



JANUARY 16, 2019
CITY COUNCIL CHAMBERS
3:30 P.M. Closed Session; 4:30 P.M. Regular Session
201 N. Broadway, Escondido, CA 92025

MAYOR	Paul McNamara
DEPUTY MAYOR	Consuelo Martinez
COUNCIL MEMBERS	Olga Diaz John Masson Michael Morasco
CITY MANAGER	Jeffrey Epp
CITY CLERK	Zack Beck
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

**January 16, 2019
3:30 P.M. Meeting**

Escondido City Council

CALL TO ORDER

ROLL CALL: Diaz, Martinez, Masson, Morasco, McNamara

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:** Garrett, et. al. v. City of Escondido
Case No: 37-2017-00045061-CU-WM-NC
- II. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)**
- a. **Property:** 201 South Pine Street, 509 West Second Avenue, and 542 West Third Avenue (APNs 233-032-0700, 233-032-0800, 233-32-1200, 233-032-1300, and 233-032-1400)
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: Pemcor Properties
Under Negotiation: Price and Terms of Agreement
- b. **Property:** 480 North Spruce Street (APN 232-091-2800)
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: Pretium LLC (Custom Blow Molding)
Under Negotiation: Price and Terms of Existing Lease

ADJOURNMENT



Council Meeting Agenda

**January 16, 2019
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, Martinez, Masson, Morasco, McNamara

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)

Request the City Council approve the City Council, Successor Agency, and Housing Successor Agency warrant numbers:

- 325707 - 325939 dated December 12, 2018
- 325940 - 326147 dated December 19, 2018
- 326148 - 326330 dated December 26, 2018
- 326331 - 326539 dated January 02, 2019

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

3. APPROVAL OF MINUTES: A) Special Meeting of December 12, 2018 B) Regular Meeting of December 19, 2018

4. FISCAL YEAR 2018 U.S. DEPARTMENT OF JUSTICE EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT - LOCAL SOLICITATION AND BUDGET ADJUSTMENT -

Request the City Council approve accepting a \$39,773 Fiscal Year 2018 Edward Byrne Memorial Justice Assistance Grant (JAG); 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. Grant funds will cover salary expenses for part-time patrol technicians. Patrol technicians augment front-line law enforcement services, allowing officers to focus on crime-prevention and suppression.

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

5. FISCAL YEAR 2018 CALIFORNIA DEPARTMENT OF JUSTICE TOBACCO LAW ENFORCEMENT GRANT PROGRAM AND BUDGET ADJUSTMENT -

Request the City Council approve accepting a \$421,872 Fiscal Year 2018 California Department of Justice (DOJ) Tobacco Law Enforcement Grant; 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. The grant will cover salary and benefits for a School Resource Officer and expenses for tobacco suppression details. Funds are intended to increase school and community safety.

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

6. LANDSCAPE MAINTENANCE DISTRICT BUDGET ADJUSTMENT FOR ZONE 7 -

Request the City Council approve a budget adjustment in the amount of \$5,000 from the Landscape Maintenance District Reserve Fund balance for Zone 7 to the Professional Services account for Zone 7. Zone 7 is located along the east side of La Honda Drive from Trujillo Terrace North, past McNaughton Lane.

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

- 7. BID AWARD FOR THE TULIP STREET IMPROVEMENTS PHASE IV -**
Request the City Council approve awarding the bid to Southland Paving, Inc., determined to be the lowest responsive and responsible bidder, and authorize the Mayor and City Clerk to execute a Public Improvement Agreement in the amount of \$1,148,793.75 for the Tulip Street Improvements Phase IV located between Third Avenue and West Valley Parkway/Grand Avenue.

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**
RESOLUTION NO. 2019-01
- 8. BID AWARD FOR THE MULTI NEIGHBORHOOD STREET LIGHT L.E.D. RETROFIT PROJECT -**
Request the City Council approve awarding the bid to HMS Construction, Inc., determined to be the lowest responsive and responsible bidder; authorize the Mayor and City Clerk to execute a Public Improvement Agreement in the amount of \$190,000; and authorize staff to approve change orders up to 25 percent of the contract value for the Multi Neighborhood Street Light L.E.D. Retrofit Project.

Staff Recommendation: **Approval (Public Works Department: Joseph Goulart)**
RESOLUTION NO. 2019-03
- 9. PUBLIC UTILITY AND STREET DEDICATION, BERKSHIRE COURT -**
Request the City Council approve authorizing the dedication of Assessor Parcel Number (APN) 236-335-12-00, a City-owned parcel also known as Berkshire Court, for street and public utility purposes.

Staff Recommendation: **Approval (Engineering Services Department: Julie Procopio)**
RESOLUTION NO. 2019-11
- 10. A FIRST AMENDMENT TO THE HOTEL ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT FOR THE SPRINGHILL SUITES BY MARRIOTT IN LA TERRAZA -**
Request the City Council approve authorizing the Mayor and City Clerk to execute a First Amendment to the Hotel Economic Development Incentive Agreement for the Springhill Suites by Marriott in La Terraza.

Staff Recommendation: **Approval (City Manager's Office: Jay Petrek)**
RESOLUTION NO. 2019-05
- 11. FIRE DEPARTMENT FIRE AERIAL LADDER TRUCK REFURBISHMENT -**
Request the City Council approve authorizing Fleet Services to enter into an Agreement with Sutphen Corporation to refurbish the existing 1998 Fire Ladder Truck so that it can be added to the fleet as a reserve apparatus. Funding for this project will be from the use of CIP funds collected from public facility fees.

Staff Recommendation: **Approval (Fire Department: Rick Vogt and Public Works Department: Joseph Goulart)**
RESOLUTION NO. 2019-06
- 12. WASHINGTON PARK BALLFIELD LIGHTING LED UPGRADE PROJECT -**
Request the City Council approve authorizing the Assistant Director of Public Works to enter into an agreement with MUSCO Sports Lighting, LLC, to upgrade the existing metal-halide ballfield lighting at Washington Park to light-emitting diode (LED) technology in an amount not to exceed \$128,374, utilizing Program year 2016 Housing Related Park program grant funds.

Staff Recommendation: **Approval (Public Works Department: Joseph Goulart)**
RESOLUTION NO. 2019-07

13. CONSULTING AGREEMENT WITH PFM ASSET MANAGEMENT, LLC TO PROVIDE INVESTMENT MANAGEMENT SERVICES AND ADVISORY SERVICES TO THE CITY -

Request the City Council approve authorizing the Mayor and City Clerk to execute a two (2) year Consulting Agreement with PFM Asset Management, LLC with two (2) additional one-year renewal options.

Staff Recommendation: **Approval (City Treasurer's Office: Douglas W. Shultz)**

RESOLUTION NO. 2019-10

14. TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018 -

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

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

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.)

CURRENT BUSINESS

15. DOWNTOWN GRAND AVENUE ARCH -

Presentation by the Escondido Charitable Foundation of conceptual plans and stakeholder process for a donor-funded decorative arch over Grand Avenue at Centre City Parkway.

Staff Recommendation: **Consider presentation and provide direction regarding next steps.**

16. CLIMATE ACTION PLAN UPDATE - INFORMATIONAL REPORT AND STATUS UPDATE (PHG 18-0009) -

Request the City Council receive and file the Climate Action Plan Update. No action is required at this time except to provide direction to staff as appropriate. *This item was continued from November 28, 2018.*

Staff Recommendation: **Provide Direction (Community Development Department: Bill Martin)**

17. LOCATION OF THE PLANNED MEMBRANE FILTRATION REVERSE OSMOSIS FACILITY -

Request the City Council receive a report from City staff about the planned location of the Membrane Filtration Reverse Osmosis (MFRO) Facility and the process by which that location was selected, and provide direction to staff whether or not that decision should be reconsidered.

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

18. STATE REVOLVING FUND INSTALLMENT SALE AGREEMENT FOR THE PLANNED MEMBRANE FILTRATION REVERSE OSMOSIS FACILITY -

Request the City Council approve authorizing the Director of Utilities to execute an Installment Sale Agreement in the amount of \$29 million from the State Water Resources Control Board, Division of Financial Assistance. If approved, the loan issued from the State Revolving Fund will be used for construction costs of the Membrane Filtration Reverse Osmosis (MFRO) Facility Project.

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

RESOLUTION NO. 2019-04

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: Zack Beck)**

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

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. Speakers are limited to only one opportunity to address the Council under Oral Communications.

ADJOURNMENT

UPCOMING MEETING SCHEDULE				
Date	Day	Time	Meeting Type	Location
January 23	Wednesday	3:30 & 4:30 PM	Regular Meeting	Council Chambers
January 30	-	-	No Meeting	-
February 6	Wednesday	3:30 & 4:30 PM	Regular Meeting	Council Chambers
February 13	Wednesday	3:30 & 4:30 PM	Regular Meeting	Council Chambers

TO ADDRESS THE COUNCIL

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



AFFIDAVITS

OF

ITEM

POSTING



CITY COUNCIL STAFF REPORT

Consent Item No. 2

January 16, 2019

File No. 0400-40

SUBJECT: Approval of Warrants

DEPARTMENT: Finance Department

RECOMMENDATION:

Request approval for City Council, Successor Agency and Housing Successor Agency warrant numbers:

325707 – 325939 dated December 12, 2018

325940 – 326147 dated December 19, 2018

326148 – 326330 dated December 26, 2018

326331 – 326539 dated January 02, 2019

FISCAL ANALYSIS:

The total amount of the warrants for the following periods are as follows:

December 6 – 12, 2018 is \$2,169,999.62

December 13 – 19, 2018 is \$597,600.61

December 20 – 26, 2018 is \$1,594,827.69

December 27, 2018 – January 02, 2019 is \$1,214,714.46

BACKGROUND:

The Escondido Municipal Code Section 10-49 states that warrants or checks may be issued and paid prior to audit by the City Council provided the warrants or checks are certified and approved by the Director of Finance as conforming to the current budget. These warrants or checks must then be ratified and approved by the City Council at the next regular Council meeting.

CITY OF ESCONDIDO
December 12, 2018
6:00 P.M. Special Meeting Minutes

Escondido City Council

CALL TO ORDER

The Special Meeting of the Escondido City Council was called to order at 6:00 p.m. on Wednesday, December 12, 2018 in the Council Chambers at City Hall with Mayor Abed presiding.

FLAG SALUTE

Police and Fire Color Guard led the flag salute.

NATIONAL ANTHEM

Joe Stanford and the Escondido Center Chorale sang the National Anthem.

INVOCATION

Megan Decker gave the invocation.

ROLL CALL:

The following members were present: Councilmember Diaz, Councilmember Gallo, Deputy Mayor Masson, Councilmember Morasco, and Mayor Abed. Quorum present.

Also present were: Jeffrey Epp, City Manager; Michael R. Morasco, City Attorney; Eva Heter, Interim City Clerk, and Jennifer Ekblad, Deputy City Clerk.

ORAL COMMUNICATIONS

Michael McSweeney, Representative for Southern California Housing Collaborative, thanked staff for their assistance with a housing project.

Aaron Andrews, Representative for Senator Brian Jones, invited the Council to attend the grand opening of Senator Jones new office.

Rick Paul, Escondido, shared comments regarding the current and newly elected Councilmembers.

Greg Anglea, Escondido, thanked Council and staff for their support of Interfaith Community Services.

Alejandro Sanchez, Escondido, shared concerns regarding maintenance of the Escondido Public Library.

CONSENT CALENDAR

1. CERTIFICATION OF 2018 GENERAL MUNICIPAL ELECTION RESULTS -

Request the City Council approve certifying the November 6, 2018, City of Escondido General Municipal Election and declare the results. (File No. 0650-40)

Staff Recommendation: **Approval (City Clerk's Office: Eva Heter)**

RESOLUTION NO. 2018-187

MOTION: Moved by Deputy Mayor Masson and seconded by Councilmember Morasco to approve certifying the November 6, 2018, City of Escondido General Municipal Election and declare the results and adopt Resolution No. 2018-187. Motion carried unanimously.

COMMENTS – OUTGOING OFFICIALS

2. PRESENTATION OF PLAQUES -

- Jeffrey Epp, City Manager

3. COMMENTS FROM OUTGOING OFFICIALS –

- Ed Gallo, Councilmember – District One
- Sam Abed, Mayor

INSTALLATION CEREMONIES

4. ADMINISTRATION OF OATH OF OFFICE: The Honorable Judge Sim von Kalinowski

- Consuelo Martinez, Councilmember – District One
- John Masson, Councilmember – District Two
- Paul McNamara, Mayor

The Honorable Judge Sim von Kalinowski administered the Oath of Office to Consuelo Martinez, Councilmember, District One; John Masson, Councilmember, District Two; and Paul McNamara, Mayor.

5. COMMENTS FROM NEWLY ELECTED OFFICIALS -

CURRENT BUSINESS

6. APPOINTMENT OF DEPUTY MAYOR -

Staff Recommendation: **None**

MOTION: Moved by Deputy Mayor Masson and seconded by Councilmember Morasco to appoint Councilmember Martinez as Deputy Mayor for a term of two years. Motion carried unanimously.

ORAL COMMUNICATIONS

ADJOURNMENT/RECEPTION

Mayor McNamara adjourned the meeting at 6:56 p.m.

MAYOR

INTERIM CITY CLERK

DEPUTY CITY CLERK

CITY OF ESCONDIDO
December 19, 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 4:30 p.m. on Wednesday, December 19, 2018 in the City Council Chambers at City Hall with Mayor McNamara presiding.

MOMENT OF REFLECTION

Richard Huls led the Moment of Reflection.

FLAG SALUTE

Boy Scout Troop 659 led the flag salute.

ATTENDANCE:

The following members were present: Councilmember Olga Diaz, Deputy Mayor Consuelo Martinez, Councilmember John Masson, Councilmember Michael Morasco, and Mayor Paul McNamara. Quorum present.

Also present were: Jeffrey Epp, City Manager; Gary McCarthy, Senior Deputy City Attorney; Bill Martin, Director of Community Development; Julie Procopio, Director of Engineering Services; Eva Heter, Interim City Clerk; Jennifer Ekblad, Deputy City Clerk.

ORAL COMMUNICATIONS

Rick Paul, Escondido, shared comments regarding the purchase of Daley Ranch and requested the Council revert to the original Daley Ranch financial policy.

Brady Bradshaw, Encinitas, shared information regarding a proposal for offshore oil drilling and provided a related resolution to the Council.

CONSENT CALENDAR

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to approve all Consent Calendar items with the exception of items 3, 4, 5, and 8. 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: A) Regular Meeting of November 28, 2018 B) Regular Meeting of December 5, 2018

Rob Wise, Escondido, requested changes to the Regular Meeting of December 5, 2018 Minutes regarding item 11 and requested the Council reconsider the Mobilehome Rent Review Board hearing from December 5, 2018.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to approve the Regular Meeting of November 28, 2018 and Regular Meeting of December 5, 2018 with the amendment that 11 residents of the 21 spaces impacted by the application signed in to protest the rent increase for item 11, Short-Form Rent Review Board Hearing for Sundance Mobilehome Park. Ayes: Diaz, Masson, Morasco. Noes: None. Abstained: Martinez, McNamara. Motion carried.

4. REQUEST TO AUTHORIZE SALE OF DALEY RANCH MITIGATION CREDITS -

Request the City Council approve authorizing the sale of 8.15 habitat credits from the Daley Ranch Mitigation Bank for the reduced price of \$290,250. The proposed sales price represents a discount of \$166,926 from the established Daley Ranch credit prices and would match an offer from the Fallbrook Land Conservancy to sell mitigation acreage from its Gird Valley Preserve to offset biological impacts for the 34-lot North Avenue Estates residential development (SUB 17-0007). (File No. 0230-41)

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

Jay Petrek, Assistant City Manager, was available to answer questions.

David Ferguson, Applicant's Representative, provided information regarding the proposed project and sale of the Daley Ranch mitigation credits.

Rick Paul, Escondido, shared concerns regarding the sale of the Daley Ranch mitigation credits and requested the Council vote no on this item.

MOTION: Moved by Councilmember Morasco and seconded by Mayor McNamara to approve authorizing the sale of 8.15 habitat credits from the Daley Ranch Mitigation Bank for the reduced price of \$290,250. The proposed sales price represents a discount of \$166,926 from the established Daley Ranch credit prices and would match an offer from the Fallbrook Land Conservancy to sell mitigation acreage from its Gird Valley Preserve to offset biological impacts for the 34-lot North Avenue Estates residential development (SUB 17-0007). Ayes: Morasco. Noes: Diaz, Martinez, McNamara. Abstain: Masson. Motion failed.

5. REQUEST FOR AUTHORIZATION TO PROCESS AN AMENDMENT TO THE DOWNTOWN SPECIFIC PLAN TO ACCOMMODATE THE REDEVELOPMENT OF THE FORMER PALOMAR HOSPITAL SITE AND SURROUNDING PROPERTIES -

Request the City Council approve authorizing City staff to accept and process an application to amend the Downtown Specific Plan. The amendment would accommodate the redevelopment of the former Palomar Hospital site and surrounding properties by modifying the applicable development standards. (File No. 0800-70)

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

Adam Finestone, Principal Planner, was available to answer questions.

Art Devine, Escondido, shared comments regarding the Palomar Hospital site and spoke in opposition to this item.

MOTION: Moved by Councilmember Morasco and seconded by Councilmember Diaz to approve authorizing City staff to accept and process an application to amend the Downtown Specific Plan. The amendment would accommodate the redevelopment of the former Palomar Hospital site and surrounding properties by modifying the applicable development standards. Motion carried unanimously.

6. REGIONAL GENERAL PERMIT (RGP) 94 - CHANNEL MAINTENANCE PROGRAM IMPLEMENTATION AND RENEWAL -

Request the City Council approve authorizing the Mayor and Interim City Clerk to execute a Consulting Agreement with ICF Jones & Stokes, Inc. in the amount of \$259,278 for management of the channel maintenance program implementation and renewal. (File No. 0600-10 [A-3277])

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

RESOLUTION NO. 2018-184

7. ADOPTION OF RESOLUTION NO. 2018-186 APPROVING RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 19-20) FOR JULY 2019 THROUGH JUNE 2020 -

Request the City Council approve the Recognized Obligation Payment Schedule (ROPS 19-20) 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. 2018-186

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.)

8. CONDITIONAL USE PERMIT, MASTER AND PRECISE DEVELOPMENT PLAN AND DEMO PERMIT (PHG 18-0013, ENV 18-0004) -

Approved on December 5, 2018 with a vote of 4/0/1, Masson abstained (File No. 0800-40)

ORDINANCE NO. 2018-23 (Second Reading and Adoption)

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to approve the Conditional Use Permit, Master and Precise Development Plan and Demo Permit (PHG 18-0013, ENV 18-0004) and adopt Ordinance No. 2018-23. Ayes: Diaz, Martinez, McNamara, Morasco. Noes: None. Abstained: Masson. Motion carried.

PUBLIC HEARINGS

9. AMENDMENT TO FISCAL YEAR 2018-2019 HUD ACTION PLAN ALLOCATING CDBG FUNDS TO THE LED RETROFIT PROJECT AND BUDGET ADJUSTMENT -

Request the City Council approve amending the Fiscal Year 2018-2019 HUD Action Plan to program Community Development Block Grant (CDBG) funding to the Street Light LED Retrofit Project, and approve a budget adjustment in the amount of \$150,000. (File No. 0870-11)

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

RESOLUTION NO. 2018-188

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

Mayor McNamara opened the public hearing and asked if anyone wished to speak on this issue in anyway.

Patricia Borchmann, Escondido, shared comments regarding San Diego Gas & Electric and voiced support for alternative forms of energy.

Mayor McNamara asked if anyone else 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 Councilmember Diaz and seconded by Councilmember Masson to approve amending the Fiscal Year 2018-2019 HUD Action Plan to program Community Development Block Grant (CDBG) funding to the Street Light LED Retrofit Project, and approve a budget adjustment in the amount of \$150,000 and adopt Resolution No. 2018-188. Motion carried unanimously.

CURRENT BUSINESS

10. HOUSING RELATED PARKS GRANT PROGRAM -

Request the City Council receive and file a presentation about the Housing Related Parks (HRP) Grant program. No action is necessary on this item. (File No. 0915-07)

Staff Recommendation: **Receive and File (City Manager's Office: Jay Petrek)**

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

No action necessary on this item.

11. REVIEW AND UPDATE OF CURRENT CITY COUNCIL SUBCOMMITTEE MEMBER ASSIGNMENTS -

Request the City Council make determinations and ratify members to serve on the Council/Mayoral appointed subcommittees per the attached listing. (File No. 0610-55)

Staff Recommendation: **None (City Clerk's Office: Eva Heter)**

Patricia Borchmann, Escondido, questioned why LAFCO was not part of the subcommittee appointments.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to approve City Council Subcommittee member assignments per the attached list. Motion carried unanimously.

FUTURE AGENDA

12. 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: Eva Heter)**

Councilmember Diaz requested an offshore drilling item be placed on a future City Council Agenda.

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

Art Devine, Escondido, shared concerns regarding a wastewater treatment plant in a residential neighborhood.

ADJOURNMENT

Mayor McNamara adjourned the meeting at 6:03 p.m.

MAYOR

INTERIM CITY CLERK

DEPUTY CITY CLERK

CITY OF ESCONDIDO
SUBCOMMITTEE & AD HOC APPOINTMENTS
2018 - 2020

The following information is maintained by the City Clerk's Office.

CITY COUNCIL APPOINTED (REGIONAL) SUBCOMMITTEES			
NAME OF AGENCY	COUNCIL REPRESENTATIVE	STAFF LIAISON	NOTES
NORTH COUNTY TRANSIT DISTRICT	Paul McNamara Mike Morasco (Alternate)	Julie Procopio	
SANDAG	Paul McNamara Olga Diaz (Alternate) Mike Morasco (2 nd Alternate)	Jay Petrek	
SAN DIEGUITO RIVER VALLEY Regional Open Space Park JPA Board	Olga Diaz Consuelo Martinez (Alternate)	Bill Martin	
MAYORAL APPOINTED (REGIONAL) SUBCOMMITTEES			
NAME OF AGENCY	COUNCIL REPRESENTATIVE	STAFF LIAISON	NOTES
ABAG	Paul McNamara		Voting delegate is the Mayor who may appoint alternates (Reso 98-262)
LEAGUE OF CALIFORNIA CITIES	Olga Diaz	City Manager	
REGIONAL SOLID WASTE ASSOCIATION BOARD	Mike Morasco	Laura Robinson	Initial appointment 9/17/03
ESCONDIDO CREEK WATERSHED ALLIANCE (ECWA)	Olga Diaz	Chris McKinney	Cities of Encinitas, Solana Beach; San Diego County; Escondido Creek Conservancy; San Elijo Lagoon Conservancy; state & federal agencies <i>(Meets Quarterly)</i>
SAN DIEGO COUNTY WATER AUTHORITY	John Masson	Chris McKinney	Initial appointment 4/10/13; Reappointed on 9/14/16.

CITY OF ESCONDIDO
SUBCOMMITTEE & AD HOC APPOINTMENTS
2018 - 2020

MAYORAL APPOINTED (LOCAL) SUBCOMMITTEES			
NAME OF COMMITTEE	COUNCIL REPRESENTATIVE	STAFF LIAISON	NOTES
ANNUAL AWARD SELECTIONS <i>Mayor's State of City Address</i>	John Masson Mike Morasco	Michelle Geller	Meets annually
CCAE	Consuelo Martinez Mike Morasco	Jay Petrek	<i>(Established 12-16-09 - former ad hoc committee)</i>
ECONOMIC DEVELOPMENT	Paul McNamara John Masson	Michelle Geller	
SCHOOL SUBCOMMITTEE	Mike Morasco Olga Diaz	City Manager	
UTILITIES SUBCOMMITTEE	Consuelo Martinez Mike Morasco	Chris McKinney	Originally established 9/19/07 as an ad hoc; became permanent 2/24/10
MAYORAL APPOINTED AD HOC COMMITTEES			
NAME OF COMMITTEE	COUNCIL REPRESENTATIVE	STAFF LIAISON	NOTES <i>Not subject to Brown Act</i>
DOWNTOWN PARKING <i>(Established. 4/6/05)</i>	Olga Diaz Mike Morasco	Julie Procopio	Temporary liaison to make recommendations on interim and long-term parking concerns.



CITY COUNCIL STAFF REPORT

Consent Item No. 4

January 16, 2019

File No. 0480-70

SUBJECT: Fiscal Year 2018 U.S. Department of Justice Edward Byrne Memorial Justice Assistance Grant – Local Solicitation and Budget Adjustment

DEPARTMENT: Police Department

RECOMMENDATION:

It is requested that the City Council accept a \$39,773 FY 2018 Edward Byrne Memorial Justice Assistance Grant (JAG); 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. Grant funds will cover salary expenses for part-time patrol technicians. Patrol technicians augment front-line law enforcement services, allowing officers to focus on crime-prevention and suppression.

PREVIOUS ACTION:

The City Council approved a FY 2017 Edward Byrne Memorial Justice Assistance Grant (JAG) in the amount of \$41,840 on November 28, 2018.

BACKGROUND:

The Escondido Police Department received a FY 2017-18 Edward Byrne Memorial Justice Assistance Grant from the U.S. Department of Justice in the amount of \$39,773. JAG funds allow local governments to support activities that prevent and control local crime. Grant funds may not supplant items currently budgeted.

The Escondido Police Department proposes to use this year's JAG allocation to fund two Police Patrol Technicians. These part-time members of the Police Department assist community members, support police officers, take police reports, process paperwork, and impound property. Patrol Technicians provide vital services to the community and allow front-line law enforcement officers to handle high-priority calls.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Craig Carter, Chief of Police
12/27/2018 11:06 a.m.

ATTACHMENTS:

1. Budget Adjustment



CITY COUNCIL STAFF REPORT

Consent Item No. 5

January 16, 2019

File No. 0480-70

SUBJECT: Fiscal Year 2018 California Department of Justice (DOJ) Tobacco Law Enforcement Grant Program and Budget Adjustment

DEPARTMENT: Police Department

RECOMMENDATION:

It is requested that the City Council accept a \$421,872 FY 2018 California DOJ Tobacco Law Enforcement Grant; 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. The grant will cover salary and benefits for a School Resource Officer and expenses for tobacco suppression details. Funds are intended to increase school and community safety.

BACKGROUND:

The Escondido Police Department received a FY 2018 Tobacco Law Enforcement Grant from the California Department of Justice in the amount of \$421,872. Funding is authorized under the California Healthcare, Research and Prevention Tobacco Tax Act of 2016, and is intended to be used in prevention efforts, outreach services, and retailer enforcement of underage tobacco usage and sales.

The three-year grant will fund the salary and benefits of a full-time School Resource Officer. This officer will conduct educational classes for retailers, provide materials regarding laws and ordinances, and monitor underage tobacco usage at Escondido schools. Grant funding will also cover overtime expenses for suppression efforts, including e-cigarette operations that target retailers, and operating expenses for materials and operational costs.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Craig Carter, Chief of Police
12/27/2018 11:06 a.m.

ATTACHMENTS:

1. Budget Adjustment

CITY COUNCIL STAFF REPORT

Consent Item No. 6

January 16, 2019

File No. 0430-80

SUBJECT: Landscape Maintenance District Budget Adjustment for Zone 7

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is requested that the City Council approve a budget adjustment in the amount of \$5,000 from the Landscape Maintenance District (LMD) Reserve Fund Balance for Zone 7 to the Professional Services account for Zone 7. Zone 7 is located along the east side of La Honda Drive from Trujillo Terrace North, past McNaughton Lane.

FISCAL ANALYSIS:

Annual assessments collected from property owners within each LMD zone fund both operating expenses and reserves. LMD Zone 7 has reserves in the amount of \$39,347. The reserve amount is adequate to cover the requested \$5,000 transfer.

BACKGROUND:

Landscape Maintenance District (LMD) Zone 7 lies in the north-east portion of the City (see attached map). Pruning and removal of dead trees is necessary within this zone to mitigate public safety concerns in this area. A budget adjustment is recommended to ensure adequate funds to maintain Zone 7 for the remainder of the Fiscal Year (FY 2018-19).

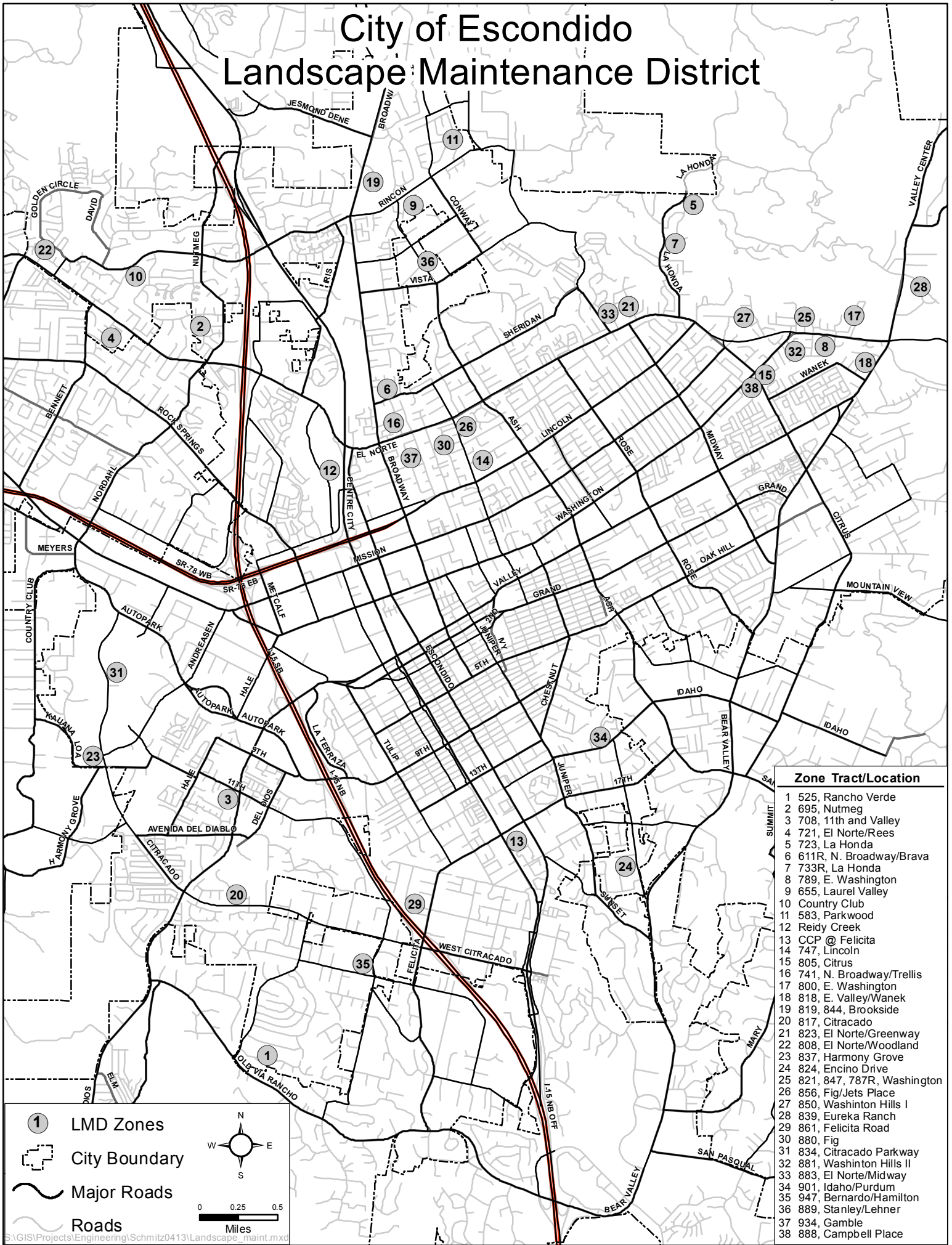
APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
1/9/2019 5:26 p.m.

