts to Grantee or Alternate Payee as promptly as SANDAG fiscal procedures permit upon receipt of Grantee's or Alternate Payee's itemized signed invoice(s). SANDAG shall retain 10 percent from the amounts invoiced until satisfactory completion of work. SANDAG shall promptly pay retention amounts to Grantee or Alternate Payee following satisfactory completion of work, receipt of final invoice, and all required documentation.

D. Eligible Costs

The Grantee agrees that Project costs eligible for grant funding must comply with the following requirements, unless SANDAG determines otherwise in writing. To be eligible for reimbursement, Project costs must be:

1. Consistent with the Project Scope of Work, the Approved Project Budget, and other provisions of the Agreement.
2. Necessary in order to accomplish the Project.
3. Reasonable for the goods or services purchased.
4. Actual net costs to the Grantee (i.e., the price paid minus any refunds, rebates, or other items of value received by the Grantee that have the effect of reducing the cost actually incurred, excluding program income). Project generated revenue realized by the Grantee shall be used in support of the Project. Project generated revenue and expenditures, if any, shall be reported at the end of the Agreement period.
5. Incurred for work performed on or after the SANDAG Notice to Proceed date, and before the termination date, and also must have been paid for by the Grantee.
6. Satisfactorily documented with supporting documentation, which is to be submitted with each invoice.

7. Treated consistently in accordance with generally accepted accounting principles and procedures for the Grantee and any third-party contractors and subgrantees, (see Section entitled "Accounting Records").
8. Eligible for grant funding as part of the grant program through which the funds were awarded.
9. Indirect Costs are only allowable with prior SANDAG approval. Grantee must submit the following documentation as part of the grant application materials: (1) an indirect cost allocation audit approved by a qualified independent auditor or (2) the applicant's proposed method for allocating indirect costs in accordance with federal guidelines. Indirect cost allocation plans must be reviewed and renewed annually.

E. Excluded Costs

Certain costs associated with bike and pedestrian projects that do not directly benefit people walking and biking are ineligible. These ineligible expenses include, but are not limited to: curb, gutter, and other drainage improvements; newly installed driveway ramps; roadway shoulders, where roadway design standards require a roadway shoulder width at least as wide as would be required for a standard bike lane; and any required element under a different capital improvement project other than the Project. Expenses related to the replacement of existing infrastructure as a result of Project work may be eligible for reimbursement, but Grantee will be required to justify the necessary inclusion of such improvements prior to requesting reimbursement.

The Grantee understands and agrees that payment to the Grantee for any Project cost does not constitute SANDAG's final decision about whether that cost is allowable and eligible for payment under the Project and does not constitute a waiver of any violation by the Grantee of the terms of this Agreement or Board Policy No. 035. The Grantee acknowledges that SANDAG will not make a final determination about the allowability and eligibility of any cost until the final payment has been made on the Project or the results of an audit of the Project requested by SANDAG or its Independent Taxpayers' Oversight Committee (ITOC) has been completed, whichever occurs latest. If SANDAG determines that the Grantee is not entitled to receive any portion of the grant funding requested or paid, SANDAG will notify the Grantee in writing, stating its reasons. The Grantee agrees that Project closeout will not alter the Grantee's responsibility to return any funds due to SANDAG as a result of later refunds, corrections, performance deficiencies, or other similar actions; nor will Project closeout alter SANDAG's right to disallow costs and recover funds provided for the Project on the basis of a later audit or other review. Upon notification to the Grantee that specific amounts are owed to SANDAG, whether for excess payments of grant funding, disallowed costs, or funds recovered from third parties or elsewhere, the Grantee agrees to promptly remit to SANDAG the amounts owed, including applicable interest, penalties and administrative charges.

IX. ACCOUNTING, REPORTING, RECORD RETENTION, AND ACCESS

A. Project Accounts

The Grantee and/or Alternate Payee agree to establish and maintain for the Project either a separate set of accounts or separate accounts within the framework of an established accounting system that can be identified with the Project. The Grantee and/or Alternate

Payee also agree to maintain documentation of all checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents related in whole or in part to the Project so that they may be clearly identified, readily accessible, and available to SANDAG upon request and, to the extent feasible, kept separate from documents not related to the Project.

B. Reports

The Grantee agrees to submit to SANDAG all reports required by law and regulation, policy, this Agreement, and any other reports SANDAG may specify. SANDAG reserves the right to specify that records be submitted in particular formats.

C. Quarterly Reports

Grantee shall submit written quarterly reports to SANDAG detailing the progress of its work, expenditures incurred, and information regarding whether the Project is projected to be completed within the limits of the Approved Project Budget, Project Schedule, and consistent with Board Policy No. 035 and any policy amendments thereto. Grantee shall document the progress and results of work performed under this Agreement to the satisfaction of SANDAG. This includes progress and final reports, plans, specifications, estimates, and other evidence of attainment of the Agreement objectives, which are requested by SANDAG or ITOC. Grantee may be required to attend meetings of SANDAG staff and committees, including but not limited to ITOC, the Regional Planning Committee, the Transportation Committee, and the SANDAG Board of Directors, to report on its progress and respond to questions.

D. Record Retention

During the course of the Project and for three years thereafter from the date of transmission of the final expenditure report, the Grantee agrees to maintain, intact and readily accessible, all communications, data, documents, reports, records, contracts, and supporting materials relating to the Project, as SANDAG may require. All communications and information provided to SANDAG become the property of SANDAG and public records, as such, may be subject to public review. Please see SANDAG's Board Policy 015: Records Management Policy, which is available at www.sandag.org/legal, for information regarding the treatment of documents designated as confidential.

E. Access to Records of Grantees and Subgrantees

The Grantee agrees to permit, and require its subgrantees to permit, SANDAG or its authorized representatives, upon request, to inspect all Project work, materials, payrolls, and other data, and to audit the books, records, and accounts of the Grantee and its subgrantees pertaining to the Project.

F. Communities Served Data and Reporting

If requested, Grantee shall provide SANDAG with data regarding how the Project's benefits and burdens were equitably distributed among socio and economic populations in the area affected by the Project, and associated smart growth data, and/or any other relevant information.

X. PROJECT COMPLETION, AUDIT, SETTLEMENT, AND CLOSEOUT

A. Project Completion

Within 90 calendar days following Project completion or termination by SANDAG, the Grantee agrees to submit a final certification of Project expenses and final reports, as applicable. All payments made to the Grantee shall be subject to review for compliance by SANDAG with the requirements of this Agreement and shall be subject to an audit upon completion of the Project.

B. Project Audit

Note to Grant Recipient: Only the applicable sections will be included.

For TransNet-funded projects:

The Grantee agrees to have financial and compliance audits performed as SANDAG may require consistent with the *TransNet* Extension Ordinance. The Grantee agrees that Project closeout will not alter the Grantee's audit responsibilities. Audit costs are allowable Project costs.

For TDA-funded projects:

The Grantee agrees to have financial and compliance audits performed as SANDAG may require consistent with Public Utilities Code Section 99245, for TDA funds; and consistent with the *TransNet* Extension Ordinance for *TransNet* funds. The Grantee agrees that Project closeout will not alter the Grantee's audit responsibilities. Audit costs are allowable Project costs.

C. Performance Audit

The Grantee agrees to cooperate with SANDAG or ITOC with regard to any performance audit that is performed on the Project pursuant to the *TransNet* Ordinance.

D. Project Closeout

Project closeout occurs when SANDAG notifies the Grantee that SANDAG has closed the Project, and, if applicable, either forwards the final grant funding payment and or acknowledges that the Grantee has remitted the proper refund. The Grantee agrees that Project closeout by SANDAG does not invalidate any continuing requirements imposed by the Agreement or any unmet requirements set forth in a written notification from SANDAG.

E. Project Use

Grantee was awarded this Agreement based on representations in its grant application regarding the Project's intended use. If the Project is a capital project, Grantee hereby commits to continued use of the Project for the purposes stated in its application for a period of at least five years after completion of construction. SANDAG may require Grantee to refund grant funding provided for the Project in the event Grantee fails to use the Project for its intended purposes as stated in the grant application or for any disallowed costs.

XI. TIMELY PROGRESS AND RIGHT OF SANDAG TO TERMINATE

- A.** Grantee shall make diligent and timely progress toward completion of the Project within the timelines set forth in the Project Schedule, and consistent with Board Policy No. 035 and any policy amendments thereto.
- B.** In the event Grantee encounters or anticipates difficulty in meeting the Project Schedule, the Grantee shall immediately notify the SANDAG Project Manager in writing, and shall provide pertinent details, including the reason(s) for the delay in performance and the date by which Grantee expects to complete performance or delivery. This notification shall be informational in character only and receipt of it shall not be construed as a waiver by SANDAG of a project delivery schedule or date, or any rights or remedies provided by this Agreement, including Board Policy No. 035 requirements.
- C.** Grantee agrees that SANDAG, at its sole discretion, may suspend or terminate all or any part of the grant funding if the Grantee fails to make reasonable progress on the Project and/or violates the terms of the Agreement or Board Policy No. 035, or if SANDAG determines that the purpose of the laws or policies authorizing the Project would not be adequately served by the continuation of grant funding for the Project.
- D.** In general, termination of grant funding for the Project will not invalidate obligations properly incurred by the Grantee before the termination date to the extent those obligations cannot be canceled. If, however, SANDAG determines that the Grantee has willfully misused grant funding by failing to make adequate progress, or failing to comply with the terms of the Agreement, SANDAG reserves the right to require the Grantee to refund to SANDAG the entire amount of grant funding provided for the Project or any lesser amount as SANDAG may determine.
- E.** Expiration of any Project time period established in the Project Schedule will not, by itself, automatically constitute an expiration or termination of the Agreement for the Project, however, Grantee must request and SANDAG may agree to amend the Agreement in writing if the Project Schedule will not be met. An amendment to the Project Schedule may be made at SANDAG's discretion if Grantee's request is consistent with the provisions of Board Policy No. 035.