ATTACHMENTS:

1. Budget Adjustment
2. Attachment 2 - LMD Map

City of Escondido Landscape Maintenance District



Zone Tract/Location

- 1 525, Rancho Verde
- 2 695, Nutmeg
- 3 708, 11th and Valley
- 4 721, El Norte/Rees
- 5 723, La Honda
- 6 611R, N. Broadway/Brava
- 7 733R, La Honda
- 8 789, E. Washington
- 9 655, Laurel Valley
- 10 Country Club
- 11 583, Parkwood
- 12 Reidy Creek
- 13 CCP @ Felicitia
- 14 747, Lincoln
- 15 805, Citrus
- 16 741, N. Broadway/Trellis
- 17 800, E. Washington
- 18 818, E. Valley/Wanek
- 19 819, 844, Brookside
- 20 817, Citracado
- 21 823, El Norte/Greenway
- 22 808, El Norte/Woodland
- 23 837, Harmony Grove
- 24 824, Encino Drive
- 25 821, 847, 787R, Washington
- 26 856, Fig/Jets Place
- 27 850, Washinton Hills I
- 28 839, Eureka Ranch
- 29 861, Felicitia Road
- 30 880, Fig
- 31 834, Citracado Parkway
- 32 881, Washinton Hills II
- 33 883, El Norte/Midway
- 34 901, Idaho/Purdum
- 35 947, Bernardo/Hamilton
- 36 889, Stanley/Lehner
- 37 934, Gamble
- 38 888, Campbell Place



CITY COUNCIL STAFF REPORT

Consent Item No. 7

January 16, 2019

File No. 0600-10, A-3280

SUBJECT: Bid Award for the Tulip Street Improvements Phase IV

DEPARTMENT: Engineering Services Department, Design/Capital Improvement Section

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-01 awarding the bid to Southland Paving, Inc., determined to be the lowest responsive and responsible bidder, and authorizing the Mayor and the City Clerk to execute a Public Improvement Agreement in the amount of \$1,148,793.75 for the Tulip Street Improvements Phase IV ("Project") located between Third Avenue and West Valley Parkway/Grand Avenue.

FISCAL ANALYSIS:

This project is funded with Community Development Block Grant (CDBG) funding. There are sufficient funds available in the adopted CIP budget.

BACKGROUND:

This Project will complete the fourth and final phase of improvements to Tulip Street between Third Avenue and W. Valley Parkway/Grand Avenue. The first phase, completed in 2008, improved Tulip Street between Ninth Avenue and Seventh Avenue. Subsequent phases to improve Tulip Street between Seventh Ave and Third Ave were completed in 2009 and 2012. The scope of work for this project is similar to previous projects and includes installation of sidewalk, curb and gutter, pedestrian ramps, retaining walls, tree wells and landscape.

On January 3, 2019, seven (7) sealed bids were received in response to the advertised request for bids on this Project. The bid results are listed below:

Southland Paving, Inc.	\$1,148,793.75
LB Civil Construction	\$1,332,797.00
Eagle Paving	\$1,575,036.20
Weir Construction Corporation	\$1,578,736.78
LC Paving & Sealing, Inc.	\$1,773,851.60
All American Asphalt	\$1,863,431.80

AToM Engineering Construction, the second lowest bidder, withdrew their bid due to an error.

Southland Paving, Inc. successfully completed two previous phases of this project. Staff recommends that the bid submitted by Southland Paving, Inc. be considered the lowest responsive and responsible bid, and that the contract be awarded in the amount of \$1,148,793.75 to Southland Paving, Inc. The lowest responsive bid is 13% percent lower than the Engineer's estimate of approximately \$1,330,000.00.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
1/9/2019 5:26 p.m.

ATTACHMENTS:

1. Resolution No. 2019-01
2. Resolution No. 2019-01 – Exhibit "1": Public Improvement Agreement with Southland Paving, Inc.

RESOLUTION NO. 2019-01

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AWARDING A BID TO SOUTHLAND PAVING,
INC., AUTHORIZING THE MAYOR AND CITY
CLERK TO EXECUTE, ON BEHALF OF THE
CITY, A PUBLIC IMPROVEMENT AGREEMENT
FOR THE TULIP STREET IMPROVEMENT
PHASE IV PROJECT

WHEREAS, the City Council has allocated funding in the adopted Capital Improvement Program Budget for the Tulip Street Improvement Phase IV Project (“Project”); and

WHEREAS, a notice inviting bids for said improvements was duly published; and

WHEREAS, pursuant to said notice, seven (7) sealed bids for the Project were opened and evaluated on January 3, 2019; and

WHEREAS, Southland Paving, 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 in the best public interest to award this contract to Southland Paving, Inc. in the amount of \$1,148,793.75.

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 the City Clerk are authorized to execute, on behalf of the City, a Public Improvement Agreement with Southland Paving, 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.

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 _____ (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

Tulip Street Improvements Phase IV 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 _____ Dollars (\$_____).
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 **Seventy (70) 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

except for liability resulting from the sole active negligence, or willful misconduct of the CITY.

- (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 than **\$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: _____
Zachary Beck, City Clerk

By: _____
Paul McNamara, 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,

Tulip Street Improvements Phase IV 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, attorney's 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,

Tulip Street Improvements Phase IV 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:

TULIP STREET IMPROVEMENTS PHASE IV 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. 8

January 16, 2019

File No. 0600-10, A-3279

SUBJECT: Bid Award for the Multi Neighborhood Street Light L.E.D. Retrofit Project

DEPARTMENT: Engineering Services Department, Design/Capital Improvement Section

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-03 awarding the bid to HMS Construction, Inc., determined to be the lowest responsive and responsible bidder, authorizing the Mayor and City Clerk to execute a Public Improvement Agreement in the amount of \$190,000, and authorizing staff to approve change orders up to 25 percent of the contract value for the Multi Neighborhood Street Light L.E.D. Retrofit Project ("Project").

FISCAL ANALYSIS:

The adopted Capital Improvement Project (CIP) budget includes \$537,677 in Community Development Block Grant (CDBG) funds for this project. In addition, the General Capital Funds and General Street Funds programmed in the Fiscal Year (FY) 17-18 CIP budget for Street Light Retrofit projects are available to fund Project work in locations not eligible for CDBG funding (approximately \$33,500).

The lowest responsive bid is 49% lower than the Engineer's estimate of \$375,000. Due to favorable bids, staff requests authorization for the City Engineer to approve change orders up to 25% of the contract amount. This would bring the contract total to \$237,500, and would result in an estimated 130 additional street lights being retrofitted within CDBG eligible areas, further improving area lighting, and reducing maintenance and energy costs. There are sufficient funds available in the adopted CIP budget.

PREVIOUS ACTION:

The City Council approved the one-year Housing and Urban Development (HUD) Action Plans for FY 2016-2017 and FY 2017-2018, committing a combined \$387,677 in CDBG funds for the Project.

On December 19, 2018, the City Council held a public hearing and adopted Resolution No. 2018-188 to amend the FY 2018-2019 HUD Action Plan to program an additional \$150,000 in CDBG funding to the Project to expand the area for retrofits.

BACKGROUND:

This Project features the retrofitting of 644 non-LED streetlights and safety light fixtures with new LED luminaries within the area bounded by Lincoln Avenue, Ash Street, Thirteenth Avenue, South Broadway, and Upas Street. This area includes (12) twelve neighborhood groups: Adams/Gamble,

CALM Grove, Park Place, North Hickory, West Hillside Group, South Elm/Hickory, Los Arboles, Westside Involved Neighbors, Old Escondido Historic District, Ontario, Tulip Group, and Orange Place Collaborative.

LED lighting provides better lighting quality, which improves traffic safety and general security as residents walk, bicycle or drive in the neighborhood. LED lighting is also more energy efficient resulting in lower energy costs. Project LED lights carry a ten-year warranty, which substantially reduces maintenance costs, as existing bulbs require replacement every nine to eighteen-months.

On December 27, 2018, seven sealed bids were received in response to the advertised request for bids for this Project. The bid results are listed below:

HMS Construction Inc.	\$190,000.00
Southern Contracting Co.	\$259,299.00
Clear Blue Energy Corp.	\$271,103.63
The Crew Contracting, Inc.	\$272,265.00
Foddrill Construction	\$280,798.66
JFL Electric, Inc.	\$286,305.00
Growth Development	\$429,546.00

Recently HMS Construction Inc. successfully completed a more complex project similar in nature for the City of Escondido, and also completed projects similar in scope and scale for two other north county cities. Staff recommends that the bid submitted by HMS Construction Inc. be considered the lowest responsive and responsible bid, and that the contract be awarded in the amount of \$190,000.00 to HMS Construction Inc.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Joseph Goulart, Assistant Director of Public Works
1/9/2019 4:49 p.m.

ATTACHMENTS:

1. Resolution No. 2019-03
2. Resolution No. 2019-03-Exhibit "1": Public Improvement Agreement with HMS Construction Inc.

RESOLUTION NO. 2019-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AWARDING A BID TO HMS CONSTRUCTION, INC. AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A PUBLIC IMPROVEMENT AGREEMENT FOR THE MULTI NEIGHBORHOOD GROUP STREET LIGHT L.E.D. RETROFIT PROJECT

WHEREAS, the City Council has allocated funding for the Multi Neighborhood Street Lighting L.E.D. Retrofit ("Project"); and

WHEREAS, a notice inviting bids for said improvements was duly published; and

WHEREAS, pursuant to said notice, seven (7) sealed bids for the Project were opened and evaluated on December 27, 2018; and

WHEREAS, HMS Construction, 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 in the best public interest to award this contract to HMS Construction, Inc. in the amount of \$190,000.00.

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 the City Clerk are authorized to execute, on behalf of the City, a Public Improvement Agreement with HMS Construction, 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. The City Engineer / Director of Engineering Services is authorized to approve change orders up to twenty-five percent (25%) of the contract amount.

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 _____ (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

MULTI NEIGHBORHOOD STREET LIGHT L.E.D. RETROFIT 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

_____ Dollars (\$_____).

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 **Forty-five (45) 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

except for liability resulting from the sole active negligence, or willful misconduct of the CITY.

- (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 than **\$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: _____
Zachary Beck, City Clerk

By: _____
Paul McNamara, 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,

MULTI NEIGHBORHOOD STREET LIGHT L.E.D. RETROFIT 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 _____ 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,

MULTI NEIGHBORHOOD STREET LIGHT L.E.D. RETROFIT 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:

MULTI NEIGHBORHOOD STREET LIGHT L.E.D. RETROFIT 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. 9

January 16, 2019

File No. 0690-30

SUBJECT: Public Utility and Street Dedication; Berkshire Court

DEPARTMENT: Engineering Services Department, Real Property

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-11 authorizing the dedication of Assessor Parcel Number (APN) 236-335-12-00, a City-owned parcel also known as Berkshire Court, for street and public utility purposes.

FISCAL ANALYSIS:

The property is currently City-owned. The cost of maintenance is approximately \$3,750 per year and can be paid for from the Annual Pavement Maintenance Program, funded with TransNet and Gas Tax funds.

BACKGROUND:

Berkshire Court was developed in the County as a private street and later annexed to the City. Sometime prior to August of 1976, the County Assessor assigned APN 235-335-12-00 to the property. The property went into default due to non-payment of taxes and was subsequently purchased by the City on August 16, 1976, from the State of California for \$68.50. Although the parcel was never dedicated as a public street, it is used for street and public utility purposes. It is recommended that it be dedicated for public use and accepted into the City-maintained street system. Upon dedication, adjacent property owners will remain responsible for private utility lateral maintenance.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
1/9/2019 5:26 p.m.

ATTACHMENTS:

1. Resolution No. 2019-11
2. Resolution No. 2019-11 Exhibit 1: Public Street Dedication, Escondido Doc No. M-29-18

RESOLUTION NO 2019-11

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE DEDICATION OF CITY-
OWNED PROPERTY FOR STREET AND
PUBLIC UTILITY PURPOSES

WHEREAS, the City of Escondido ("City") acquired fee title to Berkshire Court under Chapter 8 of the Revenue and Taxation Code of the State of California, and City Council approved the expenditure of approximately sixty-five dollars (\$65) from the General Fund for the property acquisition; and

WHEREAS, the City currently holds fee simple title to Berkshire Court, with APN 236-335-12-00; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to dedicate Assessor Parcel Number 236-335-12-00, known as Berkshire Court to the public for street and public utility purposes.

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 Real Property Manager is authorized to execute the documents for the Public Street Dedication of Berkshire Court, attached as Exhibit "1" and incorporated by this reference, on behalf of the City of Escondido.
3. These documents are exempt from recording fees pursuant to Section 27383 of the California Government Code.

4. These deeds are exempt from documentary transfer taxes pursuant to Section 11922 of the California Revenue and Taxation Code.

RECORDING REQUESTED BY
the City of Escondido

And When Recorded Mail to:
City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

APN: 236-335-12-00

No recording fee required; this document
exempt from fee pursuant to Section 27383 of
the California Government Code.

CITY OF ESCONDIDO
PUBLIC STREET DEDICATION
ESCONDIDO DOC. NO. M-29-18

This deed exempt from tax – Section 11922 of the California Revenue and Taxation Code

THE CITY OF ESCONDIDO, a municipal corporation, GRANTOR,
hereby DEDICATES to
the **CITY OF ESCONDIDO**, a municipal corporation, GRANTEE

a permanent and perpetual public street right of way for the purpose of constructing and maintaining a public thoroughfare and public utility appurtenances thereto, over, under, and across that real property in the City of Escondido, County of San Diego, State of California, described on the attached **Exhibit "A"** and depicted on the attached **Exhibit "B"**.

The Grantor, its successors and assigns, agree not to erect buildings or structures upon any portion of the above-described right of way nor to utilize the land within the street right of way for any purpose detrimental to the Grantee's use of the land as a public thoroughfare.

TO HAVE AND TO HOLD said right of way unto the City of Escondido, its successors and assigns, forever.

IN WITNESS WHEREOF, the City of Escondido has caused this deed to be executed by its Real Property Manager, pursuant to Ordinance Number 2008-12 authorizing such execution.

THE CITY OF ESCONDIDO

By: _____
Vince McCaw, Real Property Manager

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO }

On _____(date) before me, _____, Notary Public

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s), is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature of Notary

CITY OF ESCONDIDO DOC. NO. M-29-18
TITLE OR TYPE OF DOCUMENT: Public Street Dedication
GRANTOR: The City of Escondido

CITY ACCEPTANCE

THIS IS TO CERTIFY that the interest in real property conveyed by the attached deed or grant, dated as shown hereon and from the persons named (Grantor) to the City of Escondido, a municipal corporation, is hereby accepted pursuant to Ordinance Number 2008-12 of the City Council of the City of Escondido, dated November 19, 2008, and the Grantee consents to recordation thereof by said Grantees duly authorized officer.

Vince McCaw, Real Property Manager
City of Escondido

EXHIBIT "A"
SHEET 1 OF 2
STREET DEDICATION
APN: 236-335-12
BERKSHIRE COURT

THAT PORTION OF LOT 4 IN BLOCK 1 OF HOMELAND ACRES ADDITION MAP 1205, RECORDED SEPTEMBER 1, 1909 IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SAID PORTION SITUATED IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHEASTERLY CORNER OF SAID LOT 4, THENCE NORTHERLY ALONG THE EASTERLY LINE OF SAID LOT 4, SAID LINE ALSO BEING THE WESTERLY SIDELINE OF 66.00 FOOT WIDE FELICITA ROAD, NORTH 12° 01'00" EAST, A DISTANCE OF 188.00 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG THE EASTERLY LINE OF SAID LOT 4, NORTH 12° 01'00" EAST, A DISTANCE OF 52.00 FEET; THENCE LEAVING SAID EASTERLY LINE OF SAID LOT 4, NORTH 77° 59'00" WEST, A DISTANCE OF 518.70 FEET TO THE BEGINNING OF A TANGENT 48.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE WESTERLY, SOUTHERLY, AND EASTERLY ALONG ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 237° 12'16", A DISTANCE OF 198.72 FEET TO THE BEGINNING OF A 48.00 FOOT RADIUS REVERSE CURVE CONCAVE SOUTHERLY; THENCE NORTHEASTERLY ALONG ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 57°12'04", A DISTANCE OF 47.92 FEET; THENCE SOUTH 77° 59'00" EAST, A DISTANCE OF 438.00 FEET TO THE **TRUE POINT OF BEGINNING**.

DESCRIBED PORTION CONTAINS AN AREA OF 32,367 SQUARE FEET, (0.74 ACRES) MORE OR LESS.



PETER G. FALCONIERI, LS 7943

12/03/18

DATE:





CITY COUNCIL STAFF REPORT

Consent Item No. 10

January 16, 2019

File No. 0800-40

SUBJECT: A First Amendment to the Hotel Economic Development Incentive Agreement for the Springhill Suites by Marriott in La Terraza

DEPARTMENT: City Manager's Office

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-05 authorizing the Mayor and City Clerk to execute a First Amendment to the Hotel Economic Development Incentive Agreement for the Springhill Suites by Marriott in La Terraza.

FISCAL ANALYSIS:

A fiscal analysis utilizing industry-standard room and occupancy rates projected \$3.6 million in Transit Occupancy Tax (T.O.T.) collections for the Marriott Hotel during its first 10 years of operation. The approved ten-year economic incentive agreement provides the hotel operator a 50 percent rebate of its T.O.T. revenues up to \$1.8 million, without limiting the dollar amount of annual payments. The proposed restructured agreement would cap the annual payments to a defined schedule while maintaining the \$1.8 million incentive. The City will receive 100 percent of T.O.T. collections upon conclusion of the agreement. Restructuring the agreement potentially provides the City with greater revenues earlier in the hotel's operation.

BACKGROUND:

Escondido's Transient Occupancy Tax (T.O.T.) is referenced in the Municipal Code and comprises ten percent of every lodging establishment's daily room rental rate in the City. Last fiscal year approximately \$1,765,000 in T.O.T. revenue was collected from hotels and motels in the City, which was deposited in the General Fund for use at the City's discretion.

On January 25, 2017, the City Council adopted Resolution No. 2017-10, authorizing the execution of a ten-year, \$1.8 million Economic Incentive Agreement with the Marriott Hotel operator whereby the City agreed to make future incentive payments based on the amount of T.O.T. generated by the hotel. The agreement may be extended for up to two additional years, if necessary, to reach this amount. The financial incentive allows the hotel to achieve a reasonable target unleveraged Internal Rate of Return, based on an independent analysis prepared by Keyser Marston Associates (KMA) under contract by the City. Under the agreement, the City would retain 50 percent of the T.O.T. generated by the Marriott Hotel, and make incentive payments of 50 percent to the operator.

During the hotel's construction, payment of the project's original Development Impact Fees lapsed and higher city-wide fees were enacted. Because staff does not have the authority to administratively modify fees adopted by the City Council, the applicant formally requested that the City collect the

original fees established for the project. *A detailed history regarding the background of those fees for this project is provided in the attached December 5, 2018 staff report.*

On December 5, 2018, the City Council considered the applicant’s request and authorized staff to collect fees that were originally imposed. As a compromise, a minor restructuring of the agreement was authorized for subsequent formal adoption whereby annual T.O.T. revenues would still be equally divided between the City and hotel operator, but only up to the amount reflected in the KMA analysis used for the hotel’s financing purposes. The amended agreement would allow the City to claim 100 percent of each year’s T.O.T. revenues that exceed the projections in the KMA analysis, rather than equally splitting all T.O.T. revenues with the hotel owner. Such a modification does not change the project’s \$1.8 million economic incentive that the hotel relies on for financing purposes, or the duration of the agreement.

DISCUSSION / RECOMMENDATION:

Amending the Economic Incentive Agreement potentially provides the City with greater revenues earlier in the hotel’s operation for use at the City’s discretion. Based on this approach, the amended ten-year Economic Incentive Agreement totaling \$1.8 million would result in capping the maximum annual rebates of the Marriott Hotel’s T.O.T. collections to the following amounts:

Hotel Operating Year	Annual Incentive Payment Maximum T.O.T. Rebate
Year 1	\$154,000
Year 2	\$166,000
Year 3	\$177,000
Year 4	\$189,000
Year 5	\$195,000
Year 6	\$201,000
Year 7	\$207,000
Year 8	\$213,000
Year 9	\$220,000
Year 10	\$78,000 - \$228,650
Total	\$1,800,000 Maximum Rebate
Year 11 (if Maximum Rebate is not achieved)	Up to \$228,650
Year 12 (if Maximum Rebate is not achieved)	Up to \$228,650

For any year(s) that the Marriott Hotel annual T.O.T. collections are not adequate for the operator to receive a maximum rebate, the deficit(s) shall be incorporated into the rebate payment of the tenth year, up to \$228,650. The current agreement allows for a two-year extension if the entire \$1.8 million economic incentive is not achieved within ten years. In such an event, the maximum annual rebates are proposed to be \$228,650.

First Amendment to Hotel Economic Development Incentive Agreement for the Springhill Suites by Marriott in La Terraza
January 16, 2019
Page 3

The amended agreement is included with the attached resolution. Currently, the project construction and inspection schedule are on track for the hotel to open no later than the second quarter of 2019.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jay Petrek, Assistant City Manager
1/9/2019 5:01 p.m.

ATTACHMENTS:

1. Attachment "1" – December 5, 2018, City Council Staff report
2. Resolution No. 2019-05
3. Resolution No. 2019-05 – Exhibit "A" First Amendment to Hotel Economic Development Incentive Agreement



CITY COUNCIL STAFF REPORT

Current Business Item No. 15

December 5, 2018

File No. 0800-40

SUBJECT: Marriott Hotel Development Impact Fee

DEPARTMENT: City Manager's Office

RECOMMENDATION:

The current developer of the Marriott Springhill Suites Hotel has requested that the City assess Development Impact Fees at the level prior to the increase that became effective earlier this year. City staff has no legal authority to assess fees different from those on the schedule adopted by the City Council. The City Council could:

- 1) Approve the applicant's request to impose the original fees for the development.
- 2) Deny the applicant's request and impose the updated fees that are currently in effect.
- 3) Approve the applicant's request, but also amend the approved Transit Occupancy Tax (T.O.T.) sharing agreement allowing the City to potentially recoup additional revenue at an earlier timeframe to offset the fee increase.

FISCAL ANALYSIS:

Development Impact Fees for the project totaling \$436,634.00 involving Public Facilities, Wastewater, Traffic, Public Art, and Drainage impacts were granted two deferrals that expired prior to payment. Updated Citywide fees were approved by the City Council in 2017, and effective on February 19, 2018. These fees have been applied to the project and total \$968,282.00. Approval of the applicant's request to pay the pre-2018 fees would result in \$531,648.00 less revenue collected.

BACKGROUND:

On October 19, 2005, the City Council approved a Master and Precise Plan in the La Terraza Development for a four-story, 105-room, business-class hotel. The economic conditions to construct and operate a hotel were not favorable until 2016 when the Marriott Springhill Suites Hotel application was submitted for processing.

On January 25, 2017, the City Council adopted Resolution No. 2017-10, authorizing the execution of a 10-year Economic Incentive Agreement whereby the City agreed to make future incentive payments to the developer based on the amount of the transient occupancy tax (T.O.T.) generated on the project. Under the agreement, the City would retain 50 percent of the T.O.T. and make incentive payments of 50 percent to the developer. Total payments under the agreement would not exceed \$1.8 million.

The project is responsible for paying Development Impact Fees established by the City Council, which are collected from new projects to offset the cost of Citywide public capital facilities necessary to serve the new development. Rather than paying Development Impact Fees at Building Permit issuance, the City allows developers of larger projects to defer these fees upon request for up to one year, or until final occupancy (whichever comes first), as a means to facilitate project financing.

At the developer's request, the Marriott Hotel developer was granted a fee deferral in December 2016 allowing payment to be made by December 29, 2017. The fee deferral program requires developers to pay fees that are established at the time of payment. Any Citywide fee adjustment(s) that might occur while the fees are in deferment are included when the applicant ultimately pays those fees. The Marriott Hotel fee deferral expired without fees being paid by the applicant.

In late December 2017, the City Council updated Development Impact Fees that went into effect on February 19, 2018. Developments identified as "pipeline projects" based on their processing status were granted an extension to pay their prior Development Impact Fees until July 1, 2018. Staff provided representatives of qualifying projects two notices in January 2018 regarding the pending fee increases, and the July extension to pay the fees. The Marriott Hotel project qualified as a "pipeline project" and notices regarding the pending fee increases, and July extension to pay prior fees, were sent to the project owner on record, as well as the architect/engineer. The Marriott Hotel fee extension expired, but staff allowed construction to continue in order to facilitate project completion.

The applicant claims that the ownership of the Marriott Hotel project changed during the course of construction. Staff was not provided updated information regarding the new ownership and, while the project architect/engineer who were also sent notices did not change, the new owner was not informed of the fee increases. The new owner has formally requested that the prior fees be reinstated based on the financial analysis and revenue projections originally prepared for the project. The current applicant states that the project's financial lenders will not incur additional debt to absorb the updated fees, and asserts these higher fees place the almost-completed hotel project in jeopardy.

CITY COUNCIL OPTIONS:

Because Development Impact Fees are established by the City Council through the Municipal Code, staff cannot administratively waive or modify the fees. It should be noted that while the City Council has complete discretion regarding these Development Impact Fees the decision to accommodate the applicant's request should not be made lightly. A project changing ownership or representation during construction is not an infrequent occurrence. However, waiving/adjusting the established fees for this project could establish a precedent for similar fee relief requests where ownership changes occur and applicants fail to properly notify the City.

Based on staff's review there are several options the City Council could take:

- 1) Approve the applicant's request to impose the original fees for the development.
- 2) Deny the applicant's request and impose the updated fees that are currently established.
- 3) Approve the applicant's request, but also amend the approved Transit Occupancy Tax (T.O.T.) sharing agreement allowing the City to potentially recoup additional revenue to offset the fee increase as described below:

An economic analysis prepared by Keyser Marston Associates (KMA) identified that a reasonable target unleveraged Internal Rate of Return for the Marriott Hotel required additional economic incentives. To accomplish this, the City Council approved an Annual Incentive Payment Agreement involving a 50 percent rebate of each prior calendar year's T.O.T. collections for a 10-year term with the total payments not to exceed \$1.8 million. The agreement may be extended for up to two additional years, if necessary, to reach this amount. The KMA analysis included annual T.O.T. revenue projections based on industry-standard room and occupancy rates that were factored into the hotel's financing. The City will receive 100 percent of T.O.T. collections upon conclusion of the agreement.

The City has discussed with the applicant amending the existing incentive agreement and directing a larger share of T.O.T. revenues to benefit the City in order to recoup the increased fees. The applicant has indicated that this would not be acceptable because the financial lenders have incorporated the terms of the existing agreement and the KMA revenue projections into the project financing that cannot be modified.

As a compromise, a minor restructuring of the agreement could involve the City claiming 100 percent of each year's T.O.T. revenues that exceed the projections in the KMA analysis, rather than equally splitting all T.O.T. revenues with the hotel owner. Such a modification would not change the project's \$1.8 million economic incentive or the duration of the agreement that the hotel relies on for financing purposes. The restructuring would, however, potentially provide the City with greater revenues earlier in the hotel's operation for use at the City's discretion. Staff has discussed this option with the applicant who supports this approach as it would preserve the hotel's financing arrangement with the lender. If the City Council chooses to accept this option, staff would return at a future meeting with an amended incentive agreement.

Currently, the project construction and inspection schedule are on track for the hotel to open no later than the second quarter of 2019.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jay Petrek, Assistant City Manager
11/29/2018 2:30 p.m.

RESOLUTION NO. 2019-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A FIRST AMENDMENT TO THE HOTEL ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT FOR SPRINGHILL SUITES BY MARRIOTT IN LA TERRAZA

Case No. 2007-18-PD

WHEREAS, pursuant to Article 69 of the Escondido Zoning Code, the City Council of the City of Escondido, California, did, on December 12, 2007, consider and approve a modification to a Master and Precise Development Plan (2007-18-PD) for the Springhill Suites by Marriott Hotel project in the La Terraza Corporate Center development; and

WHEREAS, said City Council previously approved Resolution No. 2017-10 involving a Hotel Economic Development Incentive Agreement in which the City agreed to help make the hotel financially feasible by entering into an Agreement sharing revenue from transient occupancy taxes that will be generated by the new hotel located on a 1.68-acre site located on the eastern side of La Terraza Boulevard, between Ninth Avenue and West Valley Parkway, addressed as 200 La Terraza Boulevard; and

WHEREAS, the prior agreement was not fulfilled and the City and developer now seek to amend the original terms by establishing maximum annual incentive payments during the duration of the agreement; and

WHEREAS, this City Council desires to approve said request.