XII. CIVIL RIGHTS

The Grantee agrees to comply with all applicable civil rights laws, regulations and policies and shall include the provisions of this section in each subagreement, lease, third-party contract or other legally binding document to perform work funded by this Agreement. Applicable civil rights laws, regulations and policies include, but are not limited to, the following:

A. Nondiscrimination

SANDAG implements its programs without regard to income level, disability, race, color, and national origin in compliance with the Americans with Disabilities Act and Title VI of the Civil Rights Act. Grantee shall prohibit discrimination on these grounds, notify the public of their rights under these laws, and utilize a process for addressing complaints of discrimination. Furthermore, Grantee shall make the procedures for filing a complaint available to members of the public and will keep a log of all such complaints. Grantee must notify SANDAG immediately if a complaint is lodged that relates to the Project or program funded by this

grant. If Grantee receives a Title VI-related or ADA-related complaint, Grantee must notify SANDAG in writing within 72 hours of receiving the complaint so that SANDAG can determine whether it needs to carry out its own investigation.

B. Equal Employment Opportunity

During the performance of this Agreement, Grantee and all of its subcontractors, if any, shall not unlawfully discriminate, harass, or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family and medical care leave, denial of pregnancy disability leave, veteran status, or sexual orientation. Grantee and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (California Government Code Section 12900, *et seq.*) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0, *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing California Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by this reference and are made a part hereof as if set forth in full. Grantee and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

XIV. DISPUTES AND VENUE

A. Choice of Law

This Agreement shall be interpreted in accordance with the laws of the State of California.

B. Dispute Resolution Process

In the event Grantee has a dispute with SANDAG during the performance of this Agreement, Grantee shall continue to perform unless SANDAG informs Grantee in writing to cease performance. The dispute resolution process for disputes arising under this Agreement shall be as follows:

1. Grantee shall submit a statement of the grounds for the dispute, including all pertinent dates, names of persons involved, and supporting documentation, to SANDAG's Project Manager. The Project Manager and other appropriate SANDAG staff will review the documentation in a timely manner and reply to Grantee within 20 calendar days. Upon receipt of an adverse decision by SANDAG, Grantee may submit a request for reconsideration to SANDAG's Executive Director. The request for reconsideration must be received within ten calendar days from the postmark date of SANDAG's reply. The Executive Director will respond in writing to the request for reconsideration within ten working days.
2. If Grantee is dissatisfied with the results following exhaustion of the above dispute resolution procedures, Grantee shall make a written request to SANDAG for appeal to the SANDAG Regional Planning Committee for SGIP projects or to the SANDAG Transportation Committee for ATGP projects. SANDAG shall respond to a request for

mediation within 30 calendar days. The decision of the Regional Planning Committee or Transportation Committee shall be final.

C. Venue

If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Diego, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, litigation and collection expenses, witness fees, and court costs as determined by the court.

XV. ASSIGNMENT

Grantee shall not assign, sublet, or transfer (whether by assignment or novation) this Agreement or any rights under or interest in this Agreement.

XVI. INSURANCE

Grantee shall procure and maintain during the period of performance of this Agreement, and for 12 months following completion, policies of insurance from insurance companies authorized to do business in the State of California or the equivalent types and amounts of self-insurance, as follows:

A. General Liability

Combined single limit of \$1,000,000 per occurrence and \$2,000,000 general aggregate for personal and bodily injury, including death, and broad form property damage. The policy must include an acceptable "Waiver of Transfer Rights of Recovery Against Others Endorsement." The policy must name SANDAG as an additional insured in the endorsement. A deductible or retention may be utilized, subject to approval by SANDAG.

B. Automobile Liability

For personal and bodily injury, including death, and property damage in an amount not less than \$1,000,000.

C. Workers' Compensation and Employer's Liability

Policy must comply with the laws of the State of California. The policy must include an acceptable "Waiver of Right to Recover from Others Endorsement" naming SANDAG as an additional insured.

D. Other Requirements

Grantee shall furnish satisfactory proof by one or more certificates (original copies) that it has the foregoing insurance. The insurance shall be provided by an acceptable insurance provider, as determined by SANDAG, which satisfies the following minimum requirements:

1. An insurance carrier qualified to do business in California and maintaining an agent for service of process within the state. Such insurance carrier shall maintain a current A.M. Best rating classification of "A-" or better, and a financial size of "\$10 million to \$24 million (Class V) or better," or

2. A Lloyds of London program provided by syndicates of Lloyds of London and other London insurance carriers, providing all participants are qualified to do business in California and the policy provides for an agent for service of process in California.
- E.** Certificates of insurance shall be filed with SANDAG. These policies shall be primary insurance as to SANDAG so that any other coverage held by SANDAG shall not contribute to any loss under Grantee's insurance. Insurance policies shall not be canceled without first giving 30 days advance written notice to SANDAG. For purposes of this notice requirement, any material change in the policy prior to its expiration shall be considered a cancellation.

XVII. INDEMNIFICATION AND HOLD HARMLESS

A. Generally

With regard to any claim, protest, or litigation arising from or related to the Grantee's performance in connection with or incidental to the Project or this Agreement, Grantee agrees to defend, indemnify, protect, and hold SANDAG and its agents, officers, Board members, and employees harmless from and against any and all claims, including, but not limited to prevailing wage claims against the Project, asserted or established liability for damages or injuries to any person or property, including injury to the Grantee's or its subgrantees' employees, agents, or officers, which arise from or are connected with or are caused or claimed to be caused by the negligent, reckless, or willful acts or omissions of the Grantee and its subgrantees and their agents, officers, or employees, in performing the work or services herein, and all expenses of investigating and defending against same, including attorney fees and costs; provided, however, that the Grantee's duty to indemnify and hold harmless shall not include any claims or liability arising from the established sole negligence or willful misconduct of SANDAG, its Board of Directors, agents, officers, or employees.

B. Intellectual Property

Upon request by SANDAG, the Grantee agrees to indemnify, save, and hold harmless SANDAG and its Board of Directors, officers, agents, and employees acting within the scope of their official duties against any liability, including costs and expenses, resulting from any willful or intentional violation by the Grantee of proprietary rights, copyrights, or right of privacy, arising out of the publication, translation, reproduction, delivery, use, or disposition of any data furnished under the Project. The Grantee shall not be required to indemnify SANDAG for any such liability caused solely by the wrongful acts of SANDAG employees or agents.

XVIII. INDEPENDENT CONTRACTOR

A. Status of Grantee

Grantee shall perform the services provided for within this Agreement as an independent contractor, and not as an employee of SANDAG. Grantee shall be under the control of SANDAG as to the result to be accomplished and not the means, and shall consult with SANDAG as provided for in the Scope of Work. The payments made to Grantee pursuant to this Agreement shall be the full and complete compensation to which Grantee is entitled. SANDAG shall not make any federal or state tax withholdings on behalf of Grantee. SANDAG shall not be required to pay any workers' compensation insurance on behalf of Grantee. Grantee agrees to indemnify SANDAG for any tax, retirement contribution, social security, overtime payment, or workers' compensation payment which SANDAG may be required to make on behalf of Grantee or any employee of Grantee for work done under this Agreement.

B. Actions on behalf of SANDAG

Except as SANDAG may specify in writing, Grantee shall have no authority, express or implied, to act on behalf of SANDAG in any capacity whatsoever, as an agent or otherwise. Grantee shall have no authority, express or implied, to bind SANDAG or its members, agents, or employees, to any obligation whatsoever, unless expressly provided for in this Agreement.

XIX. SEVERABILITY AND INTEGRATION

If any provision of the Agreement is determined invalid, the remainder of that Agreement shall not be affected if that remainder would continue to conform to the requirements of applicable laws or regulations. This Agreement represents the entire understanding of SANDAG and Grantee as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Agreement may not be modified or altered except in writing, signed by SANDAG and the Grantee.

XX. SIGNATURES

The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

JURISDICTION NAME

KIM KAWADA OR DESIGNEE
Chief Deputy Executive Director

FULL NAME
Title

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Office of General Counsel

Full Name
Title

ATTACHMENT A

Scope of Work, Schedule, and Approved Project Budget

Project Location

(Specific project location including jurisdiction, community, neighborhood, corridors, and intersections)

Project Description

(Project type [design and/or construction, master plan, etc.], types of improvements/recommendations, project goals)

(Insert Scope, Schedule, and Approved Project Budget)

TransNet MPO ID NO. _____

ATTACHMENT B



BOARD POLICY NO. 035

COMPETITIVE GRANT PROGRAM PROCEDURES

Applicability and Purpose of Policy

This Policy applies to all grant programs administered through SANDAG, whether from *TransNet* or another source, including but not limited to the Smart Growth Incentive Program, Environmental Mitigation Program, Bike and Pedestrian Program, Senior Mini Grant Program, Federal Transit Administration grant programs, and Active Transportation Grant Program.

Nothing in this Policy is intended to supersede federal or state grant rules, regulations, statutes, or contract documents that conflict with the requirements in this Policy. There are never enough government grant funds to pay for all of the projects worthy of funding in the San Diego region. For this reason, SANDAG awards grant funds on a competitive basis that takes the grantees' ability to perform their proposed project on a timely basis into account. SANDAG intends to hold grantees accountable to the project schedules they have proposed in order to ensure fairness in the competitive process and encourage grantees to get their projects implemented quickly so that the public can benefit from the project deliverables as soon as possible.