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 First Amendment to the Hotel Economic Incentive Agreement set forth by this Resolution shall supercede the agreement established by Resolution No. 2017-10.
3. That upon consideration of the material in the staff report (a copy of which is available in the City Clerks' Office), and all other oral and written evidence on this project, this City Council authorizes the Mayor and City Clerk to execute the First Amendment to the Hotel Economic Development Incentive Agreement for the Springhill Suites by Marriott in La Terraza as attached as Exhibit "A," and which is incorporated by this reference.



FIRST AMENDMENT TO THE
HOTEL ECONOMIC DEVELOPMENT
INCENTIVE AGREEMENT

This Agreement is made this _____ day of _____, 2017.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
("City")

And:
HWY 15 INC.
10174 OLD GROVE ROAD
SUITE 200
SAN DIEGO, CA 92131
("OPERATOR")

Witness That Whereas:

- A. The City of Escondido is authorized to collect transient occupancy taxes from hotels and motels throughout the City pursuant to Revenue and Taxation Code Section 7280 and Escondido Municipal Code Section 25-75 et. seq. Such taxes are used for the general benefit and operations of the City of Escondido; and
- B. The City of Escondido has also adopted a Business Enhancement Zone (Escondido Zoning Code, Article 69, commencing with Section 33-1450) for the purpose of inducing and facilitating business operations that provide significant public benefit and strengthen the image and appearance of the City of Escondido.
- C. City wishes to provide economic incentives for hotel facilities because providing such incentives encourages the operation of hotels which might not be otherwise viable and the operation of quality hotels in the City furthers the economic climate for businesses and citizens in the City, provides employment, provides needed services, and generates transient occupancy tax revenue in excess of amounts made available in the form of incentives; and
- D. Operator has represented that it will operate a Springhill Suites by Marriott Hotel consisting of 105 rooms on a 1.68-acre site addressed as 200 La Terraza Boulevard, east of Interstate 15, between Valley Parkway and Ninth Avenue, which is (collectively identified in this Agreement as "the Hotel"). The site is more precisely described on Attachment A, which is attached and incorporated by this reference and the Hotel is described further in La Terraza Hotel Master and Precise Plan, as amended in Planning Case # 2007-18-PD, approved by the City Council on November 28, 2007, and in

accordance with all governmental requirements, as defined in Section 4 of this Agreement below.

- E. Operator will enter into a 20-year franchise agreement with Marriott International, Inc. for the operation of a Springhill Suites hotel. The Franchise Agreement will contain requirements, which Operator must follow in the management, staffing, operation, furnishing and maintenance of the Hotel. The Franchise Agreement will also require Operator to comply with all provisions of a Marriott International, Inc. "System Standards Manual" governing the operation of the Hotel; and
- F. The Hotel is located within the Business Enhancement Zone of the City.

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

1. Term. This Agreement shall commence automatically on the date, which the City Council adopts a resolution authorizing the Mayor and City Clerk to execute this Agreement, and end no later than the last Annual Incentive Payment has been made, as set forth below.
2. City Payment. In exchange for the Operator's covenants and commitments set forth in this Agreement, City shall make an incentive payment to Operator, during the term, in the maximum amount of \$1,800,000.00 ("Incentive Payment"), as follows:
 - A. Time of Payment: The Incentive Payment shall be paid made through a series of Annual Incentive Payments commencing on February 15 of the calendar year following the commencement of operations (as defined and required in Section 7), until such time as the maximum amount set forth above has been paid. However, in no event shall any Annual Incentive Payments be made after the 10th anniversary of the first Incentive Payment, unless Operator requests and City agrees to provide an additional two years to reach the maximum amount. City shall not unreasonably withhold agreement to any such request for the additional two years.
 - B. Amount of Annual Incentive Payment: Each Annual Incentive Payment shall be in an amount equal to 50% of the prior calendar year's Transient Occupancy Tax actually collected for the Hotel based upon returns filed pursuant to Section 25-81 of the Escondido Municipal Code or any successor code section. The City shall retain 100% of Transit Occupancy Tax collections that exceed the yearly Incentive Payments shown in Attachment B, except that if the cumulative Incentive Payments have not reached the maximum amount of \$1,800,000 by the end of year ten, the maximum Incentive Payment to the Hotel in year ten shall be up to \$228,650. In the event that the City agrees to provide additional years pursuant to section 2.A, the maximum Incentive Payments for years 11 and 12 shall also be \$228,650. Notwithstanding the foregoing, in no event shall the cumulative Incentive Payments exceed \$1,800,000. The first and last Annual Incentive Payments shall be based upon the portion of the prior calendar year during which operations have commenced as defined and required in Section 7).
 - C. Operator and City shall cooperate to determine whether or not each Annual Incentive payment can reasonably be made by City in two installments occurring at regular intervals each year, or at such other times as may be mutually convenient for the parties.

3. Use and Operation of the Site. Operator covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site, as follows:
 - A. To commence operations of the Hotel as defined in Section 7 as a Springhill Suites Brand of Marriott International in accordance with the Franchise Agreement.
 - B. For the term of this Agreement to continuously use and operate the Hotel in accordance with the following. During such Operating Period, the Hotel shall be operated under the name of Franchisor and be operated by Operator. In addition, the City shall have the right, acting in its reasonable discretion, to approve any proposed changes in the Franchisor and/or Operator of the Hotel provided that such proposed franchisor and/or proposed operator shall operate the Hotel at a quality standard not less than that imposed by the Franchisor pursuant to the Franchise Agreement initially executed hereunder and provided further that such proposed franchisor and/or proposed operator shall have the financial capability and operating experience equivalent or greater than the Franchisor and/or Operator, as the case may be, and shall consent to continue to operate, or cause the operation, as the case may be, of the Hotel in the condition and at a quality level substantially equivalent to the condition and quality level, as the case may be, as existed as of the date of Commencement of Operation.
4. Compliance with Governmental Requirements. The Operator shall carry out the operation of the Hotel in conformity with all Governmental Requirements. Upon the request of the City, the Operator shall certify to the City that it is in compliance with the requirements of this Section. “**Governmental Requirements**” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Operator or the Site, including all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City’s Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.* If Applicable, Operator and its contractors and subcontractors shall comply with all governmental requirements applicable to public works, including without limitation the payment of prevailing wages in compliance with Labor Code Section 1770, *et seq.*, keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hour requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto.
5. Maintenance Covenants. During the term of this Agreement, the Operator covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that the Operator shall maintain the Site and the Hotel to the curb line, in good condition conforming to all applicable local laws, and shall keep the Site free from any accumulation of debris or waste materials. The Operator shall maintain the landscaping required to be planted on the Site in a healthy condition in accordance with the approved landscape plan. The Site shall be maintained in compliance with the applicable provisions of the City Municipal Code. The foregoing covenants shall run with the land.

6. Minimum Quality with Respect to the Hotel. During the term of this Agreement, the furniture, fixtures and equipment for each guest room shall be at least equivalent in quality to the furniture, fixtures and equipment in the Marriot System Standards Manual or any successor document.
7. Commencement of Hotel Operations. Operator shall have the Hotel open for business in such a manner as to generate transient occupancy tax no later than June 1, 2019, and at all times during this Agreement shall operate the Hotel in a commercially reasonable and productive manner. City shall respond in a prompt and expeditious fashion to all permit submittals by Operator and any delay resulting from the City's failure to respond in a prompt and expeditious fashion shall entitle Operator to request a commensurate extension of the commencement date set forth earlier in this Section. City shall not unreasonably withhold approval of any such request. Likewise, Operator may request an extension of the commencement date as a result of any delay caused by fire, strikes, or labor disputes, riot, war, acts of God, governmental orders or regulations or similar contingencies, which are beyond the control of Operator, and City shall not unreasonably withhold approval of any such request.
8. Payment of Transient Occupancy Taxes. The specific and timely performance of all obligations of Operator to pay Transient Occupancy Taxes under the Escondido Municipal Code is a material part of this Agreement, and this Agreement shall not alter any provision of the Escondido Municipal Code or the California Revenue and Taxation Code pertaining to transient occupancy taxes, and all such taxes shall be due and payable at all times according to law. Nothing in this Agreement shall relieve Operator of its obligations to file all returns and other reports in a timely manner, and to remit the full amount of transient occupancy taxes due and payable to the City pursuant to Section 25-75 et. seq. the Escondido Municipal Code. The failure of Operator to make all transient occupancy tax payments lawfully due and payable under these Sections shall render this Agreement null and void, provided that City shall have first given Operator written notice of such failure and 60 days opportunity to cure. Thereafter, in the event such failure has not been cured in full, City shall be under no obligation to make any further Annual Incentive Payments.
9. Property Maintenance. Operator agrees to maintain the Property in a condition, which is in compliance with all applicable local and state laws, and the violation of any such laws, whether or not civil or criminal action is commenced for such violation, shall be a breach of this Agreement.
10. Operator's Indemnity. The Operator shall indemnify the City (and its elected officials and employees) from all liabilities of any kind or nature relating to the subject matter of this Agreement or the implementation thereof, including without limitations of the obligations to proceed in accordance with the governmental requirements as set forth in Section 4, and for any damages to property or injuries to persons, including accidental death (and attorneys fees and costs), which may be caused by acts or omissions of the Operator under this Agreement, whether such activities or performance thereof be by the Operator or by anyone directly or indirectly employed or contracted with by the Operator and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Operator shall not be liable for property damage or bodily injury if and to the extent such property damage or bodily injury is directly and proximately caused by the sole or gross negligence or willful misconduct of the City or its agents or employees.

The Operator shall have the obligation to defend any such action covered by this Section; provided, however, that this obligation to defend shall not be effective if and to the extent that Operator determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Operator shall compromise or settle such action in a way that fully protects City from any liabilities. In this regard, Operator's obligation to defend shall include the right to hire (subject to the reasonable written approval by the City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Operator and/or City. If Operator defends any such action, as set forth above, it shall indemnify the City indemnitees from and against any liabilities assessed or awarded against any of them by way of judgment, settlement, or stipulation.

11. Taxes and Assessments. At all times, the Operator shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Hotel, subject to the Operator's right to contest in good faith any such taxes. The Operator shall remove or have removed any levy or Attachment made on the Site or any part thereof with respect to real estate taxes and assessments on the Site accruing after the commencement of the Term, or assure the satisfaction thereof within a reasonable time. The Operator shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Site or the Hotel.
12. Relationship Between City and Operator. It is hereby acknowledged that the relationship between the City and the Operator is not that of a partnership or joint venture and that the City and the Operator shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Hotel. The Operator agrees to indemnify, hold harmless and defend the City from any claim made against the City arising from a claimed relationship of partnership or joint venture between the City and the Operator with respect to the development, operation, maintenance or management of the Site or the Hotel.
13. City Approvals and Actions. The City shall maintain authority of this Agreement and the authority to implement this Agreement through the City Manager (or his duly authorized representative). The City Manager shall have the administrative authority to make approvals, issue interpretations, waive provisions, and/or enter into amendments of this Agreement on behalf of the City so long as such actions do not materially or substantially change the uses or development permitted on the Site, or add to the costs incurred or to be incurred by the City as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

14. Prohibition. The qualifications and identity of the Operator are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with the Operator. Accordingly, commencing on the date of this Agreement and continuing until the end of the term, (i) no voluntary or involuntary successor in interest of the Operator shall acquire any rights or powers under this Agreement, (ii) Operator shall not make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Hotel thereon, (collectively referred to herein as a "Transfer"), without the prior written approval of the City, except as expressly set forth herein. Notwithstanding anything herein to the contrary, no transfer shall be permitted unless it is with respect to the entirety of the Hotel.
15. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of a Transfer shall not be required in connection with any of the following:
 - A. Any Transfer to an entity or entities in which Operator retains at least fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.
 - B. The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate the Hotel.
 - C. Any requested assignment for financing purposes (subject to such financing being leasehold financing and considered and approved by the City pursuant to this Section).
16. City Consideration of Requested Transfer. The City agrees that it will not unreasonably withhold approval of a request for approval of a Transfer made pursuant to Section 15, provided the Operator delivers written notice to the City requesting such approval be accompanied by evidence regarding the proposed transferee's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section and as reasonably determined by the City. The City may, in considering any such request, take into consideration such factors as (i) the quality of any proposed new and/or replacement operator (ii) the proposed transferee's past performance as operator of similar developments, (iii) the current financial condition of the proposed transferee, and similar factors. The City agrees not to unreasonably withhold its approval of any such requested Transfer, taking into consideration the foregoing factors.

An assignment and assumption agreement in form reasonably satisfactory to the City Attorney shall also be required for all proposed Transfers. Within thirty (30) days after the receipt of the Operator's written notice requesting City approval of a Transfer pursuant to this Section, the City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Operator shall promptly furnish to the City such further information as may be reasonably requested.

17. Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Operator and its permitted successors and assigns. Whenever the term "Operator" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.
18. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.
19. Entire Agreement. This Agreement and its Attachments 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 this Agreement and any of its Attachments, the provisions of this Agreement must prevail. If the parties desire to amend this Agreement, the amendment must be executed by all parties in writing.
20. 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.
21. 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 North San Diego County, California.
22. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons who have signed below. Each party agrees to promptly send notice of any changes of contact or other information to the other party, at the address first written above.
23. Non-Liability of Officials and Employees of the City. No member, official or employee of the City or the City shall be personally liable hereunder, in the event of any default or breach by the City or for any amount, which may become due to the Operator or its successors, or on any obligations under the terms of this Agreement.
24. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

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.

HWY 15 INC.

Date: _____

Signature

Name & Title (please print)

Date: _____

CITY OF ESCONDIDO

Paul McNamara, Mayor

Zachary Beck, City Clerk

(The above signature must be notarized)

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY
Michael McGuinness, City Attorney

By: _____

ATTACHMENT A

DESCRIPTION OF HOTEL

The proposed hotel is a Springhill Suites by Marriott Hotel located on 1.68 acres addressed as 200 La Terraza Boulevard (APN 232-150-59). Details of the establishment include:

Guest Rooms: 105 guest rooms, all accessed by interior hallways

Building Size: Approximately 61,100 gross floor area

Building Stories: Four / Elevator access to all floors

Building Height: 58 feet (top of building)

Upgraded exterior finishes

Porte cochere entrance

Onsite Parking: 85 spaces

Offsite Parking: 25 spaces

Lobby Area: Approximately 2,200 sq. ft.

On site amenities:

- Pool / Jacuzzi and patio area
- Meeting Room
- Exercise Room
- Lounge Area (in lobby)
- Buffet Station (in lobby)

ATTACHMENT B

ANNUAL INCENTIVE PAYMENT SCHEDULE

Hotel Operating Year	Annual Incentive Payment Maximum T.O.T. Rebate
Year 1	\$154,000
Year 2	\$166,000
Year 3	\$177,000
Year 4	\$189,000
Year 5	\$195,000
Year 6	\$201,000
Year 7	\$207,000
Year 8	\$213,000
Year 9	\$220,000
Year 10	\$78,000 - \$228,650
Total	\$1,800,000 Maximum Rebate
Year 11 (if Maximum Rebate is not achieved)	Up to \$228,650
Year 12 (if Maximum Rebate is not achieved)	Up to \$228,650

For any year(s) that the Marriott Hotel annual T.O.T. collections are not adequate for the operator to receive a maximum rebate, the deficit(s) shall be incorporated into the rebate payment of the tenth year, up to \$228,650. The agreement allows for a two-year extension if the entire \$1,800,000 economic incentive is not achieved within ten years. In such an event, the maximum annual rebates are proposed to be \$228,650. Notwithstanding the foregoing, in no event shall the cumulative Incentive Payments exceed \$1,800,000.

CITY COUNCIL STAFF REPORT

Consent Item No. 11

January 16, 2019

File No. 0600-10, A-3284

SUBJECT: Fire Department Fire Aerial Ladder Truck Refurbishment

DEPARTMENT: Fire Department and Public Works Department, Fleet Services Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-06, authorizing Fleet Services to enter into an agreement with Sutphen Corporation to refurbish the existing 1998 Aerial Fire Ladder Truck, City ID 3117 (Truck 3117) so it can be added to the fleet as a reserve truck apparatus. Funding for this project will come from the Capital Improvement Program (CIP) funds collected from public facility fees.

PREVIOUS ACTION:

The use of CIP funds from public facility fees, in the amount of \$669,425, was approved by the City Council on May 9, 2018. Between the years of 1997 and 1998, the City of Escondido purchased a 1998 100' Sutphen Aerial Ladder Truck, City ID 3117. Truck 3117 was placed in service in 1998 and it was the only resource in Escondido for truck company duties for nearly 16 years.

BACKGROUND:

In the fire service, a fire truck is a heavy apparatus that transports firefighters and their equipment to an emergency scene. A fire truck has a large (100') aerial ladder that is used to reach upper floors of buildings and can flow water that is pumped by a fire engine from a fire hydrant. Fire trucks carry multiple ground ladders of varying length and purpose, rescue equipment for forcible entry and extrication, numerous power tools such as chain saws, ventilation fans, and lighting equipment. By contrast, a fire engine is an apparatus that has a pump and carries water, fire hose and other equipment. Fire Engines do not have an aerial ladder. Fire engine crews work together with the fire truck crew to perform life and property-saving work with all the necessary tools and equipment they require.

In 2014 the City approved the purchase of a replacement 100' Aerial Ladder Truck, ID 3110 (Truck 3110). The new Truck 3110, currently designated as T-131, was completed and placed in service in March 2015. At that time, Truck 3117 was scheduled to be surplus. However, due to the growth in population and the growth of development, particularly multi story developments, the Fire Department identified a critical need to have a second aerial ladder truck that could be used when Truck 3110 is out of service for repairs and maintenance or put in service if needed when a major fire/incident occurs in the City. Due to the nature of emergency responses, there is always the possibility that Truck 3110 could have a serious mechanical failure or be involved in an accident that requires extended time out of service.

When Truck 3117 was out of service for maintenance or repairs in the past, the fire truck personnel staffed a reserve Fire Engine, and Escondido relied on mutual aid from neighboring jurisdictions with a longer travel time for a truck company when needed. Considering the lives and property at risk in Escondido, the resiliency of the Fire Department depends on an adequate depth of apparatus and equipment.

The surplus of Truck 3117 was delayed while staff attempted to secure the necessary funding to purchase a second Aerial Ladder Truck estimated at approximately \$1.3 million.

In 2017 Fleet Services staff determined that the aerial ladder on Truck 3117 could no longer be certified and its surplus was imminent. With the goal of securing a reliable reserve aerial truck at an affordable cost, staff researched the option of having the original manufacturer refurbish Truck 3117, rather than purchasing a new truck. Sutphen Corporation proposed that in approximately six to seven months from taking delivery, they would refurbish Truck 3117 to factory specifications including all mechanical parts and systems such as the power unit (engine), power train, and transmission. In addition, all hydraulic, electrical, and other systems will be replaced or rebuilt. Sutphen Corporation estimates that the refurbishment should add at least an additional 10 years of serviceability to the apparatus.

The quoted cost for the refurbishment of Truck 3117 is \$669,425, which is approximately half the cost of purchasing a new aerial ladder truck. In addition to the cost savings of over \$630,000, refurbishing Truck 3117 will provide for a reserve aerial ladder truck with which the Fire Department and Fleet Services staff are already familiar. Approval of the refurbishment project will ensure that the Fire Department will consistently have an aerial ladder truck available to respond to emergencies in the City.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Rick Vogt, Fire Chief
1/9/2019 3:57 p.m.

Joseph Goulart, Assistant Director of Public Works
1/9/2019 5:21 p.m.

ATTACHMENTS:

1. Resolution No. 2019-06

RESOLUTION NO. 2019-06

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE REFURBISHMENT OF
THE CITY'S EXISTING 1998 FIRE AERIAL
LADDER TRUCK BY THE MANUFACTURER,
SUTPHEN CORPORATION

WHEREAS, the Fire Department identified a need to have a second aerial ladder truck; and

WHEREAS, the Fire Department is requesting to refurbish the City of Escondido's ("City") 1998 fire aerial ladder truck (ID 3117) that was scheduled to be surplus; and

WHEREAS, the refurbishment of the 1998 fire aerial ladder truck (ID 3117) will add at least an additional 10 years of serviceability; and

WHEREAS, the use of Capital Improvement Program ("CIP") funds from public utility fees in the amount of \$669,425 was approved by the City Council on May 09, 2018; and

WHEREAS, the City Council desires at this time and deems it to be the best public interest to authorize refurbishment of the reserve 1998 fire aerial ladder truck (ID 3117); and

WHEREAS, Fleet Services has been authorized to enter into an agreement with the fire apparatus manufacturer Sutphen Corporation of Dublin, Ohio.

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 Resolution No. 2019-06 authorizing Fleet Services to use \$669,425 of CIP public facility fee funds to enter into an agreement with Sutphen Corporation to refurbish the existing 1998 fire aerial ladder truck (ID 3117).



CITY COUNCIL STAFF REPORT

Consent Item No. 12

January 16, 2019

File No. 0600-10, A3279

SUBJECT: Washington Park Ballfield LED Lighting Upgrade Project

DEPARTMENT: Public Works Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-07, authorizing the Assistant Director of Public Works to enter into an agreement with MUSCO Sports Lighting, LLC to upgrade the existing metal-halide ballfield lighting at Washington Park to light-emitting diode ("LED") technology in an amount not to exceed \$128,374.00, utilizing Program Year ("PY") 2016 Housing Related Park ("HRP") program grant funds.

FISCAL ANALYSIS:

The City of Escondido has received \$2,980,650 in HRP program grant funds from the California Department of Housing and Community Development ("HCD") over five (5) grant years (PY 2011, 2013, 2014, 2015, and 2016). No matching funds are required.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the City Council's Action Plan regarding Neighborhood Improvement priority area, which includes the following strategy: "Continue to improve existing park facilities through Housing Related Park grant program".

PREVIOUS ACTION:

On February 1, 2017, the City Council adopted Resolution No. 2017-16, authorizing City staff to submit an application to apply, to enter into, and execute an agreement with HCD for PY 2016 HRP program grant funds.

On October 25, 2017, the City Council approved a \$1,207,000 budget adjustment for the park improvement projects in conjunction with the award of PY 2016 HRP program grant funds via Resolution No. 2017-16.

On December 19, 2018, the City Manager's Office presented progress on the PY 2016 HRP program grant funded projects, which included a brief description of the Washington Park Ballfield LED lighting upgrade project.

BACKGROUND:

The City of Escondido was selected to receive \$1,207,000 from HCD for a HRP program grant. HRP funds are designated for recreation facilities that lie within income qualifying areas that meet the State's definition of park deficient. This source of grant funding is unique, in that HRP funds can be used for major maintenance of existing recreational facilities. Other funding sources, such as park development fees or recreational grants, are generally limited to funding recreational expansion.

The Washington Park ballfield lighting LED upgrade is one of several Washington Park ballfield projects funded by PY 2016 HRP funds. In addition to the LED ballfield lighting project, Washington Park ballfields will be revitalized. The infield will be resurfaced and the outfield turf replanted. Perimeter fencing along with the backstop and dugouts will be replaced with new fencing materials.

Other Washington Park projects funded by PY 2016 HRP program grant funds include upgrading the parking lot and park lighting to LED lighting fixtures, basketball court resurfacing, extensive park restroom rehabilitation, pool house exterior paint and bleacher replacement, and recreation building flooring and cabinets.

All City recreation facilities that have sports field lighting utilize MUSCO lights and MUSCO Control-Link controllers. The leagues who utilize these facilities are assigned special access codes to lighting controller. Leagues are given the authority to program the lights and MUSCO Control-Link provides usage downloads for each facility for proper charging of the usage back to the leagues.

To retain the compatibility and standardization of existing MUSCO equipment, Escondido Municipal Code Chapter 10, Article 6, Division 1, Section 10-103, allows for the formal bidding procedures to be dispensable where an item is required to match or be compatible with equipment presently on hand. With the Washington Park ballfield lighting upgrade, we will be utilizing an existing MUSCO Control-Link controller. All lighting fixtures must be compatible with existing MUSCO Control-Link controller and adhere to MUSCO engineering specifications.

MUSCO offers a ten (10) year, all parts and labor, warranty covering all materials and labor eliminating maintenance costs for ten (10) years. MUSCO guarantees the lighting levels of fifty (50) footcandles on the infield and thirty (30) footcandles on the outfield for twenty-five (25) years.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Joseph Goulart, Assistant Director of Public Works
1/9/2019 4:49 p.m.

ATTACHMENTS:

1. Resolution No. 2019-07

RESOLUTION NO. 2019-07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE ASSISTANT DIRECTOR OF PUBLIC WORKS, TO EXECUTE, ON BEHALF OF THE CITY, AN AGREEMENT WITH MUSCO SPORTS LIGHTING, LLC TO UPGRADE THE WASHINGTON PARK BALLFIELD LIGHTING TO LED TECHNOLOGY

WHEREAS, on February 1, 2017, the City Council adopted Resolution No. 2017-16, authorizing City staff to submit an application to apply, to enter into, and execute an agreement with the California Department of Housing and Community Development (“HUD”) for a Program Year (“PY”) 2016 Housing Related Park (“HRP”) program grant; and

WHEREAS, on October 25, 2017, the City Council approved a \$1,207,000 budget adjustment for the park improvement projects in conjunction with the award of PY 2016 HRP program grant funds; and

WHEREAS, City staff identified Washington Park ballfield lighting as a project to be funded by award of the PY 2016 HRP program grant funds; and

WHEREAS, the Washington Park ballfield lighting upgrade project will replace the existing metal-halide lighting fixtures to light-emitting diode (“LED”) technology; and

WHEREAS, all City own recreation facilities with sports fields utilize MUSCO Sports Lighting, LLC (“MUSCO”) fixtures and MUSCO Control-Link controllers; and

WHEREAS, with the Washington Park ballfield LED lighting upgrade, the existing MUSCO Control-Link controller will be retained and utilized to control the new LED lighting fixtures; and

WHEREAS, all LED lighting fixtures must be compatible with existing MUSCO Control-Link controllers and adhere to MUSCO engineering specifications; and

WHEREAS, Escondido Municipal Code Chapter 10, Article 6, Division 1, Section 10-103, allows for the formal bidding procedures to be dispensable where an item is required to match or be compatible with equipment presently on hand; and

WHEREAS, to retain the compatibility and standardization of existing equipment, City staff recommends to sole-source the purchase of MUSCO lighting fixtures at the Washington Park ballfield; and

WHEREAS, the Assistant Director of Public Works has been authorized to enter into an agreement with MUSCO Sports Lighting, LLC, in the amount not to exceed \$128,374.00, to upgrade the existing Washington Park ballfield lighting to MUSCO LED technology.

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 desires at this time to be in the best public interest to authorize the Assistant Director of Public Works to enter into an agreement with MUSCO Sports Lighting, LLC.
3. That the City Council is authorized to approve on behalf of the City, the sole-source purchase of MUSCO Sports Lighting, LLC LED lighting fixtures for Washington Park ballfield utilizing PY 2016 Housing Related Park program grant funds.



CITY COUNCIL STAFF REPORT

Consent Item No. 13

January 16, 2019

File No. 0600-10, A-3278

SUBJECT: Consulting Agreement with PFM Asset Management, LLC to Provide Investment Management Services and Advisory Services to the City of Escondido

DEPARTMENT: City Treasurer's Office

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-10 authorizing the Mayor and City Clerk to execute a two (2) year Consulting Agreement with PFM Asset Management, LLC, with two (2) additional one-year renewal options.

FISCAL ANALYSIS:

There is no net impact to the General Fund. It is anticipated that a professionally managed investment portfolio will generate additional earnings on the portfolio, and therefore, offset the cost of the contract.

The fee to manage the portfolio is an annual amount expected not to exceed \$92,000 based on a tiered-asset fee schedule and on an estimate of the annual assets under management of \$120 million. The fee schedule shall remain fixed for three years with the option to negotiate a fee adjustment, in-line with Consumer Price Index (CPI), after the third year.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the City Council's Action Plan regarding Fiscal Management; and specifically, Strategy Item 7: Evaluate opportunities for outsourcing City operations.

PREVIOUS ACTION:

On July 12, 2017, the City Council awarded a contract to Templeton Financial Services, Inc. to provide investment management services on \$20 million of the City's portfolio. This contract was a pilot program to test the premise that using an external investment manager with their skill, knowledge and access to the markets could provide the City sufficient additional return on investment to offset their management fees. The pilot program was found to be a success as the City's annual yield improved by 36 basis points over last year's returns. Based on the positive results of the pilot program, the City's plan was to issue a Request for Proposal (RFP) for investment advisory services that expanded the assets under management and the term of the contract. This process was going to take three to four months to complete, so on August 15, 2018, the City Council approved a month-to-month extension of the existing investment management services agreement with Templeton. This

amendment extended the contract through December 31, 2018, or until a new contract for investment management services is awarded, whichever is sooner.

BACKGROUND:

Current Management of City's Investment Portfolio

The City Treasury Department is responsible for managing the investment portfolio of the City in accordance with the City's investment policy and State statutes. The investment policy has three investment objectives: (1) safety of principal, (2) liquidity needs, and (3) obtain a reasonable yield within the first two objectives. These investment objectives ensure investment of public funds in a manner that provides a reasonable investment return with maximum security while meeting daily cash flow demands of the City.

City funds needed for immediate disbursement are maintained in a checking account. The City's investment liquidity objective requires that 25 percent of General Fund operating budget shall be invested in securities with a maturity of one year or less. Remaining funds not needed for current disbursement needs or the liquidity objective, are invested in the City's pooled investment portfolio. The table below represents the types of investments held in the City's pooled investment portfolio as of September 30, 2018.