Procedures

1. Project Milestone and Completion Deadlines
 - 1.1. When signing a grant agreement for a competitive program funded and/or administered by SANDAG, grant recipients must agree to the project delivery objectives and schedules in the agreement. In addition, a grantee's proposal must contain a schedule that falls within the following deadlines. Failure to meet the deadlines below may result in revocation of all grant funds not already expended. The final invoice for capital, planning, or operations grants must be submitted prior to the applicable deadline.
 - 1.1.1. Funding for Capital Projects. If the grant will fund a capital project, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary construction contract must be awarded within two years following execution of the grant agreement, and construction must be completed within eighteen months following award of the construction contract. Completion of construction for purposes of this policy shall be when the prime construction contractor is relieved from its maintenance responsibilities. If no construction contract award is necessary, the construction project must be complete within eighteen months following execution of the grant agreement.
 - 1.1.2. Funding for Planning Grants. If the grant will fund planning, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary consultant contract must be awarded within one year following execution of the grant agreement, and the planning project must be complete within two years following award of the consultant contract. Completion

of planning for purposes of this policy shall be when grantee approves the final planning project deliverable. If no consultant contract award is necessary, the planning project must be complete within two years of execution of the grant agreement.

- 1.1.3 Funding for Operations Grants. If the grant will fund operations, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary services contract for operations must be awarded within one year following execution of the grant agreement, and the operations must commence within six months following award of the operations contract. If no services contract for operations is necessary, the operations project must commence within one year of execution of the grant agreement.
- 1.1.4 Funding for Equipment or Vehicles Grants. If the grant will fund equipment or vehicles, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary purchase contracts for equipment or vehicles must be awarded within one year following execution of the grant agreement, and use of the equipment or vehicles for the benefit of the public must commence within six months following award of the purchase contract.

2. Project Milestone and Completion Deadline Extensions

- 2.1. Schedules within grant agreements may include project scopes and schedules that will identify interim milestones in addition to those described in Section 1 of this Policy. Grant recipients may receive extensions on their project schedules of up to six months for good cause. Extensions of up to six months aggregate that would not cause the project to miss a completion deadline in Section 1 may be approved by the SANDAG Executive Director. Extensions beyond six months aggregate or that would cause the project to miss a completion deadline in Section 1 must be approved by the Policy Advisory Committee that has been delegated the necessary authority by the Board. For an extension to be granted under this Section 2, the following conditions must be met:
 - 2.1.1. For extension requests of up to six months, the grantee must request the extension in writing to the SANDAG Program Manager at least two weeks prior to the earliest project schedule milestone deadline for which an extension is being requested. The Executive Director or designee will determine whether the extension should be granted. The Executive Director's action will be reported out to the Board in following month's report of delegated actions.
 - 2.1.2. A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes.
 - 2.1.3. If the Executive Director denies an extension request under this Section 2, the grantee may appeal within ten business days of receiving the Executive Director's response to the responsible Policy Advisory Committee by sending the appeal to the SANDAG Program Manager.

2.1.4. Extension requests that are rejected by the Policy Advisory Committee will result in termination of the grant agreement and obligation by the grantee to return to SANDAG any unexpended funds within 30 days. Unexpended funds are funds for project costs not incurred prior to rejection of the extension request by the Policy Advisory Committee.

3. Project Delays and Extensions in Excess of Six Months

3.1. Requests for extensions in excess of six months, or that will cause a project to miss a completion deadline in Section 1 (including those projects that were already granted extensions by the Executive Director and are again falling behind schedule), will be considered by the Policy Advisory Committee upon request to the SANDAG Program Manager.

3.2 A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes. The grantee must provide the necessary information to SANDAG staff to place in a report to the Policy Advisory Committee. If sufficient time is available, and the grant utilized *TransNet* funds, the request will first be taken to the Independent Taxpayer Advisory Committee (ITOC) for a recommendation. The grantee should make a representative available at the meeting to present the information to, and/or answer questions from, the ITOC and Policy Advisory Committee.

3.3 The Policy Advisory Committee will only grant an extension under this Section 3 for extenuating circumstances that the grantee could not have reasonably foreseen.

4. Resolution and Execution of the Grant Agreement

4.1 Two weeks prior to the review by the Policy Advisory Committee of the proposed grants, prospective grantees must submit a resolution from their authorized governing body that includes the provisions in this Subsection 4.1. Failure to provide a resolution that meets the requirements in this Subsection 4.1 will result in rejection of the application and the application will be dropped from consideration with funding going to the next project as scored by the evaluation committee. In order to assist grantees in meeting this resolution deadline, when SANDAG issues the call for projects it will allow at least 90 days for grant application submission.

4.1.1 Grantee governing body commits to providing the amount of matching funds set forth in the grant application.

4.1.2 Grantee governing body authorizes staff to accept the grant funding and execute a grant agreement if an award is made by SANDAG.

4.2 Grantee's authorized representative must execute the grant agreement within 45 days from the date SANDAG presents the grant agreement to the prospective grantee for execution. Failure to meet the requirements in this Subsection 4.2 may result in revocation of the grant award.

5. Increased Availability of Funding Under this Policy

- 5.1. Grant funds made available as a result of the procedures in this Policy may be awarded to the next project on the recommended project priority list from the most recent project selection process, or may be added to the funds available for the next project funding cycle, at the responsible Policy Advisory Committee's discretion. Any project that loses funding due to failure to meet the deadlines specified in this Policy may be resubmitted to compete for funding in a future call for grant applications.

Adopted: January 2010

Amended: November 2014

ATTACHMENT C

PROJECT IMPLEMENTATION AND OVERSIGHT REQUIREMENTS

All Grant Types (Capital, Non-Capital, and/or Planning Projects)

1. **Contact Information:** Grantee must provide SANDAG with contact information for the project manager. Grantee must provide SANDAG with updated contact information in a timely manner if there are any changes to staff assigned.
2. **Request for Proposals and Consultant Selection:** Upon request by SANDAG, Grantee must submit draft Request for Proposals or bid solicitation documents to SANDAG staff for review and comment for consistency with the agreed upon Scope of Work with SANDAG (Attachment A).
3. **Design Development, Stakeholder, and Community Meetings:** Grantee must provide SANDAG with agendas and meeting summaries for all design development (for capital projects only) and community meetings. SANDAG staff may attend any meetings as appropriate.
4. **Quarterly Reports, Invoices, and Deliverables:** Grantee must submit quarterly reports and invoices to SANDAG, detailing accomplishments in the quarter, anticipated progress next quarter, pending issues and actions toward resolution, and status of budget and schedule. Furthermore, the Grantee agrees to provide project milestone information (such as presentations to community groups, other agencies, and elected officials, ground-breakings, and ribbon-cuttings) to support media and communications efforts. Grantee needs to document and track in-kind contributions designated as matching funds as part of project management. Grantee must provide all deliverables identified in the Scope of Work.
5. **Media and Community Outreach Coordination:** Press materials shall be provided to SANDAG staff before they are distributed. SANDAG and *TransNet* logo(s) should be included in press materials and other project collateral based on logo usage guidelines to be provided by SANDAG. Grantee agrees to provide project milestone information to support media and communications efforts.
6. **Photo Documentation:** Grantees are responsible for the following photo documentation:
 - Existing conditions photos (as applicable), which should illustrate the current conditions of the project site and demonstrate the need for improved facilities
 - Project milestone photos (such as workshops, presentations to community groups, other agencies, and elected officials)

Photos should be high resolution (at least 4 inches by 6 inches with a minimum of 300 pixels per inch) and contain captions with project descriptions, dates, locations, and the names of those featured, if appropriate. Grantees must obtain consent of all persons featured in photos (or that of a parent or guardian of persons under the age of 18) by using the SANDAG Photo and Testimonial Release form to be provided by SANDAG, or a similar release form developed by Grantee and agreed upon by SANDAG.

Capital Grants Only

- 1. Baseline Data Collection:** Prior to the construction of grant-funded improvements, the Grantee is responsible for developing a baseline data collection plan with SANDAG to gather information on pedestrian and bike activity. At a minimum, data should be collected for observed bike and pedestrian volumes, behavior, and attitudes in the project area. Once the data collection plan is approved by SANDAG staff, the Grantee is responsible for carrying out the plan and returning collected data to SANDAG as a deliverable. Standardized forms required for data collection will be provided by SANDAG.

Grantees are encouraged to use the National Bicycle and Pedestrian Documentation Project methodology and plan for the following:

- Conduct counts prior to project construction, during National Documentation Days in the second week of September. Supplementary counts and surveys can be conducted during January, May, and July to provide seasonal data, if desired
- Conduct counts for two hours, at peak times relative to the facility. For example, facilities attracting utilitarian trips should be counted on a Tuesday, Wednesday, or Thursday from 5 to 7 p.m., whereas facilities attracting recreational trips should be counted on a Saturday, from 9 to 11a.m.

In the case that the above timeframes are deemed infeasible due to the project schedule, the Grantee and SANDAG will collaborate on an alternative data collection methodology and procedure.

A subset of project areas may be selected for in-depth evaluation by SANDAG, in which case, SANDAG will conduct the data collection effort with required participation from Grantee staff. Such in-depth evaluation conducted by SANDAG will take place solely for the purpose of SANDAG Active Transportation data collection and monitoring efforts, and will not impact Grantees' budgets.

Grantees should plan to budget \$5,000 for data collection.

- 2. Plan Review:** Grantee must submit project design drawings and cost estimates (if available) to SANDAG for review and comment at 30 percent, 60 percent, 90 percent, and 100 percent design. SANDAG staff may meet with the Grantee to comment on submitted plans and assure substantial conformance. SANDAG may comment on submitted plans regarding:
 - Whether the plans are consistent with the Project proposed in the original grant application
 - Consistency with accepted pedestrian/bike facility and smart growth design standards
- 3. Project Signage:** Each project or program of \$250,000 or more funded in whole or in part by revenues from the *TransNet* Extension Ordinance shall be clearly designated during its construction or implementation as being provided by such revenues. SANDAG will provide sign specifications. Grantee agrees to follow sign specifications in *TransNet* Signage Guide and submit proof files to SANDAG for approval before production.
- 4. Performance Monitoring:** SANDAG staff may measure performance of the constructed capital improvements against stated project objectives, and evaluate the overall grant program. Grantee is expected to meet with SANDAG staff to identify relevant performance measures and data sources, and provide available data and feedback regarding the program as appropriate.