Investment Type	Book Value	Market Value	Percent of Portfolio at Market
Federal Agency Securities	\$ 74,958,718	\$ 73,113,934	54.73%
State Investment Pool (LAIF)	34,509,060	34,509,060	25.83%
U.S. Municipal Bonds	7,693,376	7,464,824	5.59%
Negotiable Certificates of Deposit	7,148,000	7,048,681	5.28%
Supranational Securities	5,402,651	5,316,994	3.98%
U.S. Corporate Bonds	4,213,482	4,082,802	3.06%
Money Market Funds	1,064,806	1,064,806	0.80%
U.S. Treasury Obligations	993,939	987,380	0.74%
Total Investment Portfolio – September 2018	\$ 135,984,031	\$ 133,588,481	100%

In the past, the City has managed this portfolio using a passive investment style of "hold to maturity". The City also uses a bond ladder strategy that attempts to match cash flows with the demand for cash. Instead of purchasing one large bond with a single maturity, the City purchases smaller bonds with different maturity dates. This strategy minimizes interest-rate risk, increases liquidity and diversifies credit risk. It also helps manage the flow of money, helping to ensure a steady stream of cash flow throughout the year for the City.

Role of the Investment Manager

Investment managers are professionals with experience, training, and special expertise in the area of investment management. Public agencies hire investment advisors that have experience with fixed-income securities rather than equities, real estate, or foreign bonds. Public agencies seek advisors that are experienced with the securities authorized by the California Government Code and the local agency's adopted investment policy.

Reasons that a public agency chooses to employ the services of an investment manager include:

- Expertise and Specialization. Investment Managers will work with cities to improve the return of the portfolio by selecting investments with better relative value (an investment that compensates for inherent risk). They will provide cash flow analysis to help free up liquid assets for longer term investments with higher yields. They will use analytical models that will identify yield curve placement, which will optimize the return on investment.
- Economy of Scale. The Investment Manager will provide a full complement of investment services and market information that would not be possible to do in-house without the economy of scale that full-time investment manager services provide.
- Greater Scrutiny and Evaluation of Investments. A City's portfolio will be invested more safely due to ongoing credit analysis by a team of investment professionals.
- Competitive bid process. With more assets under management, these firms have economies of scale, which allow them to get better prices and rates on investments they buy or sell on behalf of their clients.

Investment Management Services RFP Process

Because of the above reasons and the success of the pilot program with Templeton, the City issued an RFP for investment management and advisory services on October 16, 2018. The RFP closed on November 8, 2018, and four proposals were received. The Executive Investment Committee composed of the City Manager, the City Attorney, the City Treasurer, the Deputy City Manager, and the Assistant Finance Director reviewed the proposals and evaluated each firm based on selection criteria contained in the RFP. These selection criteria included understanding the City's investment program and objectives; the firm's current and past portfolio performance compared to a selected benchmark; qualifications and experience of the firm and proposed engagement staff; investment management approach; fees charged and references. The Committee determined that PFM Asset Management, LLC submitted the most qualified and responsive proposal providing the best value to the City.

About PFM Asset Management LLC

The Executive Investment Committee recommends PFM as best suited to work with the City because of the following important factors:

Experience

PFM has been managing fixed income portfolios for public sector clients for the past 39 years. They currently manage approximately \$89.4 billion in assets, and of this amount, \$5.1 billion is for 60 cities throughout California. They have assisted their clients in developing prudent investment policies and long-term investment strategies that can weather market cycles. Some of their current clients include City of Vista, City of Stockton, and City of Santa Clarita. The engagement team proposed to work with the City includes four portfolio managers with average industry tenure (experience working with fixed income public sector clients) of 20.75 years and firm tenure of 12.75 years. The firm's composite portfolio out-performed the selected benchmark over a 1, 3, 5 and 10-year period. In addition, their fees charged for services were competitive.

Other benefits of contracting with PFM include:

- Analysis of the City's cash flow needs
- More active management of the City's investments
- Access to market resources such as Bloomberg
- Volume pricing optimization on transactions and other services
- Monthly online reporting and monitoring tools for all transactions and current balances
- Monthly reporting and hold quarterly meetings to discuss results with Executive Investment Committee and be available to present to Council as needed.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Douglas W. Shultz, City Treasurer
1/9/2019 2:58 p.m.

ATTACHMENTS:

1. Resolution No. 2019-10
2. Resolution No. 2019-10 – Exhibit 1 Consulting Agreement

RESOLUTION NO. 2019-10

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, AN AGREEMENT WITH PFM ASSET
MANAGEMENT, LLC FOR INVESTMENT
MANAGEMENT SERVICES

WHEREAS, on October 16, 2018, the City of Escondido ("City) issued a Request for Proposal ("RFP") for investment management and advisory services; and

WHEREAS, four (4) proposals were timely received and evaluated by the Executive Investment Committee; and

WHEREAS, PFM Asset Management, LLC was the highest ranked proposal and the most advantageous to the City; and

WHEREAS, City staff recommends the City Council approve the Consulting Agreement between the City of Escondido and PFM Asset Management, LLC for the period from February 1, 2019 to January 31, 2021, with two additional one-year renewal options; and

WHEREAS, either Consultant or the City may terminate this Agreement upon thirty (30) days advance written notice.

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

1. That the above recitations are true.
2. That the Mayor and City Clerk are hereby authorized to execute the Agreement attached as Exhibit "1" in substantially similar form subject to approval as to form by the City Attorney.



CITY OF ESCONDIDO
CONSULTING AGREEMENT

This Agreement is made this 16th day of January, 2019.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: Douglas W. Shultz
760-839-4619
("CITY")

And: PFM Asset Management, LLC
601 South Figueroa Street, Suite 4500
Los Angeles, CA 90017
Attn: Sarah Meacham
213-489-4075
("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 investment management and advisory services; 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 CONSULTANT'S compensation for all worked performed in accordance with the conditions specified in "Attachment A," shall be as set forth in the tiered-asset fee schedule in "Attachment A." No other compensation shall be provided for all the services outlined 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. 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 notice to 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 \$10,000,000.
 - 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: ten (10) days 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 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 any negligent or intentionally wrongful 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, except as otherwise set forth in subparagraph (a) of "Attachment A".
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.
- 23. Conflicts and Self-dealing. CONSULTANT shall not have any direct or indirect financial interest or self-dealing in any of the securities or other investments recommended or purchased on behalf of the City.

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: _____

Paul McNamara
Mayor

Date: _____

Zachary Beck
City Clerk

Date: _____

PFM Asset Management, LLC

Signature

Name & Title (please print)

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" to Consulting Agreement between
City of Escondido
And
PFM Asset Management LLC**

- a. **Services of CONSULTANT.** The CITY hereby engages the CONSULTANT to serve as investment advisor under the terms of this Agreement with respect to the funds described in this Agreement and such other funds as the CITY may from time to time assign by written notice to the CONSULTANT (collectively the "Managed Funds"), and the CONSULTANT accepts such appointment. In connection therewith, the CONSULTANT will provide investment research and supervision of the Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the Managed Funds assets. The CONSULTANT shall continuously monitor investment opportunities and evaluate investments of the Managed Funds. The CONSULTANT shall furnish the CITY with statistical information and reports with respect to investments of the Managed Funds. The CONSULTANT shall place all orders for the purchase, sale, loan or exchange of portfolio securities for the CITY's account with brokers or dealers recommended by the CONSULTANT and/or the CITY, and to that end the CONSULTANT is authorized as agent of the CITY to give instructions to the custodian designated by the CITY (the "Custodian") as to deliveries of securities and payments of cash for the account of the CITY. In connection with the selection of such brokers and dealers and the placing of such orders, the CONSULTANT is directed to seek for the CITY the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the CONSULTANT by such brokers and dealers. The Custodian shall have custody of cash, assets and securities of the CITY. The CONSULTANT shall not take possession of or act as custodian for the cash, securities or other assets of the CITY and shall have no responsibility in connection therewith. Authorized investments shall include only those investments, which are currently authorized by the state investment statutes and the applicable covenants and as supplemented by such other

written instructions as may from time to time be provided by the CITY to the CONSULTANT. The CONSULTANT shall be entitled to rely upon the CITY's written advice with respect to anticipated drawdowns of Managed Funds. The CONSULTANT will observe the instructions of the CITY with respect to broker/dealers who are approved to execute transactions involving the Managed Funds and in the absence of such instructions will engage broker/dealers, which the CONSULTANT reasonably believes to be reputable, qualified and financially sound.

b. Compensation. For services provided by the CONSULTANT pursuant to this Agreement, the CITY shall pay the CONSULTANT in arrears, on a monthly basis. The monthly payment shall be based on the average net assets under management for the month calculated according to the annual fee schedule below.

- 10 basis points per year on the first \$25 million of assets under management.
- 8 basis points per year on assets between \$25 and \$50 million under management.
- 7 basis points per year on assets between \$50 and \$100 million under management.
- 6 basis points per year on assets over \$100 million under management.

For purposes of illustration only, the CITY'S expected annual fee would be \$92,000 based on a \$120 million portfolio as provided in the table below.

Assets Under Management (AUM)	Basis Points	Annual Fee
First \$25 million	10 basis points (0.10%)	\$25,000
\$25 - \$50 million	8 basis points (0.08%)	20,000
\$50 - \$100 million	7 basis points (0.07%)	35,000
Over \$100 million	6 basis points (0.06%)	12,000
Total Annual Fee		\$92,000

The minimum annual fee is \$25,000, to be applied in equal monthly installments. The above fee schedule shall remain fixed for three years. The CONSULTANT retains the option to negotiate a fee adjustment, in line with CPI, after the third year.

The CONSULTANT will bill the CITY monthly for service performed under this Agreement, said bill to include a statement indicating the basis under which the fee was calculated. The CITY shall pay to the CONSULTANT the amount payable pursuant to this Agreement not later than on the 15th day of the month following the month during which the Advisor's statement was rendered.

Assets invested by the CONSULTANT under the terms of this Agreement may from time to time be invested in (i) a money market mutual fund managed by the CONSULTANT or (ii) a local government investment pool managed by the CONSULTANT (either or both, (i) or (ii), hereinafter referred to collectively as "Pools" or individually as a "Pool") or (iii) in individual securities. Average daily net assets subject to the fees described in this Agreement shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for the CONSULTANT and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.

- c. Other Compensation.** If and to the extent that the CITY shall request the CONSULTANT to render services other than those to be rendered by the CONSULTANT under this Agreement, such additional services shall be compensated separately on terms to be agreed upon between the CONSULTANT and the CITY.
- d. Expenses.** The CONSULTANT shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel for managing the Managed Funds. Except as expressly provided otherwise herein, the CITY shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the CITY's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, and fees and expenses of the Custodian.

- e. Registered Advisor; Duty of Care.** The CONSULTANT hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940. The CONSULTANT shall immediately notify the CITY if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The CONSULTANT agrees to perform its duties and responsibilities under this Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights, which the CITY may have under any federal securities laws. The CITY hereby authorizes the CONSULTANT to sign I.R.S. Form W-9 on behalf of the CITY and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.
- f. CONSULTANT's Other Clients.** The CITY understands that the CONSULTANT performs investment advisory services for various other clients, which may include investment companies, commingled trust funds and/or individual portfolios. The CITY agrees that the CONSULTANT, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients, which may differ, from advice given or the timing or nature of action taken with respect to the Managed Funds. The CONSULTANT shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that the CONSULTANT, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.
- g. Force Majeure.** The CONSULTANT shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of the CONSULTANT or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

- h. Disciplinary Actions.** The CONSULTANT shall promptly give notice to the CITY if the CONSULTANT shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission ("SEC") or any other agency or department of the United States, any registered securities exchange, FINRA, or any regulatory authority of any State based upon the performance of services as an investment advisor.
- i. Independent Contractor.** The CONSULTANT, its employees, officers and representatives, shall not be deemed to be employees, agents (except as to the purchases or sale of securities described in subparagraph a. above), partners, servants, and/or joint ventures of the CITY by virtue of this Agreement or any actions or services rendered under this Agreement.
- j. Books.** The CONSULTANT shall maintain records of all transactions in the Managed Funds. The CONSULTANT shall provide the CITY with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the CONSULTANT and the CITY.
- k. Brochure and Brochure Supplement.** The CONSULTANT warrants that it has delivered to the CITY prior to the execution of this Agreement the CONSULTANT's current SEC Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The CITY acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.
- l. Execution.** Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party.

Attachment B to Agreement between City of Escondido and PFM Asset Management LLC

1. Personnel who will be assigned to the City are listed below:

CLIENT CONTACTS

Sarah Meacham, Managing Director and Co-Head of California Practice 13 Years of Experience | 13 Years with PFM

Sarah provides investment services to California clients, including cities, counties, water and special districts, and self-insurance authorities. Her experience includes investment advisory and consulting services, developing investment policies and monitoring guidelines, and strategy implementation. Sarah is a member of the California Municipal Treasurers Association's Investment Policy Certification Committee. She holds FINRA Series 6 and 63 licenses.

Richard Babbe, CCM, Senior Managing Consultant 29 Years of Experience | 19 Years with PFM

Richard works closely with our California clients to formulate and implement customized investment strategies designed to meet client's specific objectives. He also serves as a liaison between clients and the trading room and coordinates information about liquidity needs, new funds available for investment, and general client needs. He holds FINRA Series 6 and 63 licenses.

PORTFOLIO MANAGEMENT & STRATEGY

Meredith LaBuda Sullivan, Portfolio Manager 10 Years of Experience | 7 Years with PFM

Meredith specializes in managing fixed income assets and executing customized strategies for separate account portfolios. She serves as our lead analyst for Federal Agency and supranational securities. She is a Level II candidate in the CFA program.

Bob Cheddar, CFA, Managing Director and Chief Credit Officer 20 Years of Experience | 14 Years with PFM

Bob serves as chair of PFM's Credit Committee. In this position, Bob leads a team responsible for PFM's independent credit research and strategy. This team conducts all of PFM's internal credit research for separately managed accounts and local government investment pools.

Kenneth Schiebel, CFA, Managing Director and Head of Portfolio Strategies Group 37 Years of Experience | 24 Years with PFM

Ken oversees the development of customized investment strategies for our public and institutional clients as well as PFM's internal analysis of the fixed income markets. He has

extensive experience managing portfolios involving high-quality fixed income assets. He holds FINRA Series 7 and 63 licenses.

Kyle Jones, Director of Portfolio Strategies

16 Years of Experience | 6 Years with PFM

Kyle devises customized portfolio strategies to meet the specific needs of PFM's clients with individual portfolios. He also assists in the creation and delivery of PFM's views and strategies to clients. He holds FINRA Series 7 and 63 licenses.

CITY COUNCIL STAFF REPORT

Consent Item No. 14

January 16, 2019

File No. 0490-55

SUBJECT: Treasurer's Investment Report for the Quarter Ended September 30, 2018

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 June 30, 2018, was filed with the City Clerk's Office on August 8, 2018, and presented to the City Council on August 15, 2018.

BACKGROUND:

The City's Investment Policy requires the City Treasurer to submit a quarterly investment report to the City Council and City Manager. The quarterly investment report should include the type of investment, issuer, date of maturity, par, and dollar amount invested and market value for each security held by the City. Details of the City's investment portfolio are included in the attached reports that are listed below:

- Summary of Investment Allocation as of September 30, 2018
- Summary of Investment Portfolio Yield for the last 12 months
- Summary and Detailed Reports of Investment Portfolio – July 2018 through September 2018
- Schedule of Investments Matured – July 2018 through September 2018
- Schedule of Funds Managed by Outside Parties as of September 30, 2018

The first page of the Investment Report is the Summary of Investment Allocation as of September 30, 2018 (Attachment 1). This chart shows that from July 1, 2018, to September 30, 2018, the City's investment portfolio decreased from \$165 million to \$136 million. The adjusted average annual yield increased from 1.6 percent to 1.7 percent with the portfolio duration at 1.63. An excess of cash payment outflows over cash receipt inflows for the quarter resulted in a decrease of \$29 million in the book value of the investment portfolio. Major components of the net \$29 million decrease are:

	<u>In Millions</u>
Sales Tax Allocations	\$ 8.8
County Property Tax Allocations	1.0
Franchise Fees	.4
Debt Service Principal and Interest Payments	(16.5)
CalPERS Contributions	(6.2)
CalPERS Prepayment	(5.8)
San Diego County Water Authority Payments	(5.0)
Capital Improvement Project Payments	(3.7)
Contribution to Section 115 Irrevocable Trust	<u>(2.0)</u>
Net Decrease in Investment Portfolio	<u>(\$29.0)</u>

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 September 30, 2018, the current investment portfolio balance exceeded the City's \$25.7 million current investment policy requirement by \$31.6 million. As of September 30, 2018, the City complies with all requirements of the City's Investment Policy.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Douglas W. Shultz, City Treasurer
1/9/2019 2:58 p.m.

ATTACHMENTS:

1. Attachment 1 – Summary of Investment Allocation as of September 30, 2018
2. Attachment 2 – Summary of Investment Portfolio Yield for the last 12 months
3. Attachment 3 – Summary and Detailed Reports of Investment Portfolio July – September 2018
4. Attachment 4 – Schedule of Investments Matured July – September 2018
5. Attachment 5 – Schedule of Funds Managed by Outside Parties as of September 30, 2018

City of Escondido
Summary of Investment Allocation
as of September 30, 2018

Investment Type	Book Value	Market Value	Percent of Portfolio at Market
Federal Agency Securities	\$ 74,958,718	\$ 73,113,934	54.73%
State Investment Pool (LAIF)	34,509,060	34,509,060	25.83%
U.S. Municipal Bonds	7,693,376	7,464,824	5.59%
Negotiable Certificates of Deposit	7,148,000	7,048,681	5.28%
Supranational Securities	5,402,651	5,316,994	3.98%
U.S. Corporate Bonds	4,213,482	4,082,802	3.06%
Money Market Funds	1,064,806	1,064,806	0.80%
U.S. Treasury Obligations	993,939	987,380	0.74%
Total Investment Portfolio - September 2018	\$ 135,984,031	\$ 133,588,481	100%
Reported Total Investments - June 2018	\$ 164,964,837	\$ 162,744,860	
Change from Prior Quarter	\$ (28,980,806)	\$ (29,156,379)	
Portfolio Duration	1.63		

**CITY OF ESCONDIDO
SUMMARY OF INVESTMENT PORTFOLIO YIELDS
FOR THE LAST 12 MONTHS
As of September 30, 2018**

<u>Date</u>	<u>Book Value</u>	<u>Yield</u>
Sep-18	\$135,984,031.14	1.861%
Aug-18	\$138,992,723.25	1.832%
Jul-18	\$158,123,586.26	1.810%
Jun-18	\$164,964,837.02	1.787%
May-18	\$155,172,587.18	1.752%
Apr-18	\$142,730,971.02	1.729%
Mar-18	\$135,468,550.16	1.712%
Feb-18	\$137,979,018.86	1.676%
Jan-18	\$143,978,470.43	1.635%
Dec-17	\$123,456,243.56	1.668%
Nov-17	\$121,649,400.05	1.597%
Oct-17	\$122,131,475.49	1.467%
Average Portfolio Interest Yields		1.711%

Attachment 3

City of Escondido
 Investment Portfolio - by Asset Class, Summary
 Report Format: By Totals
 Portfolio / Report Group: All Portfolios
 As of 7/31/2018

Description	Face Amount	Cost Value	Market Value	Book Value	YTM @ Cost	YTM @ Market	Portfolio Duration	Days To Maturity
California Local Agency Investment Fund	46,009,059.50	46,009,059.50	46,009,059.50	46,009,059.50	1.944	1.944	0.00	1
Corporate Bond	4,200,000.00	4,217,304.00	4,083,812.00	4,214,112.68	2.610	3.469	3.71	1,432
Federal Agency Coupon Securities	78,726,000.00	79,378,955.36	77,128,344.52	78,982,147.95	1.605	2.649	2.14	804
Money Market	1,063,163.34	1,063,163.34	1,063,163.34	1,063,163.34	1.820	1.820	0.00	1
Municipal Bond	7,655,000.00	7,705,595.95	7,485,061.30	7,695,212.97	2.673	3.412	3.77	1,463
Negotiable Certificate of Deposit	7,396,000.00	7,396,000.00	7,288,718.00	7,396,000.00	1.928	3.005	1.61	602
Supranational Securities	11,813,000.00	11,758,047.75	11,680,436.38	11,770,884.94	1.708	2.423	0.94	355
Treasury Coupon Securities	1,000,000.00	990,234.38	987,270.00	993,004.88	2.071	2.540	1.24	457
Total / Average	157,862,222.84	158,518,360.28	155,725,865.04	158,123,586.26	1.810	2.496	1.50	568

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 7/31/2018

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	46,009,059.50	46,009,059.50	46,009,059.50	1.944	1.944	0.00	1	29.15
Sub Total / Average			46,009,059.50	46,009,059.50	46,009,059.50	1.944	1.944	0.00	1	29.15
Corporate Bond										
Apple Inc 2.1 9/12/2022	037833DC1	11/16/2017	950,000.00	911,734.00	936,166.36	2.477	3.151	3.93	1,504	0.60
Citigroup 2.75 4/25/2022-22	172967LG4	09/25/2017	800,000.00	775,256.00	802,798.12	2.650	3.643	3.54	1,364	0.51
Goldman Sacks 3 4/26/2022-21	38141GWC4	09/20/2017	800,000.00	781,736.00	808,819.25	2.684	3.658	3.53	1,365	0.51
JPMorgan Chase & Co 3.25 9/23/2022	46625HJE1	12/01/2017	600,000.00	595,842.00	612,742.56	2.700	3.430	3.87	1,515	0.38
Morgan Stanley 2.75 5/19/2022	61744YAH1	09/15/2017	800,000.00	776,544.00	804,111.15	2.605	3.581	3.61	1,388	0.51
Oracle Corp 2.5 10/15/2022	68389XAP0	11/16/2017	250,000.00	242,700.00	249,475.24	2.553	3.248	3.99	1,537	0.16
Sub Total / Average			4,200,000.00	4,083,812.00	4,214,112.68	2.610	3.469	3.71	1,432	2.66
Federal Agency Coupon Securities										
FFCB 1.14 6/29/2020	3133EGJD8	06/29/2016	2,000,000.00	1,942,060.00	1,997,569.53	1.205	2.705	1.89	699	1.27
FFCB 1.4 10/14/2021	3133EGYQ2	10/27/2016	2,000,000.00	1,908,480.00	1,996,292.59	1.460	2.906	3.13	1,171	1.27
FFCB 1.46 10/28/2020	3133EFLZ8	10/28/2015	1,000,000.00	971,540.00	1,000,000.00	1.460	2.778	2.20	820	0.63
FFCB 1.55 9/27/2019	3133EG2D6	01/27/2017	2,000,000.00	1,977,880.00	2,000,904.25	1.510	2.526	1.14	423	1.27
FFCB 1.61 8/1/2018	3133ECW75	02/03/2014	1,000,000.00	1,000,000.00	1,000,004.50	1.440	0.000	0.00	1	0.63
FFCB 1.66 9/20/2021	3133EHZA4	10/11/2017	2,000,000.00	1,926,120.00	1,989,138.55	1.840	2.900	3.05	1,147	1.27
FFCB 1.7 3/4/2019	3133EDTU6	05/27/2016	1,750,000.00	1,743,525.00	1,755,739.17	1.135	2.332	0.59	216	1.11
FFCB 1.7 4/27/2020	3133EAN46	02/01/2018	1,025,000.00	1,008,292.50	1,016,621.17	2.182	2.665	1.71	636	0.65
FFCB 1.8 11/12/2019	3133EEBN9	11/12/2014	5,000,000.00	4,952,450.00	5,000,000.00	1.800	2.559	1.27	469	3.17
FFCB 2.28 10/17/2022-18	3133EHF73	10/26/2017	1,000,000.00	975,780.00	997,789.33	2.335	2.895	4.01	1,539	0.63
FFCB 2.46 8/5/2020	3133ECW91	06/30/2016	1,500,000.00	1,491,510.00	1,541,681.35	1.047	2.751	1.95	736	0.95
FFCB 4.81 9/1/2020	31331S4M2	06/30/2016	310,000.00	322,809.20	333,536.60	1.080	2.754	1.97	763	0.20
FFCB 5.125 11/15/2018	31331YEJ5	12/26/2013	760,000.00	766,999.60	766,924.73	1.856	1.899	0.29	107	0.48
FHLB 1.375 2/18/2021	3130A7CV5	06/24/2016	2,000,000.00	1,932,080.00	2,004,686.95	1.280	2.765	2.50	933	1.27
FHLB 1.61 8/26/2020	3130ABD94	09/25/2017	2,000,000.00	1,955,120.00	1,997,812.80	1.664	2.733	2.04	757	1.27

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 7/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
FHLB 1.75 12/14/2018	313376BR5	12/26/2013	895,000.00	893,639.60	894,711.47	1.841	2.160	0.37	136	0.57
FHLB 1.75 3/12/2021	313382K69	04/27/2016	1,000,000.00	973,360.00	1,006,277.25	1.500	2.814	2.55	955	0.63
FHLB 1.875 11/29/2021	3130AABG2	12/16/2016	2,000,000.00	1,938,960.00	1,985,818.49	2.100	2.842	3.23	1,217	1.27
FHLB 1.875 6/11/2021	313379RB7	06/24/2016	2,000,000.00	1,946,360.00	2,028,985.68	1.350	2.857	2.79	1,046	1.27
FHLB 2.17 8/14/2020	3130ADGL0	02/13/2018	2,000,000.00	1,978,700.00	1,997,225.63	2.240	2.711	1.98	745	1.27
FHLB 2.25 3/11/2022	313378CR0	05/09/2017	2,000,000.00	1,959,420.00	2,017,113.41	2.000	2.845	3.46	1,319	1.27
FHLB 4.625 9/11/2020	3133XD4P3	05/25/2016	2,350,000.00	2,439,582.00	2,504,453.03	1.410	2.753	2.00	773	1.49
FHLMC 1.05 9/28/2018	3134GAMD3	05/04/2017	1,000,000.00	998,550.00	999,668.01	1.258	1.962	0.16	59	0.63
FHLMC 1.125 8/12/2021	3137EAEC9	08/17/2016	3,000,000.00	2,853,390.00	2,983,400.08	1.314	2.819	2.97	1,108	1.90
FHLMC 1.25 10/2/2019	3137EADM8	03/16/2016	1,000,000.00	985,200.00	999,086.82	1.330	2.542	1.16	428	0.63
FHLMC 1.25 8/1/2019	3137EADK2	07/02/2015	3,000,000.00	2,964,390.00	2,991,406.00	1.546	2.459	0.99	366	1.90
FHLMC 1.4 8/22/2019	3134G3A91	03/15/2016	1,000,000.00	988,720.00	1,001,134.79	1.290	2.486	1.05	387	0.63
FHLMC 1.5 3/19/2020	3134G3K58	09/28/2017	616,000.00	604,708.72	615,014.44	1.600	2.654	1.61	597	0.39
FHLMC 1.55 8/21/2020	3134G3D64	05/26/2016	1,195,000.00	1,165,961.50	1,199,042.72	1.380	2.774	2.02	752	0.76
FHLMC 1.65 1/29/2021	3134G34D9	07/13/2016	2,410,000.00	2,342,785.10	2,440,841.71	1.123	2.816	2.45	913	1.53
FHLMC 1.65 8/28/2020	3134G3F96	05/26/2016	1,000,000.00	977,810.00	1,005,424.78	1.380	2.756	2.04	759	0.63
FHLMC 1.75 5/21/2021	3134G44H8	07/13/2016	2,000,000.00	1,943,060.00	2,028,247.91	1.230	2.812	2.74	1,025	1.27
FHLMC 1.875 8/17/2021	3134G92Y2	05/09/2017	2,000,000.00	1,945,780.00	1,998,526.93	1.900	2.810	2.95	1,113	1.27
FHLMC 2 3/12/2020	3134G3QX1	03/15/2016	1,250,000.00	1,237,250.00	1,260,748.89	1.450	2.649	1.58	590	0.79
FHLMC 2.4 11/28/2022-18	3134GBY63	11/28/2017	1,000,000.00	967,510.00	1,000,000.00	2.400	3.210	4.11	1,581	0.63
FHLMC 2.4 11/28/2022-18	3134GBY63	11/28/2017	1,000,000.00	967,510.00	1,000,000.00	2.400	3.210	4.11	1,581	0.63
FNMA 1 8/28/2019	3135G0P49	01/27/2017	2,000,000.00	1,968,640.00	1,990,506.32	1.447	2.475	1.08	393	1.27
FNMA 1.125 10/19/2018	3135G0E58	11/16/2017	1,070,000.00	1,067,710.20	1,069,050.53	1.533	2.110	0.22	80	0.68
FNMA 1.25 5/6/2021	3135G0K69	05/19/2016	1,000,000.00	959,910.00	993,230.27	1.505	2.766	2.72	1,010	0.63
FNMA 1.25 8/17/2021	3135G0N82	10/11/2016	3,000,000.00	2,864,160.00	2,985,020.69	1.420	2.812	2.98	1,113	1.90
FNMA 1.25 8/28/2018	3136G1F53	03/16/2016	1,000,000.00	999,420.00	1,000,128.17	1.080	1.937	0.08	28	0.63
FNMA 1.5 11/30/2020	3135G0F73	04/26/2017	2,000,000.00	1,943,320.00	1,992,715.09	1.661	2.762	2.30	853	1.27