CITY COUNCIL STAFF REPORT

Current Business Item No. 18

February 14, 2018

File No. 0600-10, A-3239

SUBJECT: Section 115 Irrevocable Pension Trust Agreement

DEPARTMENT: Finance Department

RECOMMENDATION:

It is requested that the City Council:

1. Adopt Resolution No. 2018-11, authorizing the establishment of a Section 115 Irrevocable Pension Trust with Public Agency Retirement Services (PARS), and approve an initial deposit of \$1,984,000 from the General Fund "PERS Rate Smoothing Reserve" into the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations.
2. Authorize the Deputy City Manager/Administrative Services or her designee as the City's Plan Administrator of the Trust Program.
3. Approve and authorize the Mayor and City Clerk to execute a Consulting Agreement between PARS and the City of Escondido to administer the Trust (Exhibit A).
4. Approve a budget adjustment to transfer General Fund proceeds to a Pension Trust Fund to establish the Section 115 Irrevocable Pension Trust.

FISCAL ANALYSIS:

Total combined administrative, trustee and investment management fees start at 0.60 percent of assets, but are tiered and will become lower as assets in the program increase. For example, when assets grow to \$5 million the annual fee will be 0.50 percent of assets and at \$10 million the annual fee will be 0.40 percent of assets. These fees will be paid from plan assets.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council Action Plan regarding Fiscal Management. The establishment of a Section 115 Irrevocable Pension Trust to assist in ensuring long-term sustainability of pension benefits.

PREVIOUS ACTION:

The City Council conducted a Pension Workshop on September 27, 2017. Policy direction was provided to establish a Section 115 Irrevocable Pension Trust, along with pension funding options and a policy on the use of one-time money. City staff has since requested proposals and three firms have responded.

BACKGROUND:

The Escondido City Council has established a financial policy to adopt a structurally balanced budget for the City each year. A budget is structurally balanced if it does not spend more on ongoing costs than it receives in ongoing revenues. This policy is a necessary component of good financial management and financial discipline and assures consistent delivery of services to Escondido residents. Maintaining a structurally balanced budget has become more challenging each year due to rising pension costs, which are increasing at a faster rate than growth in ongoing revenues.

The increased pension costs are largely the result of rising pension unfunded accrued liabilities (UAL). The UAL is the gap between pension assets and pension liabilities. One of the most critical assumptions in attaining full pension funding is the rate of return on investments. Prior to Fiscal Year 2016-17, CalPERS assumed an annual investment rate of return on pension assets of 7.5 percent. Unfortunately, CalPERS did not always achieve this rate of return and the outlook from the investment community and actuaries for a 7.5 percent annual rate of return was increasingly pessimistic. In fact, CalPERS investment returns in the last six fiscal years have been:

CalPERS History of Investment Returns	
Year	Investment Return
2012	0.1%
2013	13.2%
2014	18.4%
2015	2.4%
2016	0.6%
2017	11.2%

When lower investment earnings occur, future contributions must increase to make up the expected difference. As a consequence of this performance, a long, low-interest rate environment, and movement toward a more “risk averse” portfolio, the CalPERS Board approved a plan on December 21, 2016, to reduce the assumed rate of return from 7.5 percent to 7.0 percent with the impact being phased in over a three-year period. This phase in began in FY 2018-19 with required employer pension contributions being calculated using an assumed rate of return of 7.375 percent.

The CalPERS gradual decrease in the assumed rate of return of 50 basis points over the next 3 years will result in much higher employer pension contributions for the City as seen in the chart on the next page. This chart depicts by fiscal year, the City’s total projected CalPERS payments, including the portion that is categorized as the unfunded liability portion. In five years, the employer pension contributions are projected to increase by \$15.3 million or 68 percent.

CalPERS CONTRIBUTIONS (In Millions)		
Fiscal Year	Unfunded Liability Portion	Total PERS Projected Cost
2017-18	\$13.7	\$22.5
2018-19	\$16.2	\$25.6
2019-20	\$19.1	\$28.8
2020-21	\$21.4	\$32.1
2021-22	\$24.2	\$35.2
2022-23	\$26.7	\$37.8

The City Council discussed all of these issues at the September 2017 workshop. A primary policy direction emerging from the workshop was establishing a Section 115 Irrevocable Pension Trust. A Section 115 Irrevocable Pension Trust would provide the City with an alternative to sending funds to CalPERS and will provide greater local control over assets and portfolio management. Other benefits to establishing a separate retirement funding trust include:

- Pension volatility mitigation-contributions from the trust can be transferred to CalPERS at the City's discretion to offset fluctuations in the required annual contributions impacted by CalPERS investment returns.
- Trust assets can be accessed any time so long as they are used to fund the City's pension obligations and defray reasonable related expenses.
- There is greater investment flexibility with a Section 115 Trust compared to restrictions on general fund investments.
- There is greater investment security with a Section 115 Trust compared to CalPERS investment management, risk appetite, and portfolio allocation.
- There can be greater oversight and local control of fund management selection and monitoring of performance.

Proposals were received from three firms in California that offer Section 115 Trusts: Public Agency Retirement Services (PARS), Public Financial Management Group (PFM), and Keenan Financial Services.

The City Treasurer, Assistant Director of Finance and Benefits Manager examined the offerings of each proposal to determine which best provides for the needs of the City. After reviewing the proposals, it was determined both PARS and Keenan have similar returns and similar downside protection in the event of a stock market downturn. The fees for the two administrators do not vary significantly, yielding similar costs for services. However, PARS has the most widely adopted Section 115 Irrevocable Trust program to date. To date, 122 public agencies have adopted the Pension Stabilization Program (PRSP) through PARS including the City of La Mesa, City of Coronado, City of National City, and the City of Solana Beach.

The PARS PRSP is structured with some key characteristics:

- **Separate Accounts:** Separate accounts (or sub-trusts) are maintained for each employer and assets are segregated by individual agency. In addition, agencies can create separate sub-accounts by CalPERS plan (e.g., Miscellaneous and Safety) if required.
- **Separate Liabilities:** Employer contributions provide benefits only for employees of that employer. This means there is no cross-liability or joint liability among participating public agencies, and no sharing of investment earnings or losses.
- **Economies of Scale:** By using a multiple employer trust approach, the City benefits from the cost, legal, and administrative efficiencies associated with joining other public entities.
- **Local Control:** There is no central authority placing mandates on the trust that may not be in the best interests of the City.
- **Tailored Investments:** Assets can be pooled for investment purposes based on asset allocation risk models to fit with the City's actuarial and discount rate needs.

The Section 115 Irrevocable Pension Trust offered by PARS has five portfolios: Capital Appreciation, Balance, Moderate, Moderately Conservative, and Conservative. Each portfolio has different risk profiles with different amounts invested in equities and other instruments. Staff recommends selecting the "Moderately Conservative" portfolio which has 30 percent in equities as of November 30, 2017. The average return net of fees for the "Moderately Conservative" portfolio between the years 2009-2016 was 7.35 percent. The "Moderately Conservative" portfolio is the second most conservative portfolio among the five offered and is selected by the majority of public agencies participating in PARS Section 115 Irrevocable Trust.

To initially fund the Section 115 Irrevocable Pension Trust, City Staff is recommending an initial deposit of \$1,984,000. This initial deposit is coming from the "Reserve for PERS Rate Smoothing" funds previously set aside by the City Council.

Within the next several months, staff will return with a proposed amendment to the City's financial policy to permit the deposit of other monies into the Trust, as well as a strategic plan for funding the Trust on a more permanent basis and thus addressing the City's CalPERS unfunded liability.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Sheryl Bennett, Deputy City Manager/Administrative Services
2/8/2018 11:09 a.m.

ATTACHMENTS:

1. Attachment 1 - Budget Adjustment
2. Resolution No. 2018-11
3. Resolution No.2018-11 – Exhibit A -Consulting Agreement with Public Agency Retirement Services (PARS)

RESOLUTION NO. 2018-11

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, THE ADOPTION OF THE PUBLIC
AGENCIES POST-EMPLOYMENT BENEFITS
TRUST ADMINISTERED BY PUBLIC
AGENCY RETIREMENT SERVICES

WHEREAS, the Public Agency Retirement Services (“PARS”) has made available the PARS Public Agencies Post-Employment Benefits Trust (“Program”) for the purpose of pre-funding pension obligations; and

WHEREAS, it is determined to be in the best interest of the City of Escondido (“City”) to set aside funds for pre-funding its CalPERS pension obligation that will be held in a trust for the exclusive purpose of making future contributions of the City’s required pension contributions, and any employer contributions in excess of such required contributions, at the discretion of the City; and

WHEREAS, the City is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the City’s adoption and operation of the Program has no effect on any current or former employee’s entitlement of post-employment benefits; and

WHEREAS, the terms and conditions of post-employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

WHEREAS, the City's funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vesting right; and

WHEREAS, the City reserves the right to make contributions, if any, to the Program.

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 PARS Public Agencies Post-Employment Benefits Trust, effective February 14, 2018.
3. The City Council hereby appoints the Deputy City Manager, or his/her successor or his/her designee as the City's Plan Administrator for the Program.
4. That the Mayor and City Clerk, are authorized on behalf of the City, to execute the Consulting Agreement ("Agreement") between the City of Escondido and PARS, attached as Exhibit "A" and incorporated herein, in accordance with the Attachment "A" to the Agreement.
5. The City's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to maintain the City's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued.