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 7/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
FNMA 1.75 1/30/2019	3136FTZZ5	02/03/2014	2,595,000.00	2,588,201.10	2,596,118.93	1.660	2.280	0.50	183	1.64
FNMA 1.875 9/18/2018	3135G0YM9	05/04/2017	1,000,000.00	999,750.00	1,000,816.21	1.258	2.053	0.13	49	0.63
FNMA 2 10/5/2022	3135G0T78	10/11/2017	2,000,000.00	1,928,000.00	1,999,983.22	2.000	2.921	4.00	1,527	1.27
FNMA 2 8/26/2022	3136G05L1	09/28/2017	2,000,000.00	1,920,800.00	2,003,068.54	1.960	3.042	3.89	1,487	1.27
FNMA 2.25 10/27/2022-18	3136G4PV9	11/29/2017	2,000,000.00	1,941,140.00	1,995,680.42	2.304	2.994	4.04	1,549	1.27
Sub Total / Average			78,726,000.00	77,128,344.52	78,982,147.95	1.605	2.649	2.14	804	49.87
Money Market										
Blackrock Federal Fund MM	X9X9USDBLFD	09/28/2017	1,063,163.34	1,063,163.34	1,063,163.34	1.820	1.820	0.00	1	0.67
Sub Total / Average			1,063,163.34	1,063,163.34	1,063,163.34	1.820	1.820	0.00	1	0.67
Municipal Bond										
Brea Redev Agency 2.25 8/1/2022	106293CG6	11/01/2017	220,000.00	211,290.20	218,341.72	2.451	3.315	3.80	1,462	0.14
City of Industry CA 2.75 1/1/2022	45656RDV1	09/29/2017	250,000.00	245,482.50	251,201.77	2.600	3.313	3.28	1,250	0.16
City of Monrovia CA 2.742 5/1/2022	611581AM1	12/13/2017	750,000.00	729,997.50	750,000.00	2.742	3.506	3.56	1,370	0.48
Contra Costa County CA Fire 5.06 8/1/2022	31224RAS5	10/10/2017	850,000.00	901,153.00	930,888.73	2.520	3.437	3.60	1,462	0.54
Contra Costa County Redev Agency 2.25 8/1/2022	212263AS6	09/29/2017	500,000.00	481,295.00	496,239.51	2.450	3.255	3.80	1,462	0.32
Guadalupe CA Cmnty Redev Agency 2.5 8/1/2022	400559AE0	11/29/2017	230,000.00	221,943.10	228,705.02	2.651	3.445	3.78	1,462	0.15
Long Beach CA Tidelands Rev 2.785 11/1/2022	54245HAN4	11/15/2017	825,000.00	801,124.50	825,000.00	2.785	3.523	4.01	1,554	0.52
Murrieta Redev Successor Agency 2.5 8/1/2022	62719PAY2	10/18/2017	250,000.00	241,060.00	249,452.17	2.559	3.465	3.78	1,462	0.16
Norco CA Comm Redev Agency 2.715 3/1/2022	655505BJ3	12/20/2017	320,000.00	311,920.00	320,000.00	2.715	3.470	3.40	1,309	0.20
Palm Springs CA Cmnty Redev Agency 2.25 9/1/2022	69667ABT2	11/15/2017	290,000.00	279,119.20	287,218.21	2.501	3.238	3.88	1,493	0.18
San Diego Redev Agency 2.875 9/1/2021	79730WAX8	09/28/2017	400,000.00	396,932.00	404,735.40	2.470	3.137	2.94	1,128	0.25
San Francisco City & County 2.5 9/1/2022	79772EAX7	11/09/2017	350,000.00	338,495.50	348,602.17	2.605	3.368	3.86	1,493	0.22
San Francisco City & County 2.5 9/1/2022	79772EAE9	11/09/2017	380,000.00	367,509.40	377,759.06	2.655	3.368	3.86	1,493	0.24
San Marcos CA Redev Agency 2.25 10/1/2022	79876CBS6	12/14/2017	750,000.00	715,882.50	737,038.85	2.695	3.430	3.97	1,523	0.48
Temecula CA Redev Agency 2.5 12/15/2022	87972DBB7	12/15/2017	1,065,000.00	1,023,102.90	1,048,055.86	2.893	3.477	4.15	1,598	0.67
Town of Mammoth Lakes CA Judgement Rev 2.75 10/1/2	56155CAE8	10/25/2017	225,000.00	218,754.00	221,974.50	3.101	3.471	3.93	1,523	0.14
Sub Total / Average			7,655,000.00	7,485,061.30	7,695,212.97	2.673	3.412	3.77	1,463	4.85

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 7/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
Negotiable Certificate of Deposit										
Ally Bank 1.9 6/22/2020	02006L3N1	06/22/2017	245,000.00	240,550.38	245,000.00	1.900	2.892	1.87	692	0.16
American Exp Centurion 2 11/28/2018	02587DWJ3	11/28/2014	247,000.00	246,504.72	247,000.00	2.000	2.611	0.33	120	0.16
American Exp Fed Svgs Bk 2 7/24/2019	02587CAJ9	07/24/2014	247,000.00	244,884.89	247,000.00	2.000	2.892	0.98	358	0.16
Barclays Bank 2.099 7/23/2019	06740KHK6	07/28/2014	247,000.00	245,162.32	247,000.00	2.099	2.876	0.97	357	0.16
Beneficial Bank 2.15 10/18/2022	08173QBX3	10/18/2017	245,000.00	237,053.57	245,000.00	2.150	2.974	4.02	1,540	0.16
BMW 1.95 6/20/2019	05580AAL8	06/20/2014	247,000.00	244,948.74	247,000.00	1.950	2.903	0.88	324	0.16
Capital One Bank USA NA 2.4 6/1/2022	1404203C2	06/01/2017	245,000.00	240,125.65	245,000.00	2.400	2.952	3.67	1,401	0.16
Capital One NA 2 8/12/2019	14042E5L0	08/12/2015	247,000.00	244,786.24	247,000.00	2.000	2.883	1.02	377	0.16
Charter Bank Eau claire 1.5 8/6/2018	16116PHH7	08/05/2014	248,000.00	247,818.54	248,000.00	1.500	5.980	0.02	6	0.16
Cit Bank 2.2 11/26/2019	17284C4L5	11/26/2014	247,000.00	244,915.17	247,000.00	2.200	2.855	1.30	483	0.16
Comenity Capital Bank 2 10/13/2020	20033AND4	10/13/2015	249,000.00	244,195.94	249,000.00	2.000	2.906	2.15	805	0.16
Discover FS 2 6/18/2019	254671W48	06/18/2014	247,000.00	245,084.59	247,000.00	2.000	2.895	0.88	322	0.16
Enerbank USA 2.05 8/28/2019	29266NB30	08/28/2014	247,000.00	244,843.07	247,000.00	2.050	2.875	1.07	393	0.16
EVERBANK FL 1.6 7/30/2019	29976DZM5	07/30/2015	248,000.00	244,733.17	248,000.00	1.600	2.950	0.99	364	0.16
First Bank of Richmond 1.8 10/19/2020	319267GK0	10/18/2017	245,000.00	239,697.83	245,000.00	1.800	2.812	2.17	811	0.16
FIRST BUSINESS 1.5 10/30/2019	31938QP65	10/30/2015	248,000.00	243,649.26	248,000.00	1.500	2.941	1.24	456	0.16
Focus Bank 2.2 11/24/2022	34415LAP6	11/24/2017	245,000.00	235,016.74	245,000.00	2.200	3.219	4.12	1,577	0.16
Franklin Synergy Bank 1.6 8/30/2019	35471TDK5	05/31/2017	245,000.00	241,513.36	245,000.00	1.600	2.940	1.07	395	0.16
Goldman Sachs Bank USA 2.35 6/21/2022	38148PKX4	06/21/2017	245,000.00	239,548.43	245,000.00	2.350	2.959	3.73	1,421	0.16
KEY BANK NA 1.35 10/29/2018	49306SVK9	10/28/2015	248,000.00	247,009.51	248,000.00	1.350	2.987	0.25	90	0.16
Live Oak Banking Co. 1.85 7/30/2019	538036CA0	10/30/2014	247,000.00	244,431.18	247,000.00	1.850	2.906	0.99	364	0.16
Medallion Bank Utah 2.05 6/28/2021	58403B6Y7	06/28/2017	245,000.00	238,889.65	245,000.00	2.050	2.945	2.82	1,063	0.16
Mercantile Bank of MI 1.8 6/8/2020	58740XZJ2	06/07/2017	245,000.00	240,207.56	245,000.00	1.800	2.890	1.83	678	0.16
Park National Bank 2.1 3/26/2019	700654AV8	09/26/2014	247,000.00	245,997.20	247,000.00	2.100	2.728	0.65	238	0.16
Sallie Mae Bank 2.1 8/13/2019	795450SJ5	08/13/2014	247,000.00	245,058.56	247,000.00	2.100	2.872	1.02	378	0.16
SYNCHRONY BANK 2.25 7/17/2020	87165HKM1	07/17/2015	247,000.00	244,100.49	247,000.00	2.250	2.869	1.93	717	0.16

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 7/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
Third Fed S & L 2 11/25/2019	88413QAW8	11/24/2014	247,000.00	244,210.01	247,000.00	2.000	2.878	1.30	482	0.16
Unity Bank 1.65 10/30/2020	91330ABC0	10/30/2015	249,000.00	242,067.99	249,000.00	1.650	2.930	2.21	822	0.16
Venture Bank Bloomington 1.6 9/6/2019	92326XDN8	06/06/2017	245,000.00	241,468.42	245,000.00	1.600	2.935	1.09	402	0.16
WEX Bank 1.8 6/2/2020	92937CFS2	06/02/2017	245,000.00	240,244.82	245,000.00	1.800	2.891	1.81	672	0.16
Sub Total / Average			7,396,000.00	7,288,718.00	7,396,000.00	1.928	3.005	1.61	602	4.69
Supranational Securities										
IADB 1.125 8/28/2018	4581X0CQ9	12/11/2017	2,372,000.00	2,370,031.24	2,371,002.99	1.677	2.113	0.08	28	1.50
IADB 1.75 8/24/2018	4581X0BR8	09/21/2017	3,000,000.00	2,999,010.00	3,000,698.63	1.393	2.250	0.06	24	1.90
IADB 1.75 9/14/2022	4581X0CZ9	11/06/2017	1,000,000.00	951,540.00	985,560.07	2.120	3.009	3.96	1,506	0.63
IADB 1.75 9/14/2022	4581X0CZ9	11/07/2017	1,000,000.00	951,540.00	985,636.91	2.118	3.009	3.96	1,506	0.63
IBRD 1.2 9/30/2019	459058FQ1	12/11/2017	700,000.00	688,219.00	694,239.94	1.920	2.674	1.16	426	0.44
IBRD 1.25 4/26/2019	459058FC2	11/22/2017	2,000,000.00	1,982,080.00	1,992,226.93	1.785	2.485	0.73	269	1.27
IBRD 1.875 3/15/2019	459058DL4	12/11/2017	741,000.00	738,436.14	741,318.82	1.804	2.437	0.62	227	0.47
IFC 1.75 9/4/2018	45950KCA6	11/16/2017	1,000,000.00	999,580.00	1,000,200.65	1.538	2.193	0.09	35	0.63
Sub Total / Average			11,813,000.00	11,680,436.38	11,770,884.94	1.708	2.423	0.94	355	7.48
Treasury Coupon Securities										
T-Note 1.5 10/31/2019	912828F62	01/31/2018	1,000,000.00	987,270.00	993,004.88	2.071	2.540	1.24	457	0.63
Sub Total / Average			1,000,000.00	987,270.00	993,004.88	2.071	2.540	1.24	457	0.63
Total / Average			157,862,222.84	155,725,865.04	158,123,586.26	1.810	2.496	1.50	568	100

Attachment 3

City of Escondido

Investment Portfolio - by Asset Class, Summary

Report Format: By Totals

Portfolio / Report Group: All Portfolios

As of 8/31/2018

Description	Face Amount	Cost Value	Market Value	Book Value	YTM @ Cost	YTM @ Market	Portfolio Duration	Days To Maturity
California Local Agency Investment Fund	34,509,059.50	34,509,059.50	34,509,059.50	34,509,059.50	1.998	1.998	0.00	1
Corporate Bond	4,200,000.00	4,217,304.00	4,103,350.50	4,213,791.95	2.610	3.351	3.63	1,401
Federal Agency Coupon Securities	76,726,000.00	77,367,486.36	75,305,264.29	76,970,079.93	1.614	2.634	2.11	793
Money Market	1,063,163.34	1,063,163.34	1,063,163.34	1,063,163.34	1.850	1.850	0.00	1
Municipal Bond	7,655,000.00	7,705,595.95	7,514,629.05	7,694,279.26	2.673	3.316	3.71	1,432
Negotiable Certificate of Deposit	7,148,000.00	7,148,000.00	7,057,191.02	7,148,000.00	1.943	2.748	1.58	592
Supranational Securities	6,441,000.00	6,385,495.67	6,326,317.12	6,400,869.89	1.867	2.500	1.59	598
Treasury Coupon Securities	1,000,000.00	990,234.38	988,240.00	993,479.38	2.071	2.529	1.15	426
Total / Average	138,742,222.84	139,386,339.20	136,867,214.82	138,992,723.25	1.832	2.528	1.65	622

Attachment 3

City of Escondido
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 8/31/2018

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	34,509,059.50	34,509,059.50	34,509,059.50	1.998	1.998	0.00	1	24.87
Sub Total / Average			34,509,059.50	34,509,059.50	34,509,059.50	1.998	1.998	0.00	1	24.87
Corporate Bond										
Apple Inc 2.1 9/12/2022	037833DC1	11/16/2017	950,000.00	916,284.50	936,451.49	2.477	3.042	3.84	1,473	0.68
Citigroup 2.75 4/25/2022-22	172967LG4	09/25/2017	800,000.00	779,944.00	802,734.52	2.650	3.487	3.46	1,333	0.58
Goldman Sacks 3 4/26/2022-21	38141GWC4	09/20/2017	800,000.00	786,232.00	808,618.96	2.684	3.505	3.45	1,334	0.58
JPMorgan Chase & Co 3.25 9/23/2022	46625HJE1	12/01/2017	600,000.00	597,264.00	612,481.82	2.700	3.371	3.78	1,484	0.43
Morgan Stanley 2.75 5/19/2022	61744YAH1	09/15/2017	800,000.00	780,296.00	804,019.33	2.605	3.461	3.53	1,357	0.58
Oracle Corp 2.5 10/15/2022	68389XAP0	11/16/2017	250,000.00	243,330.00	249,485.83	2.553	3.195	3.90	1,506	0.18
Sub Total / Average			4,200,000.00	4,103,350.50	4,213,791.95	2.610	3.351	3.63	1,401	3.03
Federal Agency Coupon Securities										
FFCB 1.14 6/29/2020	3133EGJD8	06/29/2016	2,000,000.00	1,945,000.00	1,997,677.32	1.205	2.691	1.81	668	1.44
FFCB 1.4 10/14/2021	3133EGYQ2	10/27/2016	2,000,000.00	1,917,320.00	1,996,390.73	1.460	2.793	3.05	1,140	1.44
FFCB 1.46 10/28/2020	3133EFLZ8	10/28/2015	1,000,000.00	973,550.00	1,000,000.00	1.460	2.730	2.12	789	0.72
FFCB 1.55 9/27/2019	3133EG2D6	01/27/2017	2,000,000.00	1,979,380.00	2,000,837.99	1.510	2.530	1.06	392	1.44
FFCB 1.66 9/20/2021	3133EHZA4	10/11/2017	2,000,000.00	1,934,360.00	1,989,432.10	1.840	2.789	2.97	1,116	1.44
FFCB 1.7 3/4/2019	3133EDTU6	05/27/2016	1,750,000.00	1,744,417.50	1,754,915.49	1.135	2.335	0.50	185	1.26
FFCB 1.7 4/27/2020	3133EAN46	02/01/2018	1,025,000.00	1,009,215.00	1,017,029.57	2.182	2.656	1.63	605	0.74
FFCB 1.8 11/12/2019	3133EEBN9	11/12/2014	5,000,000.00	4,955,500.00	5,000,000.00	1.800	2.558	1.18	438	3.60
FFCB 2.28 10/17/2022-18	3133EHF73	10/26/2017	1,000,000.00	975,620.00	997,833.86	2.335	2.911	3.93	1,508	0.72
FFCB 2.46 8/5/2020	3133ECW91	06/30/2016	1,500,000.00	1,492,785.00	1,539,925.75	1.047	2.717	1.89	705	1.08
FFCB 4.81 9/1/2020	31331S4M2	06/30/2016	310,000.00	322,449.60	332,580.33	1.080	2.733	1.89	732	0.22
FFCB 5.125 11/15/2018	31331YEJ5	12/26/2013	760,000.00	765,092.00	764,918.50	1.856	1.826	0.21	76	0.55
FHLB 1.375 2/18/2021	3130A7CV5	06/24/2016	2,000,000.00	1,936,360.00	2,004,531.22	1.280	2.719	2.43	902	1.44
FHLB 1.61 8/26/2020	3130ABD94	09/25/2017	2,000,000.00	1,959,820.00	1,997,902.36	1.664	2.655	1.95	726	1.44
FHLB 1.75 12/14/2018	313376BR5	12/26/2013	895,000.00	893,773.85	894,777.24	1.841	2.224	0.29	105	0.65
FHLB 1.75 3/12/2021	313382K69	04/27/2016	1,000,000.00	975,870.00	1,006,073.48	1.500	2.743	2.47	924	0.72
FHLB 1.875 11/29/2021	3130AABG2	12/16/2016	2,000,000.00	1,946,660.00	1,986,179.72	2.100	2.739	3.15	1,186	1.44

Attachment 3

City of Escondido
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 8/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
FHLB 1.875 6/11/2021	313379RB7	06/24/2016	2,000,000.00	1,952,380.00	2,028,126.64	1.350	2.771	2.71	1,015	1.44
FHLB 2.17 8/14/2020	3130ADGL0	02/13/2018	2,000,000.00	1,981,720.00	1,997,341.07	2.240	2.653	1.92	714	1.44
FHLB 2.25 3/11/2022	313378CR0	05/09/2017	2,000,000.00	1,965,720.00	2,016,711.20	2.000	2.763	3.37	1,288	1.44
FHLB 4.625 9/11/2020	3133XD4P3	05/25/2016	2,350,000.00	2,439,981.50	2,498,258.93	1.410	2.672	1.92	742	1.69
FHLMC 1.05 9/28/2018	3134GAMD3	05/04/2017	1,000,000.00	999,360.00	999,842.45	1.258	1.896	0.08	28	0.72
FHLMC 1.125 8/12/2021	3137EAEC9	08/17/2016	3,000,000.00	2,866,410.00	2,983,864.52	1.314	2.707	2.90	1,077	2.16
FHLMC 1.25 10/2/2019	3137EADM8	03/16/2016	1,000,000.00	986,680.00	999,152.96	1.330	2.500	1.08	397	0.72
FHLMC 1.25 8/1/2019	3137EADK2	07/02/2015	3,000,000.00	2,966,910.00	2,992,133.90	1.546	2.474	0.91	335	2.16
FHLMC 1.4 8/22/2019	3134G3A91	03/15/2016	1,000,000.00	989,750.00	1,001,043.89	1.290	2.470	0.97	356	0.72
FHLMC 1.5 3/19/2020	3134G3K58	09/28/2017	616,000.00	605,275.44	615,065.62	1.600	2.654	1.53	566	0.44
FHLMC 1.55 8/21/2020	3134G3D64	05/26/2016	1,195,000.00	1,168,506.85	1,198,876.06	1.380	2.712	1.95	721	0.86
FHLMC 1.65 1/29/2021	3134G34D9	07/13/2016	2,410,000.00	2,350,256.10	2,439,794.51	1.123	2.719	2.37	882	1.74
FHLMC 1.65 8/28/2020	3134G3F96	05/26/2016	1,000,000.00	984,450.00	1,005,203.21	1.380	2.454	1.97	728	0.72
FHLMC 1.75 5/21/2021	3134G44H8	07/13/2016	2,000,000.00	1,949,980.00	2,027,393.59	1.230	2.709	2.66	994	1.44
FHLMC 1.875 8/17/2021	3134G92Y2	05/09/2017	2,000,000.00	1,953,220.00	1,998,567.96	1.900	2.702	2.89	1,082	1.44
FHLMC 2 3/12/2020	3134G3QX1	03/15/2016	1,250,000.00	1,238,525.00	1,260,184.11	1.450	2.616	1.50	559	0.90
FHLMC 2.4 11/28/2022-18	3134GBY63	11/28/2017	1,000,000.00	972,220.00	1,000,000.00	2.400	3.103	4.03	1,550	0.72
FHLMC 2.4 11/28/2022-18	3134GBY63	11/28/2017	1,000,000.00	972,220.00	1,000,000.00	2.400	3.103	4.03	1,550	0.72
FNMA 1 8/28/2019	3135G0P49	01/27/2017	2,000,000.00	1,971,420.00	1,991,255.19	1.447	2.455	1.00	362	1.44
FNMA 1.125 10/19/2018	3135G0E58	11/16/2017	1,070,000.00	1,068,630.40	1,069,418.45	1.533	2.079	0.13	49	0.77
FNMA 1.25 5/6/2021	3135G0K69	05/19/2016	1,000,000.00	963,130.00	993,438.05	1.505	2.684	2.63	979	0.72
FNMA 1.25 8/17/2021	3135G0N82	10/11/2016	3,000,000.00	2,875,560.00	2,985,437.91	1.420	2.717	2.91	1,082	2.16
FNMA 1.5 11/30/2020	3135G0F73	04/26/2017	2,000,000.00	1,948,940.00	1,992,979.84	1.661	2.676	2.21	822	1.44
FNMA 1.75 1/30/2019	3136FTZZ5	02/03/2014	2,595,000.00	2,588,746.05	2,595,929.38	1.660	2.331	0.42	152	1.87
FNMA 1.875 9/18/2018	3135G0YM9	05/04/2017	1,000,000.00	999,900.00	1,000,299.83	1.258	2.069	0.05	18	0.72
FNMA 2 10/5/2022	3135G0T78	10/11/2017	2,000,000.00	1,937,640.00	1,999,983.56	2.000	2.811	3.92	1,496	1.44
FNMA 2 8/26/2022	3136G05L1	09/28/2017	2,000,000.00	1,930,120.00	2,003,004.57	1.960	2.935	3.85	1,456	1.44
FNMA 2.25 10/27/2022-18	3136G4PV9	11/29/2017	2,000,000.00	1,950,440.00	1,995,766.87	2.304	2.887	3.96	1,518	1.44
Sub Total / Average			76,726,000.00	75,305,264.29	76,970,079.93	1.614	2.634	2.11	793	55.30

Attachment 3

City of Escondido
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 8/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
Money Market										
Blackrock Federal Fund MM	X9X9USDBLFD	09/28/2017	1,063,163.34	1,063,163.34	1,063,163.34	1.850	1.850	0.00	1	0.77
Sub Total / Average			1,063,163.34	1,063,163.34	1,063,163.34	1.850	1.850	0.00	1	0.77
Municipal Bond										
Brea Redev Agency 2.25 8/1/2022	106293CG6	11/01/2017	220,000.00	212,165.80	218,376.88	2.451	3.225	3.76	1,431	0.16
City of Industry CA 2.75 1/1/2022	45656RDV1	09/29/2017	250,000.00	246,215.00	251,171.96	2.600	3.232	3.19	1,219	0.18
City of Monrovia CA 2.742 5/1/2022	611581AM1	12/13/2017	750,000.00	732,600.00	750,000.00	2.742	3.420	3.48	1,339	0.54
Contra Costa County CA Fire 5.06 8/1/2022	31224RAS5	10/10/2017	850,000.00	902,853.00	929,173.58	2.520	3.352	3.60	1,431	0.61
Contra Costa County Redev Agency 2.25 8/1/2022	212263AS6	09/29/2017	500,000.00	483,270.00	496,319.24	2.450	3.165	3.76	1,431	0.36
Guadalupe CA Cmnty Redev Agency 2.5 8/1/2022	400559AE0	11/29/2017	230,000.00	222,835.50	228,732.48	2.651	3.355	3.74	1,431	0.17
Long Beach CA Tidelands Rev 2.785 11/1/2022	54245HAN4	11/15/2017	825,000.00	804,449.25	825,000.00	2.785	3.431	3.92	1,523	0.59
Murrieta Redev Successor Agency 2.5 8/1/2022	62719PAY2	10/18/2017	250,000.00	242,032.50	249,463.78	2.559	3.375	3.74	1,431	0.18
Norco CA Comm Redev Agency 2.715 3/1/2022	655505BJ3	12/20/2017	320,000.00	314,729.60	320,000.00	2.715	3.216	3.32	1,278	0.23
Palm Springs CA Cmnty Redev Agency 2.25 9/1/2022	69667ABT2	11/15/2017	290,000.00	280,296.60	287,275.97	2.501	3.147	3.80	1,462	0.21
San Diego Redev Agency 2.875 9/1/2021	79730WAX8	09/28/2017	400,000.00	397,856.00	404,605.26	2.470	3.063	2.85	1,097	0.29
San Francisco City & County 2.5 9/1/2022	79772EAX7	11/09/2017	350,000.00	339,881.50	348,631.20	2.605	3.277	3.78	1,462	0.25
San Francisco City & County 2.5 9/1/2022	79772EAE9	11/09/2017	380,000.00	369,014.20	377,805.59	2.655	3.277	3.78	1,462	0.27
San Marcos CA Redev Agency 2.25 10/1/2022	79876CBS6	12/14/2017	750,000.00	719,077.50	737,302.67	2.695	3.338	3.88	1,492	0.54
Temecula CA Redev Agency 2.5 12/15/2022	87972DBB7	12/15/2017	1,065,000.00	1,027,714.35	1,048,384.57	2.893	3.383	4.07	1,567	0.77
Town of Mammoth Lakes CA Judgement Rev 2.75 10/1/2	56155CAE8	10/25/2017	225,000.00	219,638.25	222,036.08	3.101	3.379	3.84	1,492	0.16
Sub Total / Average			7,655,000.00	7,514,629.05	7,694,279.26	2.673	3.316	3.71	1,432	5.52
Negotiable Certificate of Deposit										
Ally Bank 1.9 6/22/2020	02006L3N1	06/22/2017	245,000.00	240,971.88	245,000.00	1.900	2.838	1.78	661	0.18
American Exp Centurion 2 11/28/2018	02587DWJ3	11/28/2014	247,000.00	246,895.89	247,000.00	2.000	2.164	0.24	89	0.18
American Exp Fed Svgs Bk 2 7/24/2019	02587CAJ9	07/24/2014	247,000.00	245,467.74	247,000.00	2.000	2.705	0.89	327	0.18
Barclays Bank 2.099 7/23/2019	06740KHK6	07/28/2014	247,000.00	245,691.57	247,000.00	2.099	2.701	0.89	326	0.18
Beneficial Bank 2.15 10/18/2022	08173QBX3	10/18/2017	245,000.00	238,109.84	245,000.00	2.150	2.877	3.94	1,509	0.18
BMW 1.95 6/20/2019	05580AAL8	06/20/2014	247,000.00	245,667.02	247,000.00	1.950	2.632	0.80	293	0.18
Capital One Bank USA NA 2.4 6/1/2022	1404203C2	06/01/2017	245,000.00	240,926.14	245,000.00	2.400	2.870	3.59	1,370	0.18

Attachment 3

City of Escondido
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 8/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
Capital One NA 2 8/12/2019	14042E5L0	08/12/2015	247,000.00	245,211.62	247,000.00	2.000	2.779	0.94	346	0.18
Cit Bank 2.2 11/26/2019	17284C4L5	11/26/2014	247,000.00	245,064.56	247,000.00	2.200	2.849	1.22	452	0.18
Comenity Capital Bank 2 10/13/2020	20033AND4	10/13/2015	249,000.00	244,745.19	249,000.00	2.000	2.832	2.07	774	0.18
Discover FS 2 6/18/2019	254671W48	06/18/2014	247,000.00	245,773.92	247,000.00	2.000	2.631	0.79	291	0.18
Enerbank USA 2.05 8/28/2019	29266NB30	08/28/2014	247,000.00	245,255.07	247,000.00	2.050	2.771	0.99	362	0.18
EVERBANK FL 1.6 7/30/2019	29976DZM5	07/30/2015	248,000.00	245,534.88	248,000.00	1.600	2.710	0.91	333	0.18
First Bank of Richmond 1.8 10/19/2020	319267GK0	10/18/2017	245,000.00	240,287.01	245,000.00	1.800	2.734	2.09	780	0.18
FIRST BUSINESS 1.5 10/30/2019	31938QP65	10/30/2015	248,000.00	244,165.99	248,000.00	1.500	2.860	1.15	425	0.18
Focus Bank 2.2 11/24/2022	34415LAP6	11/24/2017	245,000.00	235,604.98	245,000.00	2.200	3.175	4.04	1,546	0.18
Franklin Synergy Bank 1.6 8/30/2019	35471TDK5	05/31/2017	245,000.00	242,152.39	245,000.00	1.600	2.783	0.99	364	0.18
Goldman Sachs Bank USA 2.35 6/21/2022	38148PKX4	06/21/2017	245,000.00	240,426.02	245,000.00	2.350	2.871	3.65	1,390	0.18
KEY BANK NA 1.35 10/29/2018	49306SVK9	10/28/2015	248,000.00	247,724.77	248,000.00	1.350	2.039	0.16	59	0.18
Live Oak Banking Co. 1.85 7/30/2019	538036CA0	10/30/2014	247,000.00	245,099.85	247,000.00	1.850	2.701	0.91	333	0.18
Medallion Bank Utah 2.05 6/28/2021	58403B6Y7	06/28/2017	245,000.00	239,637.49	245,000.00	2.050	2.857	2.75	1,032	0.18
Mercantile Bank of MI 1.8 6/8/2020	58740XZJ2	06/07/2017	245,000.00	240,628.22	245,000.00	1.800	2.840	1.74	647	0.18
Park National Bank 2.1 3/26/2019	700654AV8	09/26/2014	247,000.00	246,464.55	247,000.00	2.100	2.484	0.57	207	0.18
Sallie Mae Bank 2.1 8/13/2019	795450SJ5	08/13/2014	247,000.00	245,439.97	247,000.00	2.100	2.777	0.95	347	0.18
SYNCHRONY BANK 2.25 7/17/2020	87165HKM1	07/17/2015	247,000.00	244,393.09	247,000.00	2.250	2.831	1.84	686	0.18
Third Fed S & L 2 11/25/2019	88413QAW8	11/24/2014	247,000.00	244,465.48	247,000.00	2.000	2.851	1.22	451	0.18
Unity Bank 1.65 10/30/2020	91330ABC0	10/30/2015	249,000.00	242,800.25	249,000.00	1.650	2.836	2.13	791	0.18
Venture Bank Bloomington 1.6 9/6/2019	92326XDN8	06/06/2017	245,000.00	241,918.02	245,000.00	1.600	2.859	1.01	371	0.18
WEX Bank 1.8 6/2/2020	92937CFS2	06/02/2017	245,000.00	240,667.62	245,000.00	1.800	2.840	1.73	641	0.18
Sub Total / Average			7,148,000.00	7,057,191.02	7,148,000.00	1.943	2.748	1.58	592	5.15
Supranational Securities										
IADB 1.75 9/14/2022	4581X0CZ9	11/07/2017	1,000,000.00	957,110.00	985,932.56	2.118	2.883	3.88	1,475	0.72
IADB 1.75 9/14/2022	4581X0CZ9	11/06/2017	1,000,000.00	957,110.00	985,857.30	2.120	2.883	3.88	1,475	0.72
IBRD 1.2 9/30/2019	459058FQ1	12/11/2017	700,000.00	688,863.00	694,659.10	1.920	2.700	1.07	395	0.50
IBRD 1.25 4/26/2019	459058FC2	11/22/2017	2,000,000.00	1,984,220.00	1,993,122.72	1.785	2.475	0.65	238	1.44
IBRD 1.875 3/15/2019	459058DL4	12/11/2017	741,000.00	739,014.12	741,275.28	1.804	2.378	0.53	196	0.53

Attachment 3

City of Escondido
Investment Portfolio by Asset Class
Report Format: By Transaction
Portfolio / Report Group: All Portfolios
As of 8/31/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
IFC 1.75 9/4/2018	45950KCA6	11/16/2017	1,000,000.00	1,000,000.00	1,000,022.93	1.538	1.735	0.01	4	0.72
Sub Total / Average			6,441,000.00	6,326,317.12	6,400,869.89	1.867	2.500	1.59	598	4.64
Treasury Coupon Securities										
T-Note 1.5 10/31/2019	912828F62	01/31/2018	1,000,000.00	988,240.00	993,479.38	2.071	2.529	1.15	426	0.72
Sub Total / Average			1,000,000.00	988,240.00	993,479.38	2.071	2.529	1.15	426	0.72
Total / Average			138,742,222.84	136,867,214.82	138,992,723.25	1.832	2.528	1.65	622	100

Attachment 3

City of Escondido
 Investment Portfolio - by Asset Class, Summary
 Report Format: By Totals
 Portfolio / Report Group: All Portfolios
 As of 9/30/2018

Description	Face Amount	Cost Value	Market Value	Book Value	YTM @ Cost	YTM @ Market	Portfolio Duration	Days To Maturity
California Local Agency Investment Fund	34,509,059.50	34,509,059.50	34,509,059.50	34,509,059.50	2.063	2.063	0.00	1
Corporate Bond	4,200,000.00	4,217,304.00	4,082,801.50	4,213,481.57	2.610	3.506	3.57	1,371
Federal Agency Coupon Securities	74,726,000.00	75,362,005.36	73,113,934.19	74,958,718.24	1.624	2.789	2.09	784
Money Market	1,064,806.45	1,064,806.45	1,064,806.45	1,064,806.45	2.010	2.010	0.00	1
Municipal Bond	7,655,000.00	7,705,595.95	7,464,824.05	7,693,375.69	2.673	3.511	3.64	1,402
Negotiable Certificate of Deposit	7,148,000.00	7,148,000.00	7,048,681.30	7,148,000.00	1.943	2.872	1.50	562
Supranational Securities	5,441,000.00	5,383,821.67	5,316,993.68	5,402,651.11	1.928	2.756	1.81	677
Treasury Coupon Securities	1,000,000.00	990,234.38	987,380.00	993,938.58	2.071	2.688	1.07	396
Total / Average	135,743,865.95	136,380,827.31	133,588,480.67	135,984,031.14	1.861	2.664	1.63	613

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Group By: Asset Class
As of 9/30/2018

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	34,509,059.50	34,509,059.50	34,509,059.50	2.063	2.063	0.00	1	25.42
Sub Total / Average			34,509,059.50	34,509,059.50	34,509,059.50	2.063	2.063	0.00	1	25.42
Corporate Bond										
Apple Inc 2.1 9/12/2022	037833DC1	11/16/2017	950,000.00	909,986.00	936,727.43	2.477	3.245	3.80	1,443	0.70
Citigroup 2.75 4/25/2022-22	172967LG4	09/25/2017	800,000.00	775,984.00	802,672.98	2.650	3.654	3.38	1,303	0.59
Goldman Sacks 3 4/26/2022-21	38141GWC4	09/20/2017	800,000.00	783,784.00	808,425.13	2.684	3.609	3.37	1,304	0.59
JPMorgan Chase & Co 3.25 9/23/2022	46625HJE1	12/01/2017	600,000.00	594,696.00	612,229.49	2.700	3.490	3.76	1,454	0.44
Morgan Stanley 2.75 5/19/2022	61744YAH1	09/15/2017	800,000.00	775,784.00	803,930.47	2.605	3.646	3.45	1,327	0.59
Oracle Corp 2.5 10/15/2022	68389XAP0	11/16/2017	250,000.00	242,567.50	249,496.07	2.553	3.291	3.82	1,476	0.18
Sub Total / Average			4,200,000.00	4,082,801.50	4,213,481.57	2.610	3.506	3.57	1,371	3.09
Federal Agency Coupon Securities										
FFCB 1.14 6/29/2020	3133EGJD8	06/29/2016	2,000,000.00	1,943,220.00	1,997,781.63	1.205	2.816	1.73	638	1.47
FFCB 1.4 10/14/2021	3133EGYQ2	10/27/2016	2,000,000.00	1,911,500.00	1,996,485.71	1.460	2.933	2.96	1,110	1.47
FFCB 1.46 10/28/2020	3133EFLZ8	10/28/2015	1,000,000.00	972,160.00	1,000,000.00	1.460	2.849	2.04	759	0.74
FFCB 1.55 9/27/2019	3133EG2D6	01/27/2017	2,000,000.00	1,978,660.00	2,000,773.85	1.510	2.647	0.99	362	1.47
FFCB 1.66 9/20/2021	3133EHZA4	10/11/2017	2,000,000.00	1,928,340.00	1,989,716.18	1.840	2.927	2.91	1,086	1.47
FFCB 1.7 3/4/2019	3133EDTU6	05/27/2016	1,750,000.00	1,744,750.00	1,754,118.39	1.135	2.406	0.43	155	1.29
FFCB 1.7 4/27/2020	3133EAN46	02/01/2018	1,025,000.00	1,007,790.25	1,017,424.80	2.182	2.797	1.55	575	0.76
FFCB 1.8 11/12/2019	3133EEBN9	11/12/2014	5,000,000.00	4,953,750.00	5,000,000.00	1.800	2.645	1.10	408	3.68
FFCB 2.28 10/17/2022-18	3133EHF73	10/26/2017	1,000,000.00	968,710.00	997,876.95	2.335	3.109	3.85	1,478	0.74
FFCB 2.46 8/5/2020	3133ECW91	06/30/2016	1,500,000.00	1,490,160.00	1,538,226.78	1.047	2.826	1.81	675	1.11
FFCB 4.81 9/1/2020	31331S4M2	06/30/2016	310,000.00	321,361.50	331,654.90	1.080	2.833	1.85	702	0.23
FFCB 5.125 11/15/2018	31331YEJ5	12/26/2013	760,000.00	763,146.40	762,976.99	1.856	1.772	0.13	46	0.56
FHLB 1.375 2/18/2021	3130A7CV5	06/24/2016	2,000,000.00	1,931,500.00	2,004,380.52	1.280	2.872	2.35	872	1.47
FHLB 1.61 8/26/2020	3130ABD94	09/25/2017	2,000,000.00	1,954,840.00	1,997,989.04	1.664	2.836	1.87	696	1.47
FHLB 1.75 12/14/2018	313376BR5	12/26/2013	895,000.00	894,131.85	894,840.88	1.841	2.213	0.21	75	0.66
FHLB 1.75 3/12/2021	313382K69	04/27/2016	1,000,000.00	973,690.00	1,005,876.29	1.500	2.870	2.41	894	0.74

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Group By: Asset Class
As of 9/30/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
FHLB 1.875 11/29/2021	3130AABG2	12/16/2016	2,000,000.00	1,937,460.00	1,986,529.31	2.100	2.916	3.07	1,156	1.47
FHLB 1.875 6/11/2021	313379RB7	06/24/2016	2,000,000.00	1,947,800.00	2,027,295.31	1.350	2.887	2.63	985	1.47
FHLB 2.17 8/14/2020	3130ADGL0	02/13/2018	2,000,000.00	1,975,880.00	1,997,452.79	2.240	2.835	1.84	684	1.47
FHLB 2.25 3/11/2022	313378CR0	05/09/2017	2,000,000.00	1,954,740.00	2,016,321.96	2.000	2.945	3.33	1,258	1.47
FHLB 4.625 9/11/2020	3133XD4P3	05/25/2016	2,350,000.00	2,428,842.50	2,492,264.63	1.410	2.841	1.88	712	1.73
FHLMC 1.125 8/12/2021	3137EAEC9	08/17/2016	3,000,000.00	2,854,950.00	2,984,313.97	1.314	2.894	2.82	1,047	2.21
FHLMC 1.25 10/2/2019	3137EADM8	03/16/2016	1,000,000.00	986,220.00	999,216.97	1.330	2.648	1.00	367	0.74
FHLMC 1.25 8/1/2019	3137EADK2	07/02/2015	3,000,000.00	2,967,210.00	2,992,838.33	1.546	2.579	0.83	305	2.21
FHLMC 1.4 8/22/2019	3134G3A91	03/15/2016	1,000,000.00	989,320.00	1,000,955.92	1.290	2.615	0.89	326	0.74
FHLMC 1.5 3/19/2020	3134G3K58	09/28/2017	616,000.00	604,351.44	615,115.14	1.600	2.823	1.46	536	0.45
FHLMC 1.55 8/21/2020	3134G3D64	05/26/2016	1,195,000.00	1,165,579.10	1,198,714.79	1.380	2.896	1.87	691	0.88
FHLMC 1.65 1/29/2021	3134G34D9	07/13/2016	2,410,000.00	2,342,399.50	2,438,781.09	1.123	2.903	2.29	852	1.78
FHLMC 1.65 8/28/2020	3134G3F96	05/26/2016	1,000,000.00	981,700.00	1,004,988.79	1.380	2.638	1.89	698	0.74
FHLMC 1.75 5/21/2021	3134G44H8	07/13/2016	2,000,000.00	1,942,240.00	2,026,566.82	1.230	2.893	2.58	964	1.47
FHLMC 1.875 8/17/2021	3134G92Y2	05/09/2017	2,000,000.00	1,944,440.00	1,998,607.67	1.900	2.887	2.81	1,052	1.47
FHLMC 2 3/12/2020	3134G3QX1	03/15/2016	1,250,000.00	1,236,250.00	1,259,637.56	1.450	2.779	1.44	529	0.92
FHLMC 2.4 11/28/2022-18	3134GBY63	11/28/2017	1,000,000.00	965,200.00	1,000,000.00	2.400	3.301	3.95	1,520	0.74
FHLMC 2.4 11/28/2022-18	3134GBY63	11/28/2017	1,000,000.00	965,200.00	1,000,000.00	2.400	3.301	3.95	1,520	0.74
FNMA 1 8/28/2019	3135G0P49	01/27/2017	2,000,000.00	1,971,180.00	1,991,979.89	1.447	2.601	0.91	332	1.47
FNMA 1.125 10/19/2018	3135G0E58	11/16/2017	1,070,000.00	1,069,432.90	1,069,774.50	1.533	2.120	0.05	19	0.79
FNMA 1.25 5/6/2021	3135G0K69	05/19/2016	1,000,000.00	959,370.00	993,639.14	1.505	2.883	2.55	949	0.74
FNMA 1.25 8/17/2021	3135G0N82	10/11/2016	3,000,000.00	2,865,720.00	2,985,841.66	1.420	2.880	2.83	1,052	2.21
FNMA 1.5 11/30/2020	3135G0F73	04/26/2017	2,000,000.00	1,943,800.00	1,993,236.05	1.661	2.846	2.13	792	1.47
FNMA 1.75 1/30/2019	3136FTZZ5	02/03/2014	2,595,000.00	2,590,458.75	2,595,745.95	1.660	2.272	0.33	122	1.91
FNMA 2 10/5/2022	3135G0T78	10/11/2017	2,000,000.00	1,923,880.00	1,999,983.89	2.000	3.014	3.83	1,466	1.47
FNMA 2 8/26/2022	3136G05L1	09/28/2017	2,000,000.00	1,926,140.00	2,002,942.67	1.960	3.009	3.77	1,426	1.47
FNMA 2.25 10/27/2022-18	3136G4PV9	11/29/2017	2,000,000.00	1,936,460.00	1,995,850.53	2.304	3.085	3.88	1,488	1.47
Sub Total / Average			74,726,000.00	73,113,934.19	74,958,718.24	1.624	2.789	2.09	784	55.05

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Group By: Asset Class
As of 9/30/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
Money Market										
Blackrock Federal Fund MM	X9X9USDBLFD	09/28/2017	1,064,806.45	1,064,806.45	1,064,806.45	2.010	2.010	0.00	1	0.78
Sub Total / Average			1,064,806.45	1,064,806.45	1,064,806.45	2.010	2.010	0.00	1	0.78
Municipal Bond										
Brea Redev Agency 2.25 8/1/2022	106293CG6	11/01/2017	220,000.00	210,936.00	218,410.91	2.451	3.404	3.68	1,401	0.16
City of Industry CA 2.75 1/1/2022	45656RDV1	09/29/2017	250,000.00	244,960.00	251,143.12	2.600	3.409	3.11	1,189	0.18
City of Monrovia CA 2.742 5/1/2022	611581AM1	12/13/2017	750,000.00	728,580.00	750,000.00	2.742	3.598	3.40	1,309	0.55
Contra Costa County CA Fire 5.06 8/1/2022	31224RAS5	10/10/2017	850,000.00	898,178.00	927,513.76	2.520	3.468	3.52	1,401	0.63
Contra Costa County Redev Agency 2.25 8/1/2022	212263AS6	09/29/2017	500,000.00	476,110.00	496,396.41	2.450	3.594	3.68	1,401	0.37
Guadalupe CA Cmnty Redev Agency 2.5 8/1/2022	400559AE0	11/29/2017	230,000.00	221,529.10	228,759.06	2.651	3.534	3.66	1,401	0.17
Long Beach CA Tidelands Rev 2.785 11/1/2022	54245HAN4	11/15/2017	825,000.00	799,276.50	825,000.00	2.785	3.612	3.84	1,493	0.61
Murrieta Redev Successor Agency 2.5 8/1/2022	62719PAY2	10/18/2017	250,000.00	240,620.00	249,475.03	2.559	3.554	3.66	1,401	0.18
Norco CA Comm Redev Agency 2.715 3/1/2022	655505BJ3	12/20/2017	320,000.00	313,043.20	320,000.00	2.715	3.393	3.28	1,248	0.24
Palm Springs CA Cmnty Redev Agency 2.25 9/1/2022	69667ABT2	11/15/2017	290,000.00	277,066.00	287,331.87	2.501	3.477	3.76	1,432	0.21
San Diego Redev Agency 2.875 9/1/2021	79730WAX8	09/28/2017	400,000.00	395,944.00	404,479.32	2.470	3.241	2.81	1,067	0.29
San Francisco City & County 2.5 9/1/2022	79772EAX7	11/09/2017	350,000.00	337,816.50	348,659.28	2.605	3.457	3.75	1,432	0.26
San Francisco City & County 2.5 9/1/2022	79772EAE9	11/09/2017	380,000.00	366,772.20	377,850.61	2.655	3.457	3.75	1,432	0.28
San Marcos CA Redev Agency 2.25 10/1/2022	79876CBS6	12/14/2017	750,000.00	714,750.00	737,557.98	2.695	3.519	3.80	1,462	0.55
Temecula CA Redev Agency 2.5 12/15/2022	87972DBB7	12/15/2017	1,065,000.00	1,020,983.55	1,048,702.67	2.893	3.566	3.99	1,537	0.78
Town of Mammoth Lakes CA Judgement Rev 2.75 10/1/2	56155CAE8	10/25/2017	225,000.00	218,259.00	222,095.67	3.101	3.560	3.76	1,462	0.17
Sub Total / Average			7,655,000.00	7,464,824.05	7,693,375.69	2.673	3.511	3.64	1,402	5.64
Negotiable Certificate of Deposit										
Ally Bank 1.9 6/22/2020	02006L3N1	06/22/2017	245,000.00	240,567.41	245,000.00	1.900	2.982	1.70	631	0.18
American Exp Centurion 2 11/28/2018	02587DWJ3	11/28/2014	247,000.00	246,872.57	247,000.00	2.000	2.307	0.16	59	0.18
American Exp Fed Svgs Bk 2 7/24/2019	02587CAJ9	07/24/2014	247,000.00	245,479.64	247,000.00	2.000	2.771	0.81	297	0.18
Barclays Bank 2.099 7/23/2019	06740KHK6	07/28/2014	247,000.00	245,685.14	247,000.00	2.099	2.765	0.81	296	0.18
Beneficial Bank 2.15 10/18/2022	08173QBX3	10/18/2017	245,000.00	236,503.77	245,000.00	2.150	3.067	3.86	1,479	0.18
BMW 1.95 6/20/2019	05580AAL8	06/20/2014	247,000.00	245,654.39	247,000.00	1.950	2.716	0.72	263	0.18

Attachment 3

City of Escondido
Portfolio Holdings
Investment Portfolio by Asset Class
Report Format: By Transaction
Group By: Asset Class
As of 9/30/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
Capital One Bank USA NA 2.4 6/1/2022	1404203C2	06/01/2017	245,000.00	239,425.86	245,000.00	2.400	3.060	3.50	1,340	0.18
Capital One NA 2 8/12/2019	14042E5L0	08/12/2015	247,000.00	245,266.97	247,000.00	2.000	2.825	0.86	316	0.18
Cit Bank 2.2 11/26/2019	17284C4L5	11/26/2014	247,000.00	244,934.19	247,000.00	2.200	2.942	1.14	422	0.18
Comenity Capital Bank 2 10/13/2020	20033AND4	10/13/2015	249,000.00	244,092.11	249,000.00	2.000	2.999	1.99	744	0.18
Discover FS 2 6/18/2019	254671W48	06/18/2014	247,000.00	245,753.07	247,000.00	2.000	2.715	0.71	261	0.18
Enerbank USA 2.05 8/28/2019	29266NB30	08/28/2014	247,000.00	245,170.47	247,000.00	2.050	2.872	0.91	332	0.18
EVERBANK FL 1.6 7/30/2019	29976DZM5	07/30/2015	248,000.00	245,389.92	248,000.00	1.600	2.891	0.83	303	0.18
First Bank of Richmond 1.8 10/19/2020	319267GK0	10/18/2017	245,000.00	239,665.91	245,000.00	1.800	2.900	2.01	750	0.18
FIRST BUSINESS 1.5 10/30/2019	31938QP65	10/30/2015	248,000.00	244,176.21	248,000.00	1.500	2.959	1.07	395	0.18
Focus Bank 2.2 11/24/2022	34415LAP6	11/24/2017	245,000.00	236,770.74	245,000.00	2.200	3.068	3.95	1,516	0.18
Franklin Synergy Bank 1.6 8/30/2019	35471TDK5	05/31/2017	245,000.00	242,028.15	245,000.00	1.600	2.947	0.91	334	0.18
Goldman Sachs Bank USA 2.35 6/21/2022	38148PKX4	06/21/2017	245,000.00	238,912.14	245,000.00	2.350	3.061	3.56	1,360	0.18
KEY BANK NA 1.35 10/29/2018	49306SVK9	10/28/2015	248,000.00	247,796.86	248,000.00	1.350	2.384	0.08	29	0.18
Live Oak Banking Co. 1.85 7/30/2019	538036CA0	10/30/2014	247,000.00	244,910.13	247,000.00	1.850	2.879	0.83	303	0.18
Medallion Bank Utah 2.05 6/28/2021	58403B6Y7	06/28/2017	245,000.00	238,619.15	245,000.00	2.050	3.040	2.67	1,002	0.18
Mercantile Bank of MI 1.8 6/8/2020	58740XZJ2	06/07/2017	245,000.00	240,255.75	245,000.00	1.800	2.982	1.66	617	0.18
Park National Bank 2.1 3/26/2019	700654AV8	09/26/2014	247,000.00	246,487.87	247,000.00	2.100	2.527	0.49	177	0.18
Sallie Mae Bank 2.1 8/13/2019	795450SJ5	08/13/2014	247,000.00	245,476.23	247,000.00	2.100	2.822	0.86	317	0.18
SYNCHRONY BANK 2.25 7/17/2020	87165HKM1	07/17/2015	247,000.00	243,864.66	247,000.00	2.250	2.981	1.76	656	0.18
Third Fed S & L 2 11/25/2019	88413QAW8	11/24/2014	247,000.00	244,373.01	247,000.00	2.000	2.944	1.14	421	0.18
Unity Bank 1.65 10/30/2020	91330ABC0	10/30/2015	249,000.00	242,150.96	249,000.00	1.650	3.014	2.05	761	0.18
Venture Bank Bloomington 1.6 9/6/2019	92326XDN8	06/06/2017	245,000.00	242,097.17	245,000.00	1.600	2.887	0.93	341	0.18
WEX Bank 1.8 6/2/2020	92937CFS2	06/02/2017	245,000.00	240,300.85	245,000.00	1.800	2.984	1.65	611	0.18
Sub Total / Average			7,148,000.00	7,048,681.30	7,148,000.00	1.943	2.872	1.50	562	5.27
Supranational Securities										
IADB 1.75 9/14/2022	4581X0CZ9	11/06/2017	1,000,000.00	951,840.00	986,144.95	2.120	3.052	3.83	1,445	0.74
IADB 1.75 9/14/2022	4581X0CZ9	11/07/2017	1,000,000.00	951,840.00	986,218.68	2.118	3.052	3.83	1,445	0.74
IBRD 1.2 9/30/2019	459058FQ1	12/11/2017	700,000.00	689,101.00	695,064.73	1.920	2.789	1.00	365	0.52

Attachment 3

City of Escondido
 Portfolio Holdings
 Investment Portfolio by Asset Class
 Report Format: By Transaction
 Group By: Asset Class
 As of 9/30/2018

Description	CUSIP No.	Settlement Date	Face Amount	Market Value	Book Value	YTM @ Cost	YTM @ Market	Duration To Maturity	Days To Maturity	% of Portfolio
IBRD 1.25 4/26/2019	459058FC2	11/22/2017	2,000,000.00	1,985,080.00	1,993,989.60	1.785	2.571	0.57	208	1.47
IBRD 1.875 3/15/2019	459058DL4	12/11/2017	741,000.00	739,132.68	741,233.15	1.804	2.429	0.46	166	0.55
Sub Total / Average			5,441,000.00	5,316,993.68	5,402,651.11	1.928	2.756	1.81	677	4.01
Treasury Coupon Securities										
T-Note 1.5 10/31/2019	912828F62	01/31/2018	1,000,000.00	987,380.00	993,938.58	2.071	2.688	1.07	396	0.74
Sub Total / Average			1,000,000.00	987,380.00	993,938.58	2.071	2.688	1.07	396	0.74
Total / Average			135,743,865.95	133,588,480.67	135,984,031.14	1.861	2.664	1.63	613	100

Attachment 4

City of Escondido
 Transactions Summary
 Investment Maturities
 From 7/31/2018 to 9/30/2018

<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>	<u>Custodian</u>
Matured							
FFCB	Agency	3133ECW75	02/03/14	08/01/18	1.610	1,000,000	BNY Mellon
Charter Bank	CD	16116PHH7	08/04/14	08/06/18	1.500	248,000	BNY Mellon
IADB	Supranational	4581X0BR8	09/21/17	08/24/18	1.750	3,000,000	BNY Mellon
FNMA	Agency	3136G1F53	03/16/16	08/28/18	1.250	1,000,000	BNY Mellon
IADB	Supranational	4581X0CQ9	12/11/17	08/28/18	1.125	2,372,000	BNY Mellon
IFC	Supranational	45950KCA6	11/16/17	09/04/18	1.750	1,000,000	BNY Mellon
FNMA	Agency	3135G0YM9	05/04/17	09/18/18	1.875	1,000,000	BNY Mellon
FHLMC	Agency	3134GAMD3	05/04/17	09/28/18	1.050	1,000,000	BNY Mellon
Total						<u>10,620,000</u>	

CITY OF ESCONDIDO
FUNDS MANAGED BY OUTSIDE PARTIES
As of September 30, 2018

<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	\$ 5,934.71	1.870%	Money Market
1998-1 Rancho San Pasqual Assessment District	343,042.30	2.010%	Money Market
2007A & 2007B JPFA Lease Revenue Bonds (1995 CDC Refunding)	858.29	1.610%	Money Market
2007 COP - Water Project	42,770.79	1.600%	Money Market
2012 JPFA Revenue Bonds (Water System Financing)	214.42	2.010%	LAIF/Money Market
2012 JPFA Revenue Bonds (Wastewater System Financing)	2,857,161.86	2.010%	LAIF/Money Market
2013 JPFA Reidy Creek Lease Revenue Bonds (2001 Refunding)	299,684.39	1.920%	Money Market/Cash
2013 Community Facility District - Hidden Trails (2001 Refunding)	22.90	1.840%	Money Market
2015 Community Facility District - Eureka Ranch (2006 Refunding)	113.72	1.840%	Money Market
2015A Wastewater Bond (2004A Refunding)	1,788.52	2.010%	Money Market
2015B Wastewater Bond (2004B Refunding)	729.86	2.010%	Money Market
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	<u><u>\$ 3,552,321.76</u></u>		



DOWNTOWN GRAND AVENUE ARCH

- **No materials available**

CITY COUNCIL STAFF REPORT

Current Business Item No. 16

January 16, 2019

File No. 0800-40

SUBJECT: Climate Action Plan Update - Informational Report and Status Update (PHG 18-0009)

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

Receive report and presentation. No action is required at this time except to provide direction to staff as appropriate.

PROJECT DESCRIPTION:

The Project involves an update to the Escondido Climate Action Plan (CAP). A CAP lays out a policy structure including specific actions and recommendations that a local agency will use to address climate change and reduce its greenhouse gas (GHG) emissions. Although the City of Escondido was one of the first group of cities to prepare and adopt a CAP in the San Diego region, a lot has changed since then – and the City’s CAP needs to be amended.

FISCAL ANALYSIS:

Funding for the development of the CAP update is provided by SANDAG. SANDAG’s Local Government Partnership with SDG&E will fund nearly all of the work program tasks, excepting environmental review. The City Council previously authorized a \$60,000 budget for completion of the environmental review documents to support the CAP update. A contract with Ascent Environmental for a not-to-exceed amount of \$48,710 was executed on November 8, 2018.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This effort supports the City Council Action Plan priority of Economic Development and the strategy to “[a]mend Escondido’s Climate Action Plan (E-CAP) to be consistent with updated methodologies and standards to reduce potential litigation threats.”

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 a status update of an on-going City-sponsored work program. Public input received and technical information prepared during the process will be utilized in preparing an environmental document to analyze the possible effects of the Project. General direction received from the City

Council on matters pertaining to the Project does not have a legally binding effect on any possible future discretionary action.

BACKGROUND AND ANALYSIS:

In 2013, the City of Escondido adopted a CAP as a pathway toward creating a more sustainable, healthy, and livable community. The strategies outlined in the 2013 CAP were to not only reduce GHG emissions, but also to provide energy, fuel, water, and monetary savings to residents, businesses, and other community members – while improving the quality of life in Escondido. Collectively, we have made progress since the first CAP was adopted. We have reduced carbon pollution, while growing the economy. Despite this positive momentum, much work remains to meet state emissions reduction goals for the years 2030 and 2050.

Climate change analyses can be complex, as it must account for large uncertainties about future year conditions and potential impacts. To ensure that the CAP remains a relevant document and reflects best practices for calculating and inventorying baseline and future emissions levels, a CAP must be updated and monitored regularly. (The 2013 CAP suggests a revision is necessary by 2020.) In consideration of the foregoing, for the past six (6) months, the City of Escondido has been creating and leading a community process to update the City's CAP to reevaluate GHG reduction targets consistent with changing State guidelines, refine existing CAP strategies, and potentially develop new goals, quantitative actions, and qualitative supporting measures.

During the course of updating the City's CAP, community ideas and input will be gathered in multiple ways, including public events and workshops. On June 20, 2018, the City Council considered and endorsed a Public Participation Plan ("Outreach Plan") and associated timeline to involve the community in the first phase of outreach. This outreach plan summarizes the strategies that the City and project management team will use to engage the public and other interested parties in the work effort. It includes media strategies, noticing, and in-person workshops and meetings. Attachment 1 includes a summary report of all the meetings staff attended and the presentations that were delivered over the past five (5) months. It is estimated that the total in-person reach of these activities resulted in seeing and speaking directly with 247 Escondido residents, businesses, and/or community members. However, the reach of Project awareness was shared beyond that amount through the use of social media, notices, news article print, and flyer electronic distribution to different user groups. Some of the more notable outreach efforts from Phase 1 includes the following:

- Press release and news article coverage/op-eds;
- Print-ad run in the Daily Transcript;
- 18,818 recipients from the Escondido Library group (flyer electronically distributed);
- 300 recipients from CAFÉ group (flyer electronically distributed);
- 2,260 business recipients from Chamber of Commerce group (flyer electronically distributed);
- Unknown amount of recipients from Building Industry (BIA) group (flyer electronically distributed);
- Use of social media: Facebook;
- E-Newsletter and e-blasts;

- Portable messaging sign in City Hall lobby;
- Attended Cruisin' Grand;
- One (1) public workshop at City Hall on July 30, 2018;
- Eight (8) presentations/mobile workshops throughout the community; and
- Six (6) briefings and presentations with city boards (the City Council, Planning Commission, Historic Preservation Commission, and Traffic Commission).