CITY OF ESCONDIDO
CONSULTING AGREEMENT

This Agreement is made this 14th day of February, 2018.

Between: CITY OF ESCONDIDO
 a Municipal Corporation
 201 N. Broadway
 Escondido, California 92025
 Attn: Patrice Russell
 760-839-4865
 ("CITY")

And: Phase II Systems Inc.
 DBA Public Agency Retirement Services (PARS)
 4350 Von Karman Ave Ste. 100
 Newport Beach, CA 92660
 Attn: Jennifer Meza
 800-540-6369 x 141
 ("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 services pertaining to the establishment of a post-employment benefits trust for the purpose of pre-funding pension obligations; 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 fee schedule specified in "Attachment A". 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 or late delivery of information supplied by the CITY as specified in the exhibit attached hereto as "Attachment A".
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) Commercial 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, except 10-days' notice for non-payment of premium. 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.
 - (3) Both the Commercial 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 Commercial General Liability endorsements and CA 20 01 for Automobile Liability endorsements.
 - (4) The Commercial 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 Commercial 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. The City shall have no liability to CONSULTANT or any other person, and CONSULTANT shall indemnify, defend, and hold harmless the City from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively "Claims"), for which the City may suffer or incur or to which the City may become subject to third parties as a result of or allegedly caused by CONSULTANT's activities or obligations associated with this Agreement. However, CONSULTANT shall not indemnify the City to the extent the Claims result from the City's gross negligence, wrongful or unlawful conduct or omission, including the disbursement or transfer of funds directed in writing by authorized City personnel. The City shall indemnify, defend, and hold harmless CONSULTANT from and against any and all Claims to the extent such Claims result from the City's gross negligence, wrongful or unlawful conduct or omission, including the disbursement or transfer of funds directed in writing by authorized City personnel.

If any action or proceeding is brought against the City or CONSULTANT by reason of any of the matters against which the other party has agreed to indemnify such party as provided above, the indemnifying party, upon notice from the indemnified party, shall defend the indemnified party at the indemnifying party's expense by counsel acceptable to the indemnified party, such acceptance not to be unreasonably withheld, conditioned or delayed. The indemnified party need not have first paid for any of the matters to which it is entitled to indemnification in order to be so indemnified. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

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.

(Signatures on Following Page)

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

PHASE II SYSTEMS INC.
DBA Public Agency Retirement Services (PARS)

Date: _____

(Consultant name)

(Consultant signature)

Title

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

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

ATTACHMENT A

SERVICES

CONSULTANT will provide the following services for the City of Escondido Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:
 - (A) Meeting with appropriate CITY personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions, reimbursements, distributions;
 - (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
 - (C) Providing the documentation needed to establish the Plan to be reviewed and approved by CITY legal counsel. Resulting final Plan documentation must be approved by the CITY prior to the commencement of CONSULTANT Plan Administration Services outlined in Attachment A, paragraph 2 below.
2. Plan Administration Services:
 - (A) Monitoring the receipt of Plan contributions made by the CITY to the trustee of the PARS Public Agencies Post-Employment Benefits Trust ("Trustee"), based upon information received from the CITY and the Trustee;
 - (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the CITY and/or Trustee;
 - (C) Coordinating the processing of distribution payments pursuant to authorized direction by the CITY, and the provisions of the Plan, and, to the extent possible, based upon CITY-provided Data;
 - (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;
 - (E) Preparing and submitting a monthly report of Plan activity to the CITY, unless directed by the City otherwise;
 - (F) Preparing and submitting an annual report of Plan activity to the CITY;
 - (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45/75, if prefunding OPEB obligations;
 - (H) Coordinating periodic audits of the Trust;
 - (I) Monitoring Plan and Trust compliance with federal and state laws.
3. CONSULTANT is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

FEES FOR SERVICES

CONSULTANT will be compensated for performance of services, as described in Attachment A based upon the following schedule:

An annual asset fee shall be paid from Plan assets based on the following schedule:

<u>For Plan Assets from:</u>	<u>Annual Rate</u>
\$ 0 to \$10,000,000	0.25%
\$10,000,001 to \$15,000,000	0.20%
\$15,000,001 to \$50,000,000	0.15%
\$15,000,001 and above	0.10%

Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

TRUSTEE & INVESTMENT MANAGEMENT FEES

Trustee and investment management fees are not included in the annual asset fees stated above. Trustee and investment management services are provided under a separate agreement with U.S. Bank, and trustee and investment management fees are paid to US Bank. These fees include investment policy development, asset allocation recommendations, asset management, and custodial services, and are based upon the following schedule:

<u>For Plan Assets from:</u>	<u>Annual Rate</u>
\$0 to \$5,000,000	0.35%
\$5,000,001 to \$10,000,000	0.25%
\$10,000,001 to \$15,000,000	0.20%
\$15,000,001 to \$50,000,000	0.15%
\$50,000,001 and above	0.10%

Annual rates are prorated and paid monthly. Annual trustee and investment management fees shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month].

Both the CONSULTANT'S annual asset fees and trustee and investment management fees shall be deducted from Plan assets.

DATA REQUIREMENTS

CONSULTANT will provide the services under this Agreement contingent upon receiving the following information:

1. Executed Legal Documents:
 - (A) Certified Resolution
 - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
 - (C) Trustee Investment Forms
2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Contribution amount
 - (C) Contribution date
 - (D) Contribution method (Check, ACH, Wire)

3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Payment reimbursement/distribution amount
 - (C) Applicable statement date
 - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
 - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)
4. Other information pertinent to the Services as reasonably requested by CONSULTANT and Actuarial Provider.

ATTACHMENT B
PERSONNEL

1. Jennifer Meza, Supervisor, Client Services (Project Manager)
2. Dennis Yu, Executive Vice President
3. Phillip Muschetto, Vice President, Plan Accounting
4. Faith Hermann, Manager, Plan Implementation
5. Nik Weigand, Client Services Coordinator



FUTURE CITY COUNCIL AGENDA ITEMS

Updated February 7, 2018

*AGENDA ITEMS AND CITY COUNCIL MEETING DATES ARE SUBJECT TO CHANGE.
CHECK WITH THE CITY CLERK'S OFFICE AT 839-4617*

February 21, 2018
NO MEETING (President's Day)

February 28, 2018
8:00 a.m. State of the City (CCAЕ)

Weekly Activity Report

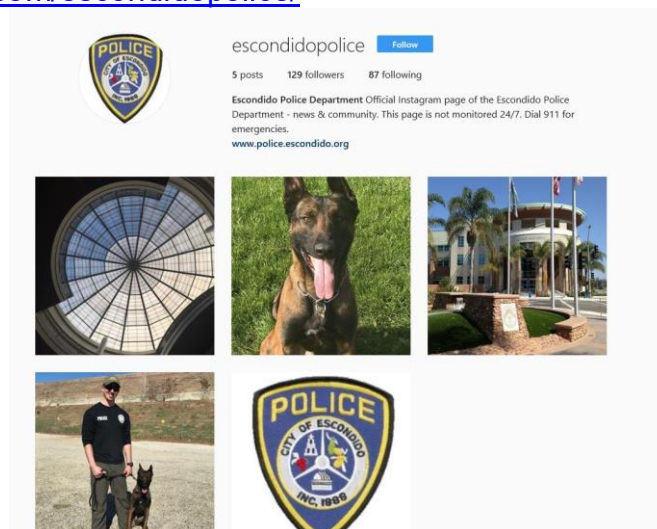


February 8, 2018

FEATURED THIS WEEK

The Escondido Police Department is Now on Instagram

If you've ever been curious about the "behind the scenes" work that our Police Officers do on a daily basis, you can now follow them on Instagram @EscondidoPolice <https://www.instagram.com/escondidopolice/>



Orange County Brewery Expanding in Escondido

In the most recent issue of <http://www.westcoastersd.com/>, Cismontane Brewing talks about their upcoming expansion to Escondido. They cite the City's charm and business-friendly attitude as reasons for their site selection.

- More San Diegans became familiar with Orange County's **Cismontane Brewing** earlier this year when it purchased the majority of equipment at Poway's **Lightning Brewery**. Those mechanisms will be installed in Cismontane's eventual Santa Ana brewery, which is currently under construction (the company's original production facility is now the property of Laguna Beach Beer Co.), but there's even more on the horizon for this eight-year-old company, including the establishment of a new brand... in Escondido.

Co-founders Evan Weinberg and Ross Stewart, who both grew up in North San Diego County and recently moved back, have secured a space at 239 East Valley Parkway, where are working to install a beer-and-coffee hybrid concept that will go by the name of **Knø Beverage House**.

Weinberg says the duo was drawn to Escondido by its charm and “old-school vibe,” the municipality’s business-friendly attitude and the venue’s amenities. Among the latter is a 1,200-square-foot back patio. Weinberg envisions Knø as a creative hub where artists, radicals, visionaries and aficionados can hang out, get a beverage—including specialty drinks from a full-service espresso bar—and a snack.

New Lights Improve Safety at the Dorothy E. Boeger Building

New lights were installed over each of the doors to the DEBB building last week. The lighting helps customers have a brightly lighted pathway to their classes. This also gives some additional lighting to the courtyard area to create better visibility in the evening.



COMMUNITY DEVELOPMENT

Major Projects Update

The following major projects are being reviewed and coordinated by Planning, Engineering, Fire, Building and Utilities. A complete description of each project can be viewed [here](#). Below are project milestones from last week.

Commercial / Office:

1. Escondido Research and Technology Center – West (ERTC) (Developer: James McCann) – A plan for a new two-story, 57,000 SF, 52-bed Palomar Rehabilitation Institute was submitted as a Plot Plan on July 31, 2017. The Plot Plan approval letter was issued on February 7, 2018.