As a result of this outreach, the City was able to collect valuable input from many different people with many different viewpoints. The findings and results of this feedback is presented in Attachments 2, 3, and 4, which will be discussed at the January 16, 2019 meeting. (Attachment 5 includes copies of all completed questionnaires and worksheets.) The aggregated results from the public workshop and mobile workshops is provided in Attachment 6, which breaks down the preliminary ranking of each strategy focus area. Although there were diverse perspectives amongst the participants about community problems, needs, and issues, many of those engaged shared similar preferences and/or other important commonalities that can be used to develop community-supported solutions. A staff presentation will cover the main points listed below:

- Preferred emissions reductions strategies and measures from all outreach events;
- Similarities between workshop input and stakeholder input;
- Community comments about measures and/or process; and
- Possible options and suggestions to move the Project forward.

The objective of the January 16, 2019 meeting is for the City Council to review the findings collected through the first phase of outreach, receive all written correspondences received to date (Attachment 7), hear new public comment, and ultimately confirm next steps for the overall work program. Confirmation of the results will help guide the rest of the planning process. That is, preliminary identification of potential emissions reduction measures will help focus the development of a draft citywide emissions reduction strategy that has community-supported solutions. This draft strategy would, in turn, be analyzed for impacts through CEQA. City staff anticipates an environmental assessment to commence and an environmental review document to be made available for public review in February/March 2019. Later in 2019, the City Council will make the final decision as to the exact emissions reductions measures to be included in the updated CAP. As such, the planning concepts that the City Council is being asked to direct for study in the environmental document at the January 16, 2019 meeting are not final, but are essential in keeping the Project on schedule for completion in spring 2019. Notwithstanding, it is important to note that the City Council may decide to modify the proposed measures and strategies later, following the benefit of thorough environmental review.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Bill Martin, Director of Community Development
1/10/2019 8:06 a.m.

ATTACHMENTS:

1. Attachment 1 – Phase 1 Outreach Activities
2. Attachment 2 – Tabulated Workshop Results from Phase 1 Activities
3. Attachment 3 – Tabulated Stakeholder and Mobile Workshop Results from Phase 1 Activities
4. Attachment 4 – Written Comments on Questionnaires/Passports
5. Attachment 5 – Completed Questionnaires and Worksheets from all Activities
6. Attachment 6 – Aggregated Results
7. Attachment 7 – Written Public Correspondences

Climate Action Plan Update Phase 1 Outreach Activities

DATE	ACTIVITY	ELECTRONIC / PRINT REACH (RECIPIENTS)	IN-PERSON REACH (PEOPLE)
May 1	City Newsletter No. 1 – Outreach Plan (PPP)	9	---
May 8	Planning Commission presentation – PPP	---	10
June 20	City Council presentation – PPP	---	15
July 10	Planning Commission presentation – Workshop development	---	7
July 11	Print-ad display in Daily Transcript	<i>unknown</i>	
July 11	Workshop flyer released to Escondido Library group	18,818	---
July 11	Workshop flyer released to Escondido Chamber	2,260	---
July 11	Workshop flyer posted at City Hall on a display board	<i>unknown</i>	---
July 12	Presentation to Traffic Commission	---	5
July 12	City Newsletter No. 2 – Notice of Public Workshop	17	---
July 13	Cruising Grand	50	---
July 17	Workshop flyer distributed to CAFÉ	<i>unknown</i>	---
July 19	Social media – FB workshop announcement	<i>unknown</i>	---
July 19	Presentation to Historic Preservation Commission	---	7
July 26	Neighborhood Leadership Group Meeting	---	20
July 30	Public Workshop	---	50
August 17	City Newsletter No. 3 – Additional Outreach Opp.	46	
August 28	Planning Commission presentation – GHG inventory	---	8
Sep. 6	Building Industry Association outreach	---	22
Sep. 13	Escondido Chamber outreach	---	15
Sep. 14	CAFÉ outreach	---	29
Sep. 18	Leadership Academy (RLA) – Manzanita outreach	---	7
October 10	Neighborhood Group – Rustic Village outreach	---	11
October 11	Neighborhood Group – Old Escondido outreach	---	26
October 25	Neighborhood Leadership Group Meeting	---	19
Total reach (est.)		21,000+	251

Workshop Tally
Road Transportation

Attachment 2

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical Policies and Actions	Tally
Increase Zero Emission and/or Alternative Fuels	Construction/Landscape/Waste hauler Vehicles/Equipment	<ul style="list-style-type: none"> • Encourage use of biogas or electric equipment • Mandate conversion of diesel/gasoline construction and/or landscape equipment to biogas or electric 	4 Green
	Zero Emission/Alternative Fuel Infrastructure	<ul style="list-style-type: none"> • Identify and prepare city-wide biofuel and charging station siting plan • Install EV charging and other alternative fuel stations 	7 Green
	Preferred Parking	<ul style="list-style-type: none"> • Provide preferred parking for low emission vehicles in parking structures/street parking 	1 Green
Reduce Fuel Use	Transportation Systems Management (TSM)	<ul style="list-style-type: none"> • Install roundabouts in appropriate areas 	5 Green 3 Yellow 1 Red
VMT Reduction	Transportation Demand Management (TDM)	<ul style="list-style-type: none"> • TDM outreach and education on options to reduce travel demand and optimize transportation modes • Identify employers to connect to vanpools, carpools through SANDAG iCommute program • Implement and incentivize carpools, vanpools • Increase telecommuting – work with SANDAG to implement • Adopt TDM ordinance specifying trip type goals for new developments 	8 Green 1 Yellow 1 Red
	Transit systems	<ul style="list-style-type: none"> • Implement a local shuttle service system in the downtown area to reduce single occupancy vehicle use 	4 Green
		<ul style="list-style-type: none"> • Install transit-only lanes • Increase public transit routes and/or route frequency to increase mode share 	6 Green 1 Red
		<ul style="list-style-type: none"> • Provide park and ride lots at transit stations and facilitate their use 	5 Green 1 Yellow
	Active Transportation (Walking)	<ul style="list-style-type: none"> • Develop pedestrian plan for more sidewalks • Update trails master plan to increase new connection points and improve accessibility 	1 Green 1 Red

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical Policies and Actions	Tally
		<ul style="list-style-type: none"> • Pedestrian improvements (link walkable areas, safety features/shade/crosswalks etc.) • Implement pedestrian-only and safe routes to school zones 	7 Green 1 Yellow
	Active Transportation (Biking)	<ul style="list-style-type: none"> • Adopt ordinance to require new developments and some retrofits to install bike racks and other supportive amenities like showers 	3 Green
	Complete Streets	<ul style="list-style-type: none"> • Design streets to provide for all users - cars, bicycles, walkers, and transit users 	11 Green

Workshop Tally
Building Energy

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally
Zero Net Energy	Zero Net Energy (ZNE)	<ul style="list-style-type: none"> • Implement an ordinance requiring new commercial buildings achieve ZNE standards 	11 Green
Increase Energy Efficiency / Conserve Energy	Education	<ul style="list-style-type: none"> • Encourage energy audits in existing homes (single- and multi-family) and commercial buildings upon sale or major renovation • Encourage energy efficiency improvements through rebates or incentives 	5 Green
	Retrofits	<ul style="list-style-type: none"> • Implement an ordinance requiring energy audits for residential and commercial buildings at time of major renovation or sale • Adopt an energy benchmarking ordinance 	6 Green
	Smart Meters & Appliances	<ul style="list-style-type: none"> • Policies to promote the installation of smart appliances that interface with smart meters at homes and business 	1 Green 3 Yellow 2 Red
	Municipal Retrofits	<ul style="list-style-type: none"> • Use SANDAG Energy Roadmap and implement measures in municipal facilities, such as light replacement programs or more efficient ventilation systems 	2 Green
Increase Renewable Energy	Municipal on-site renewable energy	<ul style="list-style-type: none"> • Increase on site renewable energy generation 	6 Green
	City-wide renewable supply	<ul style="list-style-type: none"> • Adopt policies to increase renewables in electricity beyond state mandate of 50% by 2030 	16 Green

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally
	Behind the Meter Renewable Supply	<ul style="list-style-type: none"> Promote PV in existing buildings (residential and non-residential) and surface parking areas, such as to reduce/waive permit fees 	6 Green
	Water Heating	<ul style="list-style-type: none"> Require installation of solar or tankless hot water heaters in existing and new residential and non-residential buildings 	5 Green 3 Yellow

Workshop Tally

Water, Waste and Carbon Sinks

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally
Increase Recycled, Reclaimed & Grey Water	Recycled, Reclaimed & Grey Water	<ul style="list-style-type: none"> Adopt an ordinance to facilitate greywater systems (e.g., pre-plumbing requirements for new residential and commercial buildings) 	8 Green
Water Conservation	Outdoor Water Use	<ul style="list-style-type: none"> Provide education on pool covers to pool owners Adopt an ordinance allowing weather-based irrigation systems and encourage installation or rain barrels and rain catchment systems Update landscape water conservation ordinance including, for example, water budgets 	3 Green
	Indoor Water Use	<ul style="list-style-type: none"> Mandate installation of high efficiency fixtures at time of sale or renovation Implement an ordinance requiring water use audits at time of sale or major renovation 	2 Yellow 2 Red
	Municipal Water Use	<ul style="list-style-type: none"> Install high efficiency fixtures at municipal facilities Hydrozone landscapes at municipal facilities and parks 	4 Green
	Rate Structures	<ul style="list-style-type: none"> Implement water rate increases 	1 Green 3 Yellow
Water Utility Improvements	Methane Capture	<ul style="list-style-type: none"> Increase methane capture at wastewater treatment plants 	8 Green
	Facility improvements	<ul style="list-style-type: none"> Identify water utility efficiencies Identify and address leaks 	1 Green
		<ul style="list-style-type: none"> Adopt a zero-waste landfill policy 	4 Green

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally
Solid Waste Reduction & Increased Recycling	Solid Waste Reduction & Increased Recycling	• Implement a composting ordinance	1 Green
		• Implement a community garden ordinance	2 Green
Trees & Open Space	Easements	• Encourage conservation easements to retain vegetation that capture and store carbon as they grow	12 Green
	Shade Trees	• Implement an ordinance requiring new development and/or major renovation projects to plant shade trees • Update City street tree guidelines and/or landscaping ordinances to include planting shade trees where appropriate	12 Green
	Urban Forest	• Implement an urban forestry or City-wide tree planting program	9 Green 2 Yellow

Workshop Passport Responses

Question 1: Climate action planning is important to Escondido. Rank from 1 to 5, with 5 being “strongly agree” and 1 being “strongly disagree.”

AVERAGE SCORE: 4.8

Question 2: Escondido residents and businesses are willing to pay for the costs associated with implementing these measures. Rank from 1 to 5, with 5 being “strongly agree” and 1 being “strongly disagree.”

AVERAGE SCORE: 4.17

Additional input about favorite and least favorite measures is listed on completed passports and provided on Attachment 4 to the January 16, 2019 City Council staff report.

Please use the following link for a detailed review of the workshop and how information was collected:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/workshopmaterial/CAPWorkshopSummary.pdf>

Stakeholder Worksheet Tally
Road Transportation

Attachment 3

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical Policies and Actions	Tally if Input Itemized Responses	Tally if Grouped Responses
GHG Emissions Category: Transportation				
Increase Zero Emission and/or Alternative Fuels	Construction/Landscape/Waste hauler Vehicles/Equipment	<ul style="list-style-type: none"> • Encourage use of biogas or electric equipment • Mandate conversion of diesel/gasoline construction and/or landscape equipment to biogas or electric 	6 Yes 1 Yes and 4 No	11 Yes and 10 No
	Zero Emission/Alternative Fuel Infrastructure	<ul style="list-style-type: none"> • Identify and prepare city-wide biofuel and charging station siting plan • Install EV charging and other alternative fuel stations 	1 Yes and 1 No 3 Yes and 1 No	20 Yes and 6 No
	Preferred Parking	<ul style="list-style-type: none"> • Provide preferred parking for low emission vehicles in parking structures/street parking 	---N/A---	15 Yes and 13 No
Reduce Fuel Use	Transportation Systems Management (TSM)	<ul style="list-style-type: none"> • Install roundabouts in appropriate areas 	---N/A---	25 Yes and 8 No
VMT Reduction	Transportation Demand Management (TDM)	<ul style="list-style-type: none"> • TDM outreach and education on options to reduce travel demand and optimize transportation modes • Identify employers to connect to vanpools, carpools through SANDAG iCommute program • Implement and incentivize carpools, vanpools • Increase telecommuting – work with SANDAG to implement • Adopt TDM ordinance specifying trip type goals for new developments 	2 Yes and 3 No	21 Yes and 3 No
			6 Yes and 2 No	
			6 Yes and 1 No	
			7 Yes	
	2 Yes and 5 No			
	Transit systems	<ul style="list-style-type: none"> • Implement a local shuttle service system in the downtown area to reduce single occupancy vehicle use • Install transit-only lanes • Increase public transit routes and/or route frequency to increase mode share • Provide park and ride lots at transit stations and facilitate their use 	---N/A---	22 Yes and 5 No
2 No			17 Yes and 8 No	
2 Yes and 1 No				
			---N/A---	25 Yes and 3 No

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical Policies and Actions	Tally if Input Itemized Responses	Tally if Grouped Responses
GHG Emissions Category: Transportation				
	Active Transportation (Walking)	<ul style="list-style-type: none"> • Develop pedestrian plan for more sidewalks • Update trails master plan to increase new connection points and improve accessibility 	None	32 Yes and 1 No
			1 Yes	
		<ul style="list-style-type: none"> • Pedestrian improvements (link walkable areas, safety features/shade/crosswalks etc.) • Implement pedestrian-only and safe routes to school zones 	2 Yes	33 Yes and 1 No
			2 No	
Active Transportation (Biking)	<ul style="list-style-type: none"> • Adopt ordinance to require new developments and some retrofits to install bike racks and other supportive amenities like showers 	---N/A---	19 Yes and 13 No	
Complete Streets	<ul style="list-style-type: none"> • Design streets to provide for all users - cars, bicycles, walkers, and transit users 	---N/A---	26 Yes and 8 No	

Stakeholder Worksheet Tally
Building Energy

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally if Input Itemized Responses	Tally if Grouped Responses
GHG Emissions Category: Energy				
Zero Net Energy	Zero Net Energy (ZNE)	<ul style="list-style-type: none"> • Implement an ordinance requiring new commercial buildings achieve ZNE standards 	---N/A---	22 Yes and 7 No
Increase Energy Efficiency / Conserve Energy	Education	<ul style="list-style-type: none"> • Encourage energy audits in existing homes (single- and multi-family) and commercial buildings upon sale or major renovation • Encourage energy efficiency improvements through rebates or incentives 	3 No	18 Yes and 7 No
			5 Yes	
	Retrofits		1 Yes and 1 No	9 Yes and 17 No

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally if Input Itemized Responses	Tally if Grouped Responses
GHG Emissions Category: Energy				
		<ul style="list-style-type: none"> • Implement an ordinance requiring energy audits for residential and commercial buildings at time of major renovation or sale • Adopt an energy benchmarking ordinance 	1 Yes	
	Smart Meters & Appliances	<ul style="list-style-type: none"> • Policies to promote the installation of smart appliances that interface with smart meters at homes and business 	---N/A---	22 Yes and 7 No
	Municipal Retrofits	<ul style="list-style-type: none"> • Use SANDAG Energy Roadmap and implement measures in municipal facilities, such as light replacement programs or more efficient ventilation systems 	---N/A---	28 Yes
Increase Renewable Energy	Municipal on-site renewable energy	<ul style="list-style-type: none"> • Increase on site renewable energy generation 	---N/A---	25 Yes and 1 No
	City-wide renewable supply	<ul style="list-style-type: none"> • Adopt policies to increase renewables in electricity beyond state mandate of 50% by 2030 	---N/A---	23 Yes and 5 No
	Behind the Meter Renewable Supply	<ul style="list-style-type: none"> • Promote PV in existing buildings (residential and non-residential) and surface parking areas, such as to reduce/waive permit fees 	---N/A---	19 Yes and 4 No
	Water Heating	<ul style="list-style-type: none"> • Require installation of solar or tankless hot water heaters in existing and new residential and non-residential buildings 	---N/A---	22 Yes and 9 No

Stakeholder Worksheet Tally
Water, Waste and Carbon Sinks

GHG Reduction Strategy	Strategy Focus Area	Examples of Typical	Tally if Input Itemized Responses	Tally if Grouped Responses
GHG Emissions Category: Water & Wastewater				
Increase Recycled, Reclaimed & Grey Water	Recycled, Reclaimed & Grey Water	<ul style="list-style-type: none"> • Adopt an ordinance to facilitate greywater systems (e.g., pre-plumbing requirements for new residential and commercial buildings) 	---N/A---	27 Yes and 3 No
Water Conservation	Outdoor Water Use	<ul style="list-style-type: none"> • Provide education on pool covers to pool owners • Adopt an ordinance allowing weather-based irrigation systems and encourage installation of rain barrels and rain catchment systems • Update landscape water conservation ordinance including, for example, water budgets 	3 Yes	29 Yes and 3 No
			2 Yes and 1 No	
			1 Yes and 2 No	
	Indoor Water Use	<ul style="list-style-type: none"> • Mandate installation of high efficiency fixtures at time of sale or renovation • Implement an ordinance requiring water use audits at time of sale or major renovation 	1 No	12 Yes and 14 No
			1 No	
	Municipal Water Use	<ul style="list-style-type: none"> • Install high efficiency fixtures at municipal facilities • Hydrozone landscapes at municipal facilities and parks 	None	24 Yes and 2 No
None				
Rate Structures	<ul style="list-style-type: none"> • Implement water rate increases 	---N/A---	4 Yes and 16 No	
Water Utility Improvements	Methane Capture	<ul style="list-style-type: none"> • Increase methane capture at wastewater treatment plants 	---N/A---	24 Yes and 2 No
	Facility improvements	<ul style="list-style-type: none"> • Identify water utility efficiencies • Identify and address leaks 	None None	23 Yes
Solid Waste Reduction & Increased Recycling	Solid Waste Reduction & Increased Recycling	<ul style="list-style-type: none"> • Adopt a zero-waste landfill policy 	---N/A---	22 Yes and 2 No
		<ul style="list-style-type: none"> • Implement a composting ordinance 	---N/A---	11 Yes and 12 No
		<ul style="list-style-type: none"> • Implement a community garden ordinance 	---N/A---	18 Yes and 7 No

Trees & Open Space	Easements	<ul style="list-style-type: none"> • Encourage conservation easements to retain vegetation that capture and store carbon as they grow 	---N/A---	26 Yes and 1 No
	Shade Trees	<ul style="list-style-type: none"> • Implement an ordinance requiring new development and/or major renovation projects to plant shade trees • Update City street tree guidelines and/or landscaping ordinances to include planting shade trees where appropriate 	1 Yes	30 Yes and 1 No
			1 Yes and 1 No	
Urban Forest	<ul style="list-style-type: none"> • Implement an urban forestry or City-wide tree planting program 	---N/A---	31 Yes and 1 No	

Stakeholder Passport Responses

Question 1: Climate action planning is important to Escondido. Rank from 1 to 5, with 5 being “strongly agree” and 1 being “strongly disagree.”

AVERAGE SCORE: 4.1

Question 2: Escondido residents and businesses are willing to pay for the costs associated with implementing these measures. Rank from 1 to 5, with 5 being “strongly agree” and 1 being “strongly disagree.”

AVERAGE SCORE: 2.85

Additional input about favorite and least favorite measures is listed on completed passports and provided on Attachment 4 to the January 16, 2019 City Council staff report.

Attachment 4

This attachment captures all written Passport/Questionnaire comments received during the first phase of outreach for question nos. 3 through 8.

Please note that the individual comments, listed below, support aggregated totals reported elsewhere in the January 16, 2019 City Council staff report.

Question 3. Transportation:

Favorite idea of measure reported: Mass transit, carpool, EV support, reduce fuel use, TDM, local shuttle system, reduce fuel use, more ped., increase public transit, transportation demand management, MTCO2 reductions, MTCO2 reduction, increase public transportation, transit systems, carpooling, EV chargers, telecommute, install EV charging stations, VMT reduction, active transportation (biking), increase transit frequency, reject Safari Highland Ranch GPA, active transportation and transit systems, install additional transit, shared commuting, better public transit, complete streets, install [*not legible*] lanes, get lights back in sync, zero emissions, all users walking/biking and TDM, transit only lanes, TDM, electrify buses and city vehicles, and increase roundabouts.

Least favorite reported: Freeway, adopt TDM, VMT reduction, transportation systems management, biogas, TDM, buses and inefficient transportation, preferred parking, SANDAG RTP update, zero emission/biofuel reliance, zero emission/alt fuel infrastructure lanes, CCE/CCA, roundabouts, mass [*not legible*] with fossil fuels, install roundabouts, encourage biogas, and more roads and parking.

Question 4. Electricity:

Favorite idea of measure reported: Nuclear, solar panels, City renewable use, education and rebates, increase renewable energy, EV, EV charging stations, zero net energy, solar, municipal on-site renewable energy, municipal retrofits, solar for homes and businesses, peaker plant, ZNE, provide incentives for solar, Community Choice Energy, PV, Community Choice Energy, community choice, Community Choice Energy, CCE, citywide renewable supply, increase efficiency, encourage solar, solar in a public building (set an example), renewables with storage, new buildings ZNE, energy audits and ZNE, the city government needs to go solar, microgrids and free sunshine and wind storage, upgrade existing buildings, and using natural gas.

Least favorite reported: Coal, anything that mandates, zero net energy, behind the meter, high rise of cost, smart meters, zero-net energy, San Onofre shut-down, [*redacted*] directing staff to do bare minimum for Escondido Climate Action Plan update, behind the meter, restrict use, SANDAG is a waste (too much study – no action), smart appliances, energy audits, and gas peaker plants.

Question 5. Natural Gas:

Favorite idea of measure reported: Low cost, require solar and tankless water heater, municipal on site renewables, urban forest, clean, methane retention, citywide renewable supply, citywide renewable supply, encourage solar, retrofit to save, increase site renewable, generation of methane/compost, water heating, and eliminate.

Least favorite reported: behind the meter, N/A, carbon offsets as mitigation, tankless water heater (need water for energy), water heating/tankless, and contingency gas/fossils.

Question 6. Solid Waste:

Favorite idea of measure reported: Recycle, zero waste landfill, zero waste, zero waste landfill, shade trees, high efficiency fixtures, zero waste landfill, zero waste landfill, food repurposing, zero waste, composting, zero waste landfill, community garden, recycling (real separation), zero waste, implement community garden, zero waste, composting ordinance, community gardening and composting ordinances, zero new waste, and reuse/recycle and compost.

Least favorite reported: bulk disposal, urban forest, community garden ordinance, composting ordinance, N/A, status quo - more of the same, compost ordinance, zero waste landfill policy, and landfills and new landfills.

Question 7. Water:

Favorite idea of measure reported: Drought tolerant, rain capture, municipal water use, updating municipal, limit outdoor water, reduction required, greywater requirements, outdoor water use, outdoor water, municipal water use, address leaks, methane capture, indoor and outdoor water use, greywater, landscape irrigation limitations, recycle reclaim and greywater, reuse water, municipal use, facilitate greywater systems, enforce same rules for commercial as residential, water based irrigation systems, outdoor water use, and desalination.

Least favorite reported: Rules, water rate increases, rate structures, rate structures, water increases, rate structures, desalination – Carlsbad Poseidon will be polluted by toxic radioactive discharge from San Onofre, rate increases, municipal water use, rate structures, water rate increases, water rate increases, and new housing developments.

Question 8. Wastewater:

Favorite idea of measure reported: city improvements, rate structure, methane capture, methane capture, repurpose, greywater, greywater, methane capture, greywater, facilitate greywater systems, recycle for landscaping, facilitate greywater systems, generation of methane, methane capture, recycle greywater, and capture methane and generate electricity.

Least favorite reported: rate increases, reduced water, facility improvements, facility improvements, facility improvements, and dump into ocean.

Other ideas reported/shared notes:

- Can't answer without knowing the details and future impact to the taxpayer and resident.
- Start with city owned buildings and renovate to make more green.
- Maybe use less paper (double sided) in your handouts.
- Website and public campaign for public and businesses to stay local.
- Feedback is important, not enough room here.
- Community Choice Energy.
- I will submit separate personal comments before mid-September.
- CCE.
- 100 percent renewable by 2050, community choice energy.
- I urge the city to provide education on community choice energy. If this is not being considered, I want to be fully educated on why not – with arguments/experts for both sides in the same room.
- Don't wait until plan [is] completed to start implementing, start now.
- The city going solar in government buildings.
- Upgrade existing anaerobic digesters at WWTP, implement new FOG facilities and possibly food waste, implement power gen facilities, and use saved money from power gen to provide organic waste disposal to local businesses for reasonable costs.
- Increase drought tolerant plants in public space.

Attachment 5

Completed Questionnaires and Worksheets

Due to the number of pages of Attachment 5, links have been provided to review the documents electronically.

Summary of the July 30, 2018 Public Workshop and Dot Exercise Results:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/workshopmaterial/CAPWorkshopSummary.pdf>

Completed July 30, 2018 Workshop Questionnaires:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/FinalFeedback/WorkshopSurvey.pdf>

Completed Worksheets and Questionnaires from the September 6, 2018 Mobile-Workshop with BIA:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/FinalFeedback/BIAWorksheetsandSurveys.pdf>

Completed Worksheets and Questionnaires from the Escondido Chamber of Commerce Mobile-Workshop on September 13, 2018 and CAFÉ on September 14, 2018:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/FinalFeedback/ChamberandCafeWorksheetsandSurveys.pdf>

Completed Worksheets from the Rustic Village Neighborhood Group on October 10, 2018:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/FinalFeedback/RusticVillageWorksheets.pdf>

Completed Worksheets from the Old Escondido Neighborhood Group on October 11, 2018:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/FinalFeedback/OldEscondidoWorksheets.pdf>

Completed Worksheets from the Neighborhood Leadership Group on October 25, 2018:

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/FinalFeedback/RLAWorksheets.pdf>

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

Attachment 6

Aggregated CAP Update Outreach Results

The following presents the aggregated results of all input received from the first phase of public outreach. Each grouping, below shows a level of support for different strategy focus areas (i.e. from “highest tier” to “lowest tier,” shown in the far right column). Please note that each strategy focus area within each tiered group does not decrease order by preference, with the most preferred policy or action at the top and the least one at the bottom, but helps group similarly preferred items together to focus more broadly on the strategies that receive more support than others.

Strategy Focus Area	Examples of Typical Policies and Actions	Ranking
Transit Systems	<ul style="list-style-type: none"> • Provide park and ride lots at transit stations and facilitate their use 	Highest Tier
Active Transportation (Walking)	<ul style="list-style-type: none"> • Develop pedestrian plan for more sidewalks • Update trails master plan to increase new connection points and improve accessibility 	Highest Tier
	<ul style="list-style-type: none"> • Pedestrian improvements (link walkable areas, safety features/shade/crosswalks etc.) • Implement pedestrian-only and safe routes to school zones 	Highest Tier
Municipal Retrofits	<ul style="list-style-type: none"> • Use SANDAG Energy Roadmap and implement measures in municipal facilities, such as light replacement programs or more efficient ventilation systems 	Highest Tier
Municipal on-site renewable energy	<ul style="list-style-type: none"> • Increase on site renewable energy generation 	Highest Tier
Recycled, Reclaimed & Grey Water	<ul style="list-style-type: none"> • Adopt an ordinance to facilitate greywater systems (e.g., pre-plumbing requirements for new residential and commercial buildings) 	Highest Tier
Outdoor Water Use	<ul style="list-style-type: none"> • Provide education on pool covers to pool owners • Adopt an ordinance allowing weather-based irrigation systems and encourage installation or rain barrels and rain catchment systems • Update landscape water conservation ordinance including, for example, water budgets 	Highest Tier
Municipal Water Use	<ul style="list-style-type: none"> • Install high efficiency fixtures at municipal facilities • Hydrozone landscapes at municipal facilities and parks 	Highest Tier
Methane Capture	<ul style="list-style-type: none"> • Increase methane capture at wastewater treatment plants 	Highest Tier
Facility improvements	<ul style="list-style-type: none"> • Identify water utility efficiencies • Identify and address leaks 	Highest Tier
Solid Waste Reduction & Increased Recycling	<ul style="list-style-type: none"> • Adopt a zero-waste landfill policy 	Highest Tier
Easements	<ul style="list-style-type: none"> • Encourage conservation easements to retain vegetation that capture and store carbon as they grow 	Highest Tier
Shade Trees	<ul style="list-style-type: none"> • Implement an ordinance requiring new development and/or major renovation projects to plant shade trees • Update City street tree guidelines and/or landscaping ordinances to include planting shade trees where appropriate 	Highest Tier
Urban Forest	<ul style="list-style-type: none"> • Implement an urban forestry or City-wide tree planting program 	Highest Tier

Strategy Focus Area	• Examples of Typical Policies and Actions	Ranking
Zero Emission/Alternative Fuel Infrastructure	<ul style="list-style-type: none"> • Identify and prepare city-wide biofuel and charging station siting plan • Install EV charging and other alternative fuel stations 	Second Tier
Transportation Demand Management (TDM)	<ul style="list-style-type: none"> • TDM outreach and education on options to reduce travel demand and optimize transportation modes • Identify employers to connect to vanpools, carpools through SANDAG iCommute program • Implement and incentivize carpools, vanpools • Increase telecommuting – work with SANDAG to implement • Adopt TDM ordinance specifying trip type goals for new developments 	Second Tier
Transit systems	<ul style="list-style-type: none"> • Implement a local shuttle service system in the downtown area to reduce single occupancy vehicle use 	Second Tier
Complete Streets	<ul style="list-style-type: none"> • Design streets to provide for all users - cars, bicycles, walkers, and transit users 	Second Tier
Zero Net Energy (ZNE)	<ul style="list-style-type: none"> • Implement an ordinance requiring new commercial buildings achieve ZNE standards 	Second Tier
City-wide renewable supply	<ul style="list-style-type: none"> • Adopt policies to increase renewables in electricity beyond state mandate of 50% by 2030 	Second Tier
Behind the Meter Renewable Supply	<ul style="list-style-type: none"> • Promote PV in existing buildings (residential and non-residential) and surface parking areas, such as to reduce/waive permit fees 	Second Tier

Strategy Focus Area	• Examples of Typical Policies and Actions	Ranking
Transportation Systems Management (TSM)	<ul style="list-style-type: none"> • Install roundabouts in appropriate areas 	Tertiary Tier
Transit Systems	<ul style="list-style-type: none"> • Install transit-only lanes • Increase public transit routes and/or route frequency to increase mode share 	Tertiary Tier
Active Transportation (Biking)	<ul style="list-style-type: none"> • Adopt ordinance to require new developments and some retrofits to install bike racks and other supportive amenities like showers 	Tertiary Tier
Education	<ul style="list-style-type: none"> • Encourage energy audits in existing homes (single- and multi-family) and commercial buildings upon sale or major renovation • Encourage energy efficiency improvements through rebates or incentives 	Tertiary Tier
Smart Meters & Appliances	<ul style="list-style-type: none"> • Policies to promote the installation of smart appliances that interface with smart meters at homes and business 	Tertiary Tier
Water Heating	<ul style="list-style-type: none"> • Require installation of solar or tankless hot water heaters in existing and new residential and non-residential buildings 	Tertiary Tier
Solid Waste Reduction & Increased Recycling	<ul style="list-style-type: none"> • Implement a community garden ordinance 	Tertiary Tier

Strategy Focus Area	• Examples of Typical Policies and Actions	Ranking
Construction/Landscape/Waste hauler Vehicles/Equipment	<ul style="list-style-type: none"> • Encourage use of biogas or electric equipment • Mandate conversion of diesel/gasoline construction and/or landscape equipment to biogas or electric 	Lowest Tier
Preferred Parking	<ul style="list-style-type: none"> • Provide preferred parking for low emission vehicles in parking structures/street parking 	Lowest Tier
Retrofits	<ul style="list-style-type: none"> • Implement an ordinance requiring energy audits for residential and commercial buildings at time of major renovation or sale • Adopt an energy benchmarking ordinance 	Lowest Tier
Indoor Water Use	<ul style="list-style-type: none"> • Mandate installation of high efficiency fixtures at time of sale or renovation • Implement an ordinance requiring water use audits at time of sale or major renovation 	Lowest Tier
Rate Structures	<ul style="list-style-type: none"> • Implement water rate increases 	Lowest Tier
Solid Waste Reduction & Increased Recycling	<ul style="list-style-type: none"> • Implement a composting ordinance 	Lowest Tier

Attachment 7

Public Correspondences

As of this writing, all written public correspondences received on the Climate Action Plan Update included herein this attachment.