2. Centre City Commercial Center (Developer: Todd Dwyer) SE corner Centre City/Mission – Construction on the two commercial buildings is underway. The carwash plans are tracking separately and revised carwash plans have now been approved by Esgil and Planning.

Industrial

1. Escondido Self-Storage Facility (Developer: Brandywine Homes, Inc.) 2319 Cranston Dr. – The project plans are nearly ready for permit issuance. The applicant has recently notified staff that other issues unrelated to the project plans will delay their request for permits until March or April of 2018.
2. North American Self-Storage (Developer: Russ Colvin) 852 S. Metcalf – A grading permit was issued the end of September 2017. The applicant did not start construction, but instead proposed to remove the basement level and increase the building height from four floors to five floors. A revised plot plan has been approved and revised building plans were submitted into plan check on January 17, 2018. Planning has issued comments on the building plans. Engineering has approved the grading plan for the revised project and is awaiting posting of the improvement bonds prior to authorizing issuance of the building permit.

City Projects

1. Micro-Filtration Reverse Osmosis (Developer: City of Escondido Utilities Department) SE corner Ash/Washington – The archaeological work plan is being finalized by staff and consultants in preparation for submittal to the State Historic Preservation Office (SHPO) for approval. Funding of the state loan for the project is contingent on completing the work plan to the satisfaction of SHPO.
2. Lake Wohlford Replacement Dam (Developer: City of Escondido Utilities Department) – A Draft EIR was prepared and issued for a 45-day public review period that began on October 4, 2016 and closed on November 17, 2016. A field visit with staff from the state and federal wildlife agencies took place on May 11, 2017, to review biological mitigation requirements including an agency request for full mitigation for emergent vegetation at the eastern end of the lake that came into existence since the lake level was reduced for safety reasons. Staff sent a follow-up letter to the wildlife agencies on June 29, 2017, seeking clarification on the proposed biological mitigation requirements. The California Department of Fish and Wildlife responded last month reiterating their earlier comments. Additional information is being compiled by the City's biological consultants prior to scheduling a follow-up meeting with the agencies.

Institutional

1. Self-Realization Fellowship Center (Developer: John Pyjar, Domusstudio Architecture) 1840 Del Dios Rd. – A revised project submittal was received on October 20, 2017. A Planning Commission hearing has been scheduled for February 13, 2018.
2. Escondido Assisted Living (Developer: Tigg Mitchell, Mitchell Group) 1802 N. Centre City Parkway – This CUP application for a 71,300 SF three-story, assisted living and memory care facility with 90 total units was submitted on October 31, 2017. A letter indicating the

application is incomplete was sent to the applicant on November 30, 2017. The applicant provided a revised design to address Fire and Engineering issues. Department comments on the revised design were provided back to the applicant two weeks ago.

Residential

1. Citron (formerly Stella Park) (Developer: William Lyon Homes) 63 condo units at 2516 S. Esc. Blvd. – The City Council approved the final map on December 20, 2017. The rough grading has been completed on the site. Construction is commencing on the western building along S. Escondido Boulevard that includes the model units. Building permits for the remaining buildings are pending recordation of the final map.
2. Wohlford (Developer: Jack Henthorne) 55 lots at 661 Bear Valley Pkwy. – Staff met with the applicant to review the draft conditions of approval for the project. Staff and the applicant have been working for some time to complete negotiations on final terms for the Development Agreement. Planning staff determined an agreement was within reach and mailed notices for a public hearing at the Planning Commission scheduled for February 13, 2018. That public hearing now will be continued to a later date at the applicant's request to allow more time to finalize negotiations.
3. Safari Highlands Ranch (SHR) (Developer: Jeb Hall, Concordia Homes) 550 lots east of Rancho San Pasqual – A Notice of Availability for the Draft EIR was issued on October 16, 2017 for public review and comment. The comment period ended on January 2, 2018. Staff transmitted all the comment letters and emails to the EIR consultant for review and to prepare a response to each comment. The Draft EIR and appendices have been posted on the City's website at the following link:

<https://www.escondido.org/safari-highlands-ranch-specific-plan.aspx>
4. 18 lots at 701 San Pasqual Valley Rd (Developer: Bob Stewart) – A three-year extension of time for the previously approved ten-lot subdivision (Tract 895) was approved by the City Council on June 7, 2017. Staff comments on the revised tentative map were issued the last week of July. Staff met with the applicant several months ago regarding unresolved project design issues. The applicant has had one follow-up discussion with Utilities since then.
5. Escondido Gateway (Developer: Carolyn Hillgren, Lyon Living) 126 condo units at 700 W. Grand – Building plans have been approved by Esgil, Planning and Fire. Grading plans have been approved by Utilities, Planning and Fire. A street vacation for right-of-way frontage along Grand Avenue has been completed. Demolition is complete and construction permits are ready to be issued once title to the site transfers to the builder.
6. The Villages at Escondido Country Club (Developer: Jason Han, New Urban West, Inc.) 380 residences – The City Council voted 3-2 to approve the project on November 15, 2017. The vacant clubhouse building was destroyed by fire several days later. A lawsuit challenging the project approval was filed in Superior Court on behalf of the Escondido Country Club Homeowners (ECCHO) on December 15, 2017. The approved tentative subdivision map, Final EIR and appendices, Specific Plan and other related information can be accessed on the City's website at the following link:

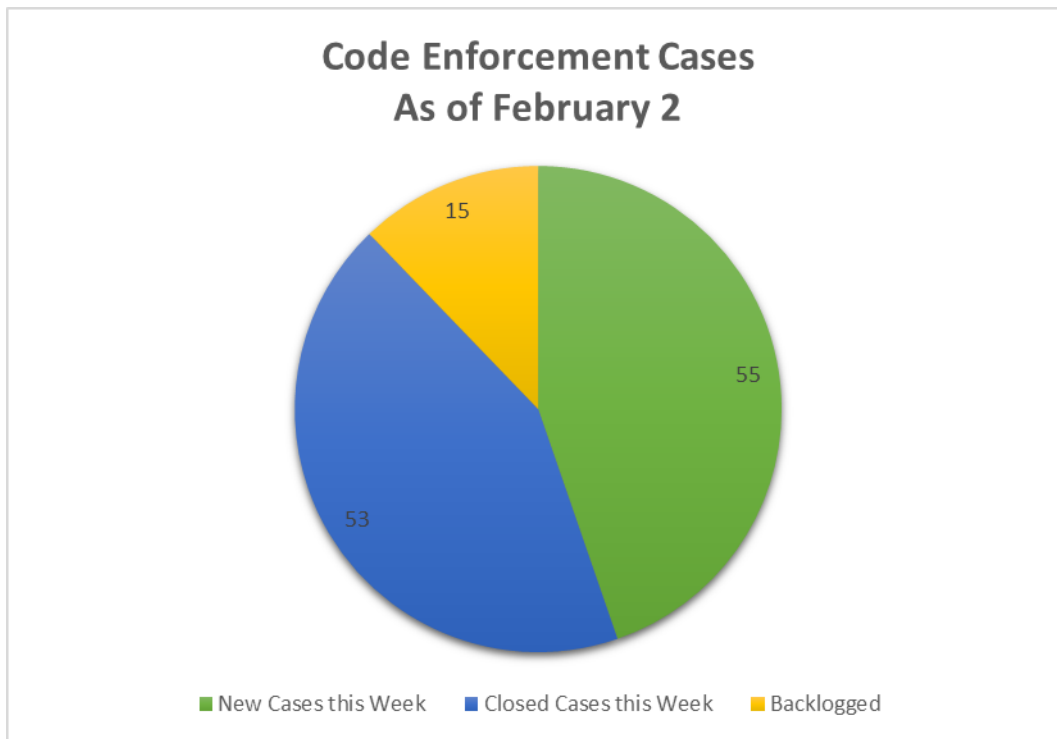
7. North Avenue Estates (Developer: Casey Johnson) 34 lots at North Ave./Conway Dr. – The Planning Commission voted to recommend approval of the project on November 28, 2017. The City Council approved the project on January 10, 2018. The LAFCO application for annexation is being prepared and is expected to be submitted to LAFCO soon.
8. Aspire (106 condo units on Municipal Lot 1) (Developer: Addison Garza, Touchstone Communities) – The proposal consists of a six-story mixed-use development on Parking Lot 1. The project was initially submitted for entitlement processing on June 23, 2017. Subsequent meetings with the applicant and staff have been on-going and a resubmittal of the project plans was received on December 12, 2017. Planning, Fire and Building sent comments on the revised project submittal on January 16, 2018. A meeting with the project applicant has been scheduled to discuss the technical studies needed to complete the environmental review for the project.
9. The Ivy (95 condo units at 343 E. 2nd) (Developer: Addison Garza, Touchstone Communities) - Demolition of the vacant surgery center building on The Ivy site started last month. The condo project was initially submitted for entitlement processing on June 23, 2017. The applicant submitted revised project plans on December 8, 2017. The City issued a comment letter on the revised application on January 8, 2018. A meeting with the project applicant has been scheduled to discuss the technical studies needed to complete the environmental review for the project.
10. Grand Avenue Apartments (Developer: Norm LaCaze, Escondido Venture 99, LLC) 15 apt. units at 1316 E. Grand Ave. – A planned development application proposing 15 multi-family units in one three-story building on a vacant 0.51-acre lot was submitted for entitlement processing on September 22, 2017. A completeness review letter was sent to the applicant on October 20, 2017, indicating the application was incomplete. A follow-up meeting with the Fire Department last week resolved some of the outstanding issues regarding the project design.
11. Quince Street Senior Housing (Developer: Matt Jumper, 220 Quince, L.P.) 145 apartment units at 220 N. Quince St.– The five-story affordable senior housing apartment project was submitted on November 21, 2017. Planning staff sent a letter to the applicant on December 21, 2017, indicating the application was incomplete. Initiation of the proposed amendment to the Downtown Specific Plan to remove the ground-floor commercial requirement on the site has been scheduled for the February 14 City Council meeting. Two meetings with the applicant team and multiple city departments have occurred since the project submittal to discuss project design issues.
12. Accessory Dwelling Units – Planning staff is currently working on four applications for accessory dwelling units with an additional three applications expected to be submitted soon. No accessory dwelling units have been approved yet this year.

Building Division:

1. The Building Division issued 56 permits with a total valuation of \$1,114,780.
2. 20 solar photovoltaic permits were issued for the week. The Building Division issued 77 solar permits for the year compared to 84 issued during the same time period for 2017.
3. Our building inspectors responded to 201 inspection requests for the week.
4. The total building valuation for all issued permits for the week ending February 3rd is \$9,661,790 compared with \$5,775,887 for same time last year. Building processed 263 projects so far in 2018 compared with 272 projects in 2017.
5. Projects nearing permit issuance are:
 - a. 917 W Lincoln, 3 new apartment buildings, 9 units.
 - b. 700 W Grand Ave Gateway project (previous police/fire building)
6. The mixed use project at 300 S Escondido Blvd (City Plaza) has received a 30-day Temporary Certificate of Occupancy and residential units are now being leased to residents.
7. The Meadowbrook 3 story apartment building with underground garage at 2081 Garden Valley Glen is preparing the building for final inspection. *No change from the previous.*
8. The medical office building at 2125 Citracado Pkwy has received electric and drywall approval for the interior tenant improvement.
9. The student apartment buildings at the Westminster Seminary (1725 Bear Valley Pkwy) have one building left for framing inspection and are preparing the remaining buildings for final inspection.
10. The children's building for the Emanuel Faith Church at 639 E 17th Ave is preparing for final inspection. *No change from the previous.*
11. The Church of Resurrection at 1445 Conway is requesting drywall and exterior lath inspection.
12. The Veterans Village project at 1540 S Escondido Blvd has received second floor sheathing inspection. *No change from the previous.*
13. The new drive-thru restaurant at 700 N. Centre City Parkway has received foundation inspection approval. The new drive-thru restaurant at 720 N. Centre City Parkway and the new retail building at 730 N. Centre City Parkway have received foundation approval and final masonry lift and grout approval.
14. The new market at the location of the former Toyota dealership at 151 W Lincoln is requesting roof parapet inspection and foundation inspection for the parking lot lighting.

- 15. The Ford dealership at 1717 Auto Parkway is preparing for final inspection. *No change from the previous.*
- 16. The Latitude 2, apartment buildings at 650 N Center City Pkwy has received second floor sheathing approval for Buildings 1, 2 and 3.
- 17. The new two story church sanctuary building at 1864 N Broadway has inspection approval for the 3rd grout lift of the masonry walls. *No change from the previous.*
- 18. The new Starbucks at 302 W El Norte Pkwy has received drywall approval.
- 19. The 219,000 square foot Exeter Harmony Grove Industrial Development was issued a building permit on January 19, 2018. Grading and associated blasting is underway in preparation for the start of building construction.
- 20. Permits were issued this week for a new surgical center interior tenant improvement at 488 E. Valley Parkway.

Code Enforcement

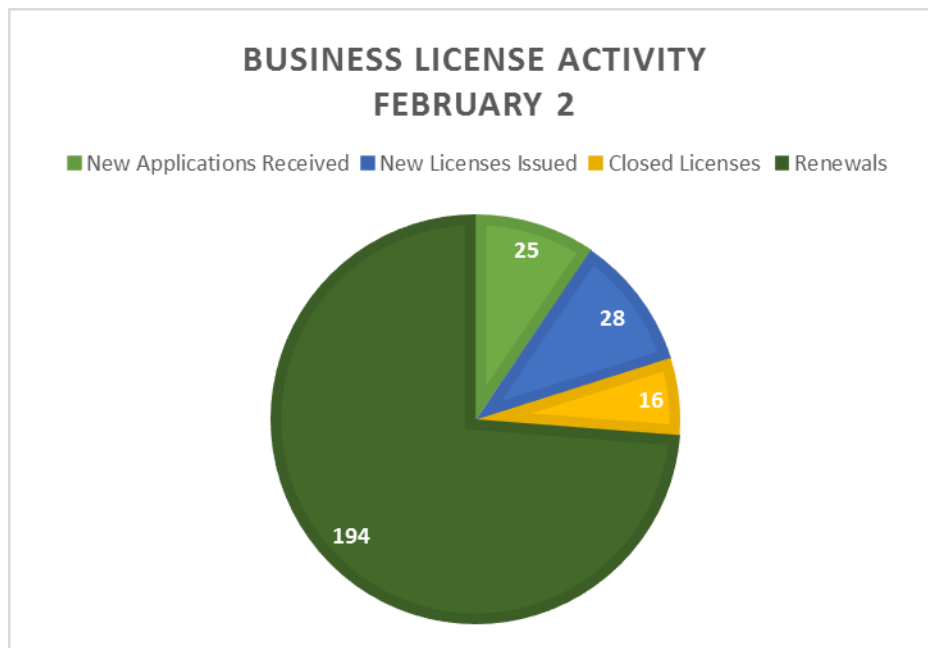


Total Open Code Cases
360

Graffiti Restitution

Collected This Week	Collected Year to Date
\$220.25	\$962.56

Business Licensing



ENGINEERING

Capital Improvements

Valley Pkwy/Valley Center Road Widening Project: Day 108

The prime contractor is continuing work on the preparation of the roadway subgrade along East Valley Parkway between Lake Wohlford Road and Beven Drive. The contractor will be placing sample sections of concrete improvements that are required for the installation of the new transformers and vaults associated with the undergrounding of the overhead utilities. The dry utility contractor will complete the installation of the underground utility conversion this week. The 3 new utility poles required for the utility conversion project are set to be installed on Friday, March 2 during a night time operation. The remaining bridge elements will resume construction next Monday, February 12th. The street light subcontractor is working on street light foundations along the new roadway section of Valley Center Road, north of the new bridge segment. The masonry subcontractor is continuing with the construction of the 8' sound wall. On Tuesday of this week, the mason installed grout at the 5' point in the wall construction.

Neighborhood Lighting Project

All street light elements for the 44 new pole locations have been completed at this time. Six (6) new street light service points have been submitted to SDG&E, the utility anticipates the services points will be energized next week. Twenty-two (22) existing street light fixtures are scheduled to be replaced with the latest L.E.D. fixtures as part of this project. As of this week, the retrofitting has been completed for 18 of the 22 street light fixtures.

2017 Street Rehabilitation and Maintenance Project

New striping is being placed on the resurfaced sections of Broadway and Valley Parkway this week. The new striping has been realigned to incorporate the future Missing Link bicycle path, including changing the diagonal parking along Grape Day Park to parallel parking. The new

striping alignment Along Valley Parkway between Broadway and Centre City Parkway will reflect the installation of an 8' bike path along the north side of the road. Temporary installation of cones and signage is in place to reinforce the new bike lane.

Corrugated Metal Storm Drain Pipe Assessment Study

No changes from that reported last week: This project televises all City-maintained corrugated metal pipes (CMP) and assesses their condition to allow for proactive and efficient pipe maintenance. The first storm drain rehabilitation project was completed by City crews this week. City staff replaced a damaged portion of storm drain pipe that ran along a property line between Rustic Road and Mission Avenue. The next rehabilitation project, Midway Storm Drain Repair, closed on Thursday, January 25, 2018. Staff is evaluating the 3 competitive bids received.

Rincon del Diablo Water Main Replacement

No changes rom that reported last week: The water district is replacing an existing water main along Nutmeg Street between Rockhoff Road and Centre City Parkway. The work is taking longer than expected and the day time closure will remain in effect until February 19, 2018. Detours signs are in place and emergency services have been notified.

PRIVATE DEVELOPMENT

Tract 932 - Canyon Grove Shea Homes Community

The developer submitted new traffic control for the repair of public improvement along Century Way and Vista Avenue. This work is associated with the offsite water line improvements.

Centre City Shopping Center

No changes from that reported last week. The project grading is nearing completion. The offsite electrical and gas permits connections to existing services were issued this week. The project is located at 425 W. Mission Avenue.

Latitude II Condominiums by a Lyon Homes Partnership: Washington Avenue at Centre City Parkway

No changes from that reported last week: Final revisions were made to the onsite storm drain system design; construction should resume next week. The remaining sections of the project are entering the framing phase of construction. The work is located adjacent to Centre City Parkway.

Veteran's Village

The installation of storm drain pipe along Escondido Boulevard has resumed this week. The #1 north bound lane of Escondido Boulevard is being kept closed to traffic in response to noise complaints from local residents due to the placement of steel plate in the roadway.

Exeter Industrial Park

No changes from that reported last week: The grading operation is continuing this week with scheduled blasts for the rock obstructions encountered onsite. Storm drain installation is continuing this week. A portion of the first building pad is scheduled for release later this week. The project is located at 2005 Harmony Grove Road and is 5.4 acres in size.

City Plaza

A punch list is being developed for the offsite improvement associated with the development. The project is located at 328 S. Escondido Boulevard.

StorQuest

No changes from that reported last week. Work is concentrating on the construction of offsite utilities along Mission Avenue. The project is located at 222 W. Mission Avenue

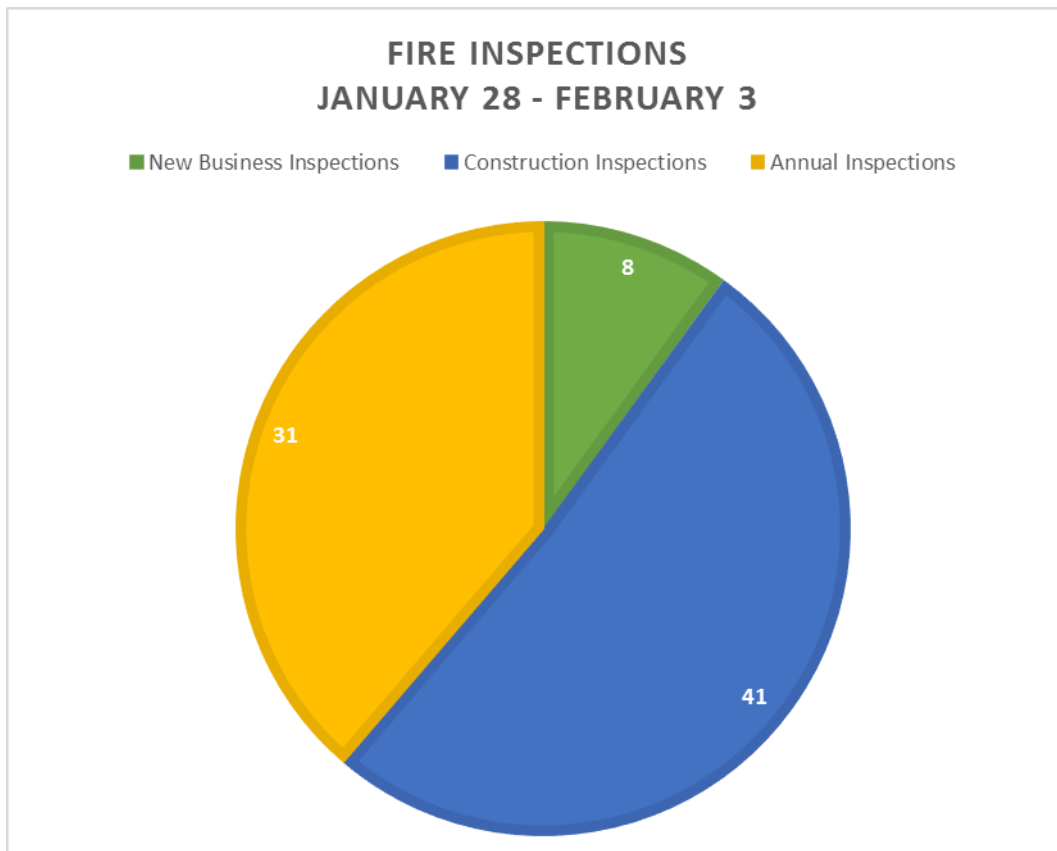
Citron

The project is continuing with the installation of sewer main onsite. The project is located at 2516 S. Escondido Boulevard.

Felicita Junction Star Bucks Drive - Thru

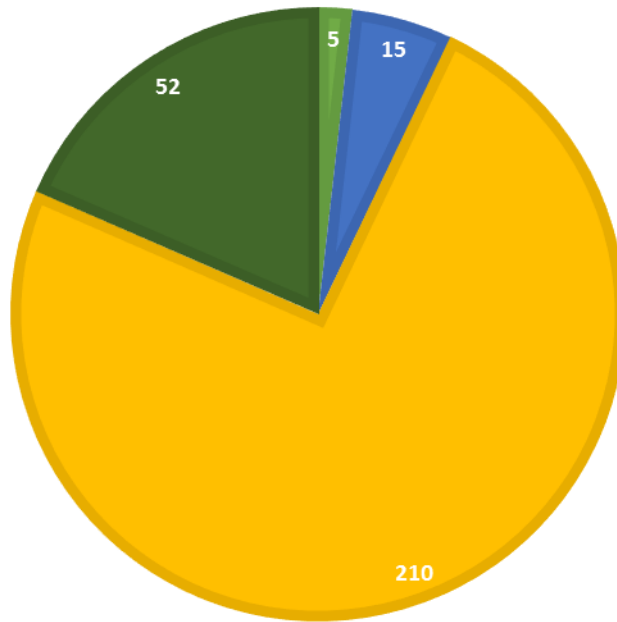
The grading of the site is continuing this week for the new drive thru location being constructed at the north west corner of Centre City Parkway and Felicita Avenue.

FIRE



**FIRE EMERGENCY RESPONSES
JANUARY 28 - FEBRUARY 3**

■ Fires ■ Vehicle Accidents ■ EMS Responses ■ Other



Total Emergency Responses (Year To Date)	1,607
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News:

- The City of Escondido Fire Department will join together with the San Diego County Health and Human Services to host the Love Your Heart! Blood Pressure Clinic throughout a few locations in Escondido. The event is scheduled for Wednesday, February 14, 2018.
- The Fire Prevention Team successfully completed their 6th Mobile Home Park Installation at Lake Bernardo Mobile Estates on February 7th! We are happy to report that their team, LaVona Koretke, Matthew Newberry, Kenneth Kim, and Sandy Bauer, serviced 21 homes, installed 66 smoke alarms and 13 carbon monoxide alarms.



POLICE

INCIDENTS:

- On 1-28-2018, officers responded to a shoplifting call in the 300 block of W. El Norte Pkwy. When officers arrived on scene they recognized two to of the three suspects as people with outstanding warrants for their arrest. While attempting to detain the suspects, one of the suspects stands up and charges at one of the officers. The suspect is detained after a minor use of force. The two suspects with the warrants were arrested and transported to the Vista Detention Facility for. Neither the officers nor the suspect where injured as a result of the incident. After an investigation it was determined the third subject had not commit a crime and was released at the scene.
- On 1-28-2018, officers responded to the 200 block of W. Lincoln reference a fight. Officers arrived on scene and detained a person believed to be involved in the fight. The person was on parole and wanted for violating the conditions of his parole. He was arrested and booked into the Vista Detention Facility on the parole violation.
- On 1-28-2018, officer responded to the 2000 block of Skyview Glen reference a vehicle colliding into a house. Officers arrived on scene and contacted the driver of the vehicle who stated he was ordered by god to drive into the unoccupied house. The vehicle struck a retaining wall, knocked over a street light, and barreled through the garage door. The impact blew out the main support columns of the garage. The driver was placed on a mental evaluation hold. The fire department, public works, and a building inspector responded to assess the structural integrity of the residence.



- On 1-29-2018, officers respond to Woodland Heights Glen and Woodland Valley Glen reference a vehicle collision. A resident of Emerald Heights was traveling down the hill toward the exit gate with her teenage daughter when a eucalyptus tree began falling across the roadway during a period of high winds. She slammed on her brakes just in time to avoid having the largest portion of the trunk fall on top of her vehicle. The driver complained of pain to her knee. Officers were tied up for approximately an hour directing traffic while a home owner's association crew worked furiously to clear the tree from the roadway.
- On 1-29-2018, Officer Boylan stopped a vehicle for illegal window tint in the area of Valley Parkway and Auto Park Way. During the stop the driver stated he had a meth pipe on his person. A records check revealed the driver had five warrants for his arrest. The driver was placed under arrest and found to be in possession of methamphetamine and a revolver. The revolver had been reported stolen from Arizona. The driver, who is convicted felon, was booked into the Vista Detention Facility on multiple drug and weapon charges.
- On 1-29-2018, Officer Aronson attempted to detain a bicyclist who was riding on the sidewalk in the area Washington Ave. and Juniper St. The male ditched his bicycle and ran south on Juniper St. while attempting to dig into the pockets of his pants. The suspect was seen jumping into the backyard of a residence in the 400 block of N. Juniper St. Incoming units established a perimeter and searched the area. The suspect, who was a documented gang member, was located hiding in some tall grass adjacent the south side of the Flood Control Channel. Underneath him was a holster for a handgun. Officers returned and searched the yard he jumped into and located a loaded .357-caliber revolver, as well as one of suspect's shoes. A search of the suspect revealed roughly two grams of methamphetamine. The suspect was booked into the Vista Detention Facility on multiple drug and weapon charges.
- On 1-29-2018, Officer Martinez located a stolen vehicle in the area of 2nd Ave. and Centre City Parkway. Officer Martinez followed the vehicle onto southbound I-15 and stopped the vehicle with the assistance of the California Highway Patrol. The driver was taken into custody without incident and booked into the Vista Detention Facility for possession of a stolen vehicle.

- On 1-31-2018, officers responded to a call to assist a park ranger with a person refusing to leave the area of Grape Day Park. During the encounter, the suspect threatened the ranger. The suspect fled on foot when officers arrived on scene, and was taken into custody at Maple Street Plaza after a minor use of force. One officer sustained a minor injury in the incident. The suspect was booked into the Vista Detention Facility for threats on an officer, resisting arrest, battery on police officer and probation violation.
- On 2-1-2018, Officer Larson made a traffic enforcement stop on a vehicle in the area of E. Washington Ave and Beechwood St. During the stop officers located a tip jar from a Pizza Hut and a sledgehammer. The officers recognized the vehicle may be related to the recent commercial burglary series in North County. Officers conducted a follow up investigation at the Pizza Hut on E. Valley Pkwy and discovered the business had been burglarized. The four suspects were taken into custody and charged with burglary.

COPPS:

The COPPS (Community Oriented Policing and Problem-Solving) Unit is dedicated to increasing the quality of life for the residents of Escondido through pro-active responses to crime trends, quality of life issues, and addressing crime and public nuisance in Grape Day Park and at Maple Plaza.

- 6 arrests were made
- 2 citations were issued
- Officer Stewart worked a special detail with McAlister Institute and the Psychiatric Emergency Response Team and officered services to 10 people. Three subjects, chronic Escondido homeless, have a high probability of receiving future services.

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