Due to the number of pages of Attachment 7, links have been provided to review the documents electronically. Written comments are batched together in order to establish benchmarked recordkeeping for record retrieval, document duplication, and file sharing.

March 21 to July 3, 2018

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/Correspondences/CAPCORRBatch1.pdf>

July 4 to August 20, 2018

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/Correspondences/CAPCORRBatch2.pdf>

August 21 to December 4, 2018

<https://www.escondido.org/Data/Sites/1/media/PDFs/Planning/ClimateActionPlan/CAPUpdate/Correspondences/CAPCORRBatch3.pdf>

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

CITY COUNCIL STAFF REPORT

Current Business Item No. 17

January 16, 2019

File No. 0800-40

SUBJECT: Location of the Planned Membrane Filtration Reverse Osmosis Facility

DEPARTMENT: Utilities Department

RECOMMENDATION:

It is requested that the City Council receive a report from City staff about the planned location of the Membrane Filtration Reverse Osmosis (MFRO) Facility and the process by which that location was selected, and provide direction to staff whether or not that decision should be reconsidered.

FISCAL ANALYSIS:

The total cost of the planned MFRO Project is expected to be as much as \$44,700,000, depending on the results of the ongoing Design-Build Team selection process. The Utilities Department has been working to fund the Project through State and Federal grants, as well as a low interest loan from the California State Revolving Fund (SRF). The SRF funding is considered as a separate item on this City Council agenda (Current Business Item No. 18). The staff report for that item provides more details on the SRF loans and grants being used to fund construction of the Project.

If the City Council chooses to direct staff to pursue another site for the MFRO, the financial consequences of this decision will depend on several factors including, but not limited to, the location and characteristics of a new site. These financial costs will likely reach several millions of dollars. For instance, if the MFRO was moved to an industrially zoned location near the Public Works yard, the Water Fund would need to acquire 4 to 5 acres of property (~\$5 million); construct at least 1.5-miles of additional 24-inch recycled water mains; and construct at least 0.3 miles of additional brine pipeline (~\$3 million).

The site at Washington and Ash has unique financial advantages for the Water Fund because it is already owned by the Utilities Department, so there are no land acquisition costs. The site is immediately adjacent to the supply and distribution lines that will be used to bring water to and from the MFRO. Although the current site will require mitigation of soils issues as part of construction, which could add as much as \$2 million to the construction costs, this additional cost is outweighed by the advantage of using land already owned by the Water Fund.

Funds already expended, including staff time, used to develop plans for the currently proposed site (~\$1 million) would also be partially lost because not all plans can be readily transferred to a new site.

Moving the project to a different site could jeopardize \$2 million in grant funding awarded to the project via the California Proposition 84 Integrated Regional Water Management program, as well as the \$29 million SRF loan, which includes \$2.5 million in loan forgiveness (effectively, a Proposition 1 grant).

These potential cost impacts were not contemplated when the Wastewater Rate Study was presented to the City Council and rate increases were approved in 2017. If staff are directed to pursue another site, the Wastewater Fund will likely absorb the cost impacts of moving to another site by delaying other Capital Improvement Projects. Such delays are not a long-term solution, so in this scenario, the next planned Rate Study in 2022 will probably include larger rate increases than would otherwise be proposed.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

The MFRO Facility relates to the portions of the City Council's Action Plan regarding Economic Development. This project is part of the overall recycled water and drinking water expansion, which will benefit ratepayers by avoiding construction of a new wastewater land outfall from the Hale Avenue Resource Recovery Facility (HARRF) to the Pacific Ocean, the cost of which could approach \$1 billion. The supply of high-quality recycled water and the needed infrastructure to deliver it to Escondido's agricultural community will provide benefits to this important sector of Escondido's economy. As the MFRO is developed further over the next 10-15 years into an Advanced Water Treatment (AWT) facility, it will become a source of drinking water for the City, greatly reducing water imports and reducing the cost of those imports to water customers.

PREVIOUS ACTION:

On April 2, 2014, the City Council gave conceptual approval to the Utilities Department's program to expand the recycled water system to serve large agricultural customers and to move toward potable reuse of recycled water (the Recycled Water and Potable Reuse Program). This approval was given with the understanding that all projects would be brought to Council for consideration and approval, like all capital improvement projects (CIPs).

On September 24, 2014, and on January 13, 2016, the City Council adopted resolutions (Resolution Nos. 2014-135 and 2016-09, respectively) that had the combined effect of authorizing the Director of Utilities to submit a \$29 million financial assistance application to the SRF for construction of the MFRO Facility, and authorized repayment of any such loan.

On April 26, 2016, the Planning Commission denied a proposed Conditional Use Permit (CUP) to construct the City's MFRO Facility at 2512 E. Washington Avenue. The City appealed the denial to the City Council.

On May 25, 2016, the City Council heard the City's appeal to the Planning Commission decision to deny the project. The item was continued to a future date and staff were directed to research potential modifications to the project, including the possibility of locating the facility at a different site. Staff considered several other site locations.

On December 13, 2016, the Planning Commission approved the Conditional Use Permit for an MFRO Facility at a new site located at 1201 E. Washington Avenue. The decision of the Planning Commission was appealed by the Springs of Escondido residential development – a neighbor of the Project site - and Council Member Olga Diaz.

On January 11, 2017, the City Council adopted Resolution No. 2017-07, affirming the Planning Commission's approval of a Conditional Use Permit for the development of a MFRO Facility (PHG 16-0014) located at 1201 E. Washington Avenue.

Following the City Council adoption of Resolution No. 2017-07 on January 11, 2017, the Springs of Escondido sued the City claiming that the City had not complied with the California Environmental Quality Act (CEQA) during the site selection process.

On August 10, 2017, the City settled the CEQA lawsuit filed by the Springs of Escondido by agreeing that no above-ground structure could be constructed within 50 feet of the Springs' property line, by agreeing that structure height would be limited to 35 feet within 100 feet of the property line, and by paying \$40,000 to the Springs of Escondido.

On April 4, 2018, the City Council adopted Resolution No. 2018-33, authorizing a Consulting Agreement with Black and Veatch Corporation in the amount of \$1,236,890 for design-build-owner's agent services for construction of the MFRO Facility at 1201 E. Washington Avenue.

PROJECT BACKGROUND:

The MFRO Facility Project was originally conceived as part of the City's Recycled Water and Potable Reuse Program, as identified in the Recycled Water Master Plan. The City is constructing this phase of the Program to achieve two primary goals:

1. To direct water away from the Escondido Land Outfall, which has insufficient capacity to meet the City's long-term needs, and
2. To expedite a new, high-quality water supply that can be used by local agricultural growers, thus reducing the City's dependence on imported water and reducing the cost of those imports.

The MFRO Facility treats recycled water conveyed to it via a 24-inch pipeline from the City's Hale Avenue Resource Recovery Facility (HARRF). The plant will treat the recycled water using membrane filtration (MF) and reverse osmosis (RO) technologies, and will have a maximum production capacity of 2.0 million gallons per day. The MFRO Facility will provide high-quality water that is low in total dissolved solids and chlorides to high-water-demand avocado growers who serve a vital role in the City of Escondido's economy.

City staff have identified multiple benefits derived from the proposed MFRO Project in each of the following areas:

- Energy Savings – realized through lower water import costs
- Raw and Potable Water Reduction
- Emergency Preparedness – additional storage and treatment capacity during heavy rain
- Reduced Ocean Discharges
- Community and Economic Benefits – more stable and local water supply
- Greenhouse Emission and Carbon Footprint Reduction
- Groundwater Protection
- Storm Water Design and Surface Water Tracking
- Efficient Land Use Planning
- Regulatory and Environmental Compliance

There has been vocal public opposition to the MFRO at the current location. In fact, the City was sued by the Springs of Escondido – a neighbor of the project site – claiming that the City had not complied with the California Environmental Quality Act (CEQA) during the site selection process. The City settled this lawsuit by agreeing that no above-ground structure could be constructed within 50 feet of the Springs' property line, by agreeing that structure height would be limited to 35 feet within 100 feet of the property line, and by paying \$40,000 to the Springs of Escondido.

The MFRO is not a raw wastewater treatment plant and therefore will not cause odor problems in the neighborhood. The facility will treat recycled water, the same water used to irrigate parks and medians around Escondido, so there will be no sewer odors at the site. The treatment process planned at the Washington and Ash site is very similar to the process at the Carlsbad Desalination Facility used to produce drinking water from seawater. Initially, the proposed plant will desalinate recycled water and, as drinking water production is developed, it will further treat with more filtering and disinfection. No treatment of wastewater will occur at this location.

There is also a perception that the MFRO facility is an industrial facility, incompatible with the neighborhood. The plant could be described as "industrial" in that it will produce a good or service (highly treated recycled water and eventually drinking water) from a raw material (recycled water). However, the term "industrial" can sometimes lead to concerns about a noisy, smelly, and polluting factory. These sorts of images are not applicable to the MFRO. During operation, the facility will be quiet with water pumps placed indoors to attenuate sound and an emergency generator placed in a sound-attenuating enclosure at the southwest corner, away from residential neighbors. The facility is also not a significant traffic generator, with daily visits by a City utility vehicle and infrequent truck deliveries (several times each month), all occurring during daytime hours.

The City's General Plan and Zoning Code allow for water treatment facilities like this one with a CUP on commercially zoned properties. Since the project is being completed as a Design-Build (DB) project, the final design is not complete, so there are many opportunities for public input concerning

the building exterior, with faux commercial facades and murals among the possibilities. There are also options for improvements of the frontage along Escondido Creek.

During public meetings held in 2017 during the site-selection process, many in the community expressed concern about negative impacts on the community during construction. Construction will be the most impactful phase, as it would be for any construction project at the site. The noise mitigation measures planned and required by the project's environmental documents will help to limit noise from the site. Construction can only occur during strict time limits, from 7:00 am to 4:30 pm. Construction for the first phase will occur at the west end of the property, farthest from the residential properties. City and contractor construction managers must communicate regularly with all neighboring businesses and residents to hear their concerns, and to notify them of upcoming construction activities that will temporarily increase the noise level from the site.

The community was also concerned about chemicals used onsite and any risk they pose. Chemicals onsite will be mostly common food additives or salt used to condition the water to reduce negative impacts on the distribution system (demineralized water is more prone to cause corrosion). None of the chemicals are a fire hazard and none will burn. Sodium hypochlorite (bleach) will generate a typical bleach odor at times inside the plant buildings, but there should be no odors outside. Two chemicals – sodium hydroxide (lye) and sulfuric acid – are highly corrosive and pose significant health risks on contact. However, the contact risk will only affect those close to the system; that is, the well-trained Utilities employees who already work with these chemicals at other plants in Escondido. All chemicals will be stored in indoor tanks with full spill containment. A cam-lock system will be used during deliveries to further reduce the risk of even small spills.

CURRENT STATUS:

With City Council approval, the Utilities Department elected to use a Design-Build (DB) delivery method, rather than the typical Design-Bid-Build process. DB was chosen because it offers schedule and cost savings that could reduce project costs by several million dollars. Additionally, risk to the City is reduced because a single contractual partnership is responsible for both design and construction. The City has shortlisted three DB partnerships and interviews are complete. A final selection is scheduled for February.

In addition to the previously described financial impacts, choosing another site would delay the timeline for project completion, further adding to the cost of the Project in amounts that are presently difficult to quantify. Delays will likely prevent compliance with an order from the California Water Quality Control Board to implement a way to reduce discharges to the ocean by January 2021 unless an amendment to that agreement can be negotiated.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
1/9/2019 9:30 a.m.

CITY COUNCIL STAFF REPORT

Current Business Item No. 18

January 16, 2019

File No. 1340-70

SUBJECT: State Revolving Fund Installment Sale Agreement for the Planned Membrane Filtration Reverse Osmosis Facility

DEPARTMENT: Utilities Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2019-04, authorizing the Director of Utilities to execute an Installment Sale Agreement (Agreement) in the amount of \$29 million from the State Water Resources Control Board, Division of Financial Assistance. If approved, the loan issued from the State Revolving Fund (SRF) will be used for construction costs of the Membrane Filtration Reverse Osmosis (MFRO) Facility Project.

FISCAL ANALYSIS:

The SRF loan agreement under consideration includes \$2.5 million in up-front loan forgiveness, reducing the initial principal amount to \$26.5 million. The Agreement will have a 30-year term, a 1.8 percent annual interest rate, and no prepayment penalty. If the loan is repaid over the full 30-year term (i.e., there is no prepayment), the total amount paid including interest will be about \$34.5 million.

SRF loans offer significant savings over other borrowing options. For example, repayment costs for a \$29 million bond at an interest rate of 4.5 percent annually would cost \$53.4 million. Repayment costs for the proposed \$29 million SRF loan, with \$2.5 million forgiven, at an interest rate of 1.8 percent annually would cost \$34.5 million, or \$18.9 million less than the bonds. Additionally, repayment of SRF loans begins one year after completion of construction of the project, meaning the first payments will not be due until FY 2022 or later, depending on the construction schedule.

Debt coverage, that is the ability to collect enough revenue to cover operating costs and debt payments, is an important consideration when borrowing money. Debt coverage is calculated by dividing the net revenue by the total debt service payment. In FY 2018 the Wastewater Fund's debt coverage was 1.80. The minimum required by the Wastewater Fund's existing bond covenants is 1.15. The projected annual payment for the proposed SRF loans will be \$1,150,933. If this payment and other future SRF loan payments had been added to the debt service in FY 2018, the Fund's debt coverage would have been 1.41, still well in excess of the required 1.15. Previously approved annual rate increases will take effect each year through 2021, before the first payment on the new loan is made, so the Wastewater Fund is projected to comfortably cover the new debt.

The Utilities Department has been working to fund this project through grants and this low interest loan from the SRF. The City has applied for the Bureau of Reclamation's WaterSMART: Title XVI program. This grant award potentially could provide up to \$11,175,000 toward construction of the MFRO Facility. Escondido's request of \$11,175,000 from the program represents the allowed 25 percent of the Project's total cost. Awards are expected to be announced in February 2019.

Additional funding for the Project will be provided by a \$2,000,000 state grant awarded to the City from the Proposition 84 Integrated Regional Water Management Program, and approximately \$2,500,000 from the Wastewater Capital Improvement Program reserve.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

The Utilities Department is actively seeking and applying for grants and other funding sources whenever possible, which is an important aim of the City Council's Action Plan.

The MFRO Facility relates to the portions of the City Council's Action Plan regarding Economic Development. This project is part of the overall recycled water and drinking water expansion, which will benefit ratepayers by avoiding construction of a new wastewater land outfall from the Hale Avenue Resource Recovery Facility (HARRF) to the Pacific Ocean, the cost of which could approach \$1 billion. The supply of high-quality recycled water and the needed infrastructure to deliver it to Escondido's agricultural community will provide benefits to this important sector of Escondido's economy. As the MFRO is developed further over the next 10-15 years into an Advanced Water Treatment (AWT) facility, it will become a source of drinking water for the City, greatly reducing water imports and reducing the cost of those imports to water customers.

PREVIOUS ACTION:

The following previous City Council actions relate to SRF funding for the MFRO facility. A comprehensive list of City Council actions concerning the MFRO facility in general can be found in the staff report for a separate item on this City Council agenda relating to the site selection for the facility (Current Business Item No. 17).

On April 2, 2014, the City Council gave conceptual approval to the Utilities Department's program to expand the recycled water system to serve large agricultural customers and to move toward potable reuse of recycled water (the Recycled Water and Potable Reuse Program). This approval was given with the understanding that all projects would be brought to Council for consideration and approval, like all capital improvement projects (CIPs).

On September 24, 2014, the City Council adopted Resolution No. 2014-135, authorizing the Director of Utilities to submit a \$19 million financial assistance application to the SRF for construction of a micro-filtration and reverse osmosis facility. At the same meeting the City Council also adopted Resolution No. 2014-152, awarding a consulting agreement with Black and Veatch Corporation in the amount of \$1,200,000 for design of the MFRO Facility, with a capacity of 2 million gallons per day (MGD).

On January 13, 2016, the City Council adopted Resolution No. 2016-09, authorizing an increase to the requested SRF funding amount from \$19 million to \$29 million, and authorizing repayment of any such loan.

BACKGROUND:

The MFRO Facility Project originally was conceived as part of the City's Recycled Water and Potable Reuse Program, as identified in the Recycled Water Master Plan. The City is constructing this phase of the Program to achieve two primary goals:

1. To direct water away from the Escondido Land Outfall, which has insufficient capacity to meet the City's long-term needs; and
2. To expedite a new, high-quality water supply that can be used by local agricultural growers, thus reducing the City's dependence on imported water.

The MFRO Facility will treat recycled water conveyed to it via a 24-inch pipeline from the HARRF. The plant will treat the recycled water using membrane filtration (MF) and reverse osmosis (RO) technologies, and will have a maximum production capacity of 2.0 million gallons per day. The MFRO Facility will provide high-quality water that is low in total dissolved solids and chlorides to high-water-demand agricultural water users such as avocado growers, vineyards, and nurseries - all who serve a vital role in the City of Escondido's economy.

City staff have identified multiple benefits derived from the proposed MFRO Project in each of the following areas:

- Energy Savings – realized through lower water import costs
- Raw and Potable Water Reduction
- Emergency Preparedness – additional storage and treatment capacity during heavy rain
- Reduced Ocean Discharges
- Community and Economic Benefits – more stable and local water supply
- Greenhouse Emission and Carbon Footprint Reduction
- Groundwater Protection
- Storm Water Design and Surface Water Tracking
- Efficient Land Use Planning
- Regulatory and Environmental Compliance

If the City Council approves execution of this Agreement, construction of the Project could begin as early as July 2019.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
1/9/2019 9:30 a.m.

ATTACHMENTS:

1. Resolution No. 2019-04
2. Resolution No. 2019-04 – Exhibit “A” SRF Installment Sale Agreement

RESOLUTION NO. 2019-04

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE DIRECTOR OF
UTILITIES TO EXECUTE, ON BEHALF OF
THE CITY, A STATE REVOLVING FUND
INSTALLMENT SALE AGREEMENT FOR
THE MICRO FILTRATION REVERSE
OSMOSIS FACILITY PROJECT

WHEREAS, the City of Escondido (“City”) has initiated the Recycled Water and Potable Reuse Program (“Program”) to address wastewater outfall capacity, future water supply reliability, and water availability to Escondido’s agricultural industry; and

WHEREAS, the first phase of the Program is comprised of five separate projects that when constructed, will enable recycled water produced at the Hale Avenue Resource Recovery Facility (“HARRF”) to be transported, further treated, and then distributed to agricultural customers in eastern and northern Escondido; and

WHEREAS, the Director of Utilities has submitted applications to the State Water Resources Control Board, Division of Financial Assistance (“State”), requesting low-interest loans to fund construction of four of the five projects within the Program’s first phase; and

WHEREAS, the State is offering a loan to the City of \$29 million, with \$2.5 million anticipated in loan forgiveness, for the Micro Filtration Reverse Osmosis (“MFRO”) Facility Project, for a 30-year term and 1.8 percent annual interest.

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

1. That the above recitations are true.

2. That the City Council authorizes the Director of Utilities to execute, on behalf of the City, an Installment Sale Agreement attached as Exhibit "A" and incorporated by this reference, with the State Water Resources Control Board, Division of Financial Assistance.



PROPOSITION 1 WATER RECYCLING

CITY OF ESCONDIDO

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



INSTALLMENT SALE AGREEMENT

RECYCLED WATER EASTERLY AGRICULTURAL REVERSE OSMOSIS FACILITY AND PUMP
STATION

PROJECT NO. C-06-8059-110

AGREEMENT NO. SWRCB000000000D180100200

AMOUNT: \$29,000,000

ELIGIBLE START DATE: AUGUST 29, 2018
COMPLETION OF CONSTRUCTION DATE: JANUARY 4, 2021
FINAL DISBURSEMENT REQUEST DATE: MARCH 31, 2021
FINAL REPAYMENT DATE: JANUARY 4, 2051
RECORDS RETENTION END DATE: JANUARY 4, 2057

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TABLE OF CONTENTS

ARTICLE I DEFINITIONS 1

1.1 Definitions..... 1

1.2 Exhibits Incorporated..... 6

ARTICLE II REPRESENTATIONS, WARRANTIES, AND COMMITMENTS 6

2.1 Application and General Recipient Commitments. 6

2.2 Authorization and Validity..... 6

2.3 No Violations. 6

2.4 No Litigation. 6

2.5 Solvency and Insurance..... 6

2.6 Legal Status and Eligibility. 7

2.7 Financial Statements and Continuing Disclosure. 7

2.8 Completion of Project..... 7

2.9 Award of Construction Contracts. 7

2.10 Notice..... 7

2.11 Findings and Challenge..... 9

2.12 Project Access..... 9

2.13 Project Completion; Initiation of Operations. 9

2.14 Continuous Use of Project; Lease, Sale, Transfer of Ownership, or Disposal of Project. 9

2.15 Project Reports..... 9

2.16 Federal Disadvantaged Business Enterprise (DBE) Reporting..... 11

2.17 Records..... 11

2.18 Audit..... 12

ARTICLE III FINANCING PROVISIONS..... 12

3.1 Purchase and Sale of Project..... 12

3.2 Amounts Payable by the Recipient. 12

3.3 Obligation Absolute. 13

3.4 No Obligation of the State..... 14

3.5 Disbursement of Project Funds; Availability of Funds..... 14

3.6 Withholding of Disbursements and Material Violations..... 15

3.7 Pledge; Rates, Fees and Charges; Additional Debt. 16

3.8 Financial Management System and Standards. 17

3.9 Accounting and Auditing Standards. 17

3.10 Other Assistance. 17

ARTICLE IV MISCELLANEOUS PROVISIONS 17

4.1 Amendment..... 17

4.2 Assignability. 17

4.3 Bonding. 18

4.4 Competitive Bidding 18

4.5 Compliance with Law, Regulations, etc. 18

4.6 Conflict of Interest. 18

4.7 Damages for Breach Affecting Tax-Exempt Status or Federal Compliance..... 18

4.8 Disputes. 19

4.9 Governing Law. 19

4.10 Income Restrictions. 19

4.11 Indemnification and State Reviews. 19

4.12 Independent Actor. 20

4.13 Integration..... 20

4.14 [Reserved] 20

4.15 Non-Discrimination Clause. 20

4.16 No Third Party Rights. 21

4.17 Operation and Maintenance; Insurance. 21

4.18 Permits, Subcontracting, and Remedies. 22

4.19 Prevailing Wages..... 22

4.20 Public Funding..... 22

4.21 Recipient’s Responsibility for Work. 22

4.22 Related Litigation. 22

4.23 Rights in Data. 22

4.24 State Water Board Action; Costs and Attorney Fees. 23

4.25 Termination and Other Remedies Upon Event of Default. 23

4.26 Timeliness..... 24

4.27 Unenforceable Provision. 24

4.28 Useful Life..... 24

4.29 Venue. 24

4.30 Waiver and Rights of the State Water Board. 24

EXHIBIT A - SCOPE OF WORK & INCORPORATED DOCUMENTS

EXHIBIT A - FBA –FINAL BUDGET APPROVAL

EXHIBIT B - FUNDING AMOUNT

EXHIBIT C - PAYMENT SCHEDULE

EXHIBIT D - SPECIAL CONDITIONS

EXHIBIT E - PROGRAMMATIC CONDITIONS & CROSS-CUTTERS

EXHIBIT F - SCHEDULE OF SYSTEM OBLIGATIONS

EXHIBIT G - DAVIS-BACON REQUIREMENTS

EXHIBIT H - COMPLIANCE WITH CROSS-CUTTING STATE AUTHORITIES

WHEREAS,

1. The State Water Board is authorized to provide financial assistance under this Agreement pursuant to the following:
 - Chapter 6.5 of Division 7 of the California Water Code (State Act)
 - Title VI of the federal Water Pollution Control Act (Federal Act)
 - Section 79765 - 79768 of the Water Code (Prop 1)
2. The State Water Board determines eligibility for financial assistance, determines a reasonable schedule for providing financial assistance, establishes compliance with the Federal Act, State Act, and Prop 1, and establishes the terms and conditions of a financial assistance agreement.
3. The Recipient has applied to the State Water Board for financial assistance for the Project described in Exhibit A of this Agreement and the State Water Board has selected the application for financial assistance.
4. The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project, and the Recipient desires to participate as a recipient of financial assistance from the State Water Board and evidence its obligation to pay Installment Payments, which obligation will be secured by Net Revenues, as defined herein, upon the terms and conditions set forth in this Agreement, all pursuant to the Federal Act, the State Act, and Prop 1.

NOW, THEREFORE, in consideration of the mutual representations, covenants and agreements herein set forth, the State Water Board and the Recipient, each binding itself, its successors and assigns, do mutually promise, covenant, and agree as follows:

Subject to the satisfaction of any conditions precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board.

Upon execution, the term of the Agreement shall begin on the Eligible Start Date and extend through the Final Repayment Date.

ARTICLE I DEFINITIONS

1.1 Definitions.

Unless otherwise specified, each capitalized term used in this Agreement has the following meaning:

"Additional Payments" means the Additional Payments described in Section 3.2(c) of this Agreement.

"Agreement" means this Installment Sale Agreement, including all exhibits and attachments.

"Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.

"Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.

"Charge In Lieu of Interest" means any fee or charge in lieu of some or all of, but not to exceed, the interest that would otherwise be owed under this Agreement, as set forth in Exhibit C.

"Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is identified in Exhibit A of this Agreement.

"CWSRF" means the Clean Water State Revolving Fund.

"Days" means calendar days unless otherwise expressly indicated.

"Debt Service" means, for any period of calculation, the sum of:

- (1) the interest payable during such period on all outstanding System Obligations, assuming that all outstanding serial System Obligations are retired as scheduled and that all outstanding term System Obligations are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized);
- (2) those portions of the principal amount of all outstanding serial System Obligations maturing in such period;
- (3) those portions of the principal amount of all outstanding term System Obligations required to be redeemed or paid in such period; and

provided that, as to any such System Obligations bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be the greater of: (a) the actual interest rate on such System Obligations on the date of calculation, or if the indebtedness is not yet outstanding, the initial interest rate (if established and binding); (b) if the System Obligations have been outstanding for at least twelve months, the average rate over the twelve calendar months immediately preceding the date of calculation; and (c) (i) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code of 1986, as amended, the most recently published Securities Industry and Financial Markets Association Index for tax-exempt variable rate obligations; or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of any portion of Section 3.7(d) (Rates, Fees and Charges) and Section 3.7(e) (Additional Debt Test), measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; and

provided further that, if any series or issue of such System Obligations have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such System Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over the lesser of a period of twenty-five (25) years from the date of calculation or the useful life of the financed asset; and

provided further that, as to any such System Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such System Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that, the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the System Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that, Debt Service shall not include interest which is paid from investment earnings on amounts on deposit in reserve funds and transferred to the State Water Board.

"Deputy Director" means the Deputy Director of the Division.

"Division" means the Division of Financial Assistance of the State Water Board or any other segment of the State Water Board authorized to administer this Agreement.

"Eligible Start Date" means the date set forth in Exhibit B, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.

"Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.

"Event of Default" means the occurrence of any of the following events:

- a) Failure by the Recipient to pay Installment Payments when due, or failure to make any other payment required to be paid pursuant to this Agreement;
- b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
- c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Section 3.7 or Exhibit D of this Agreement;
- e) Failure to operate the System or the Project without the Division's approval;
- f) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;
- g) The occurrence of a material breach or event of default under any System Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
- h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
- i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;
- j) The occurrence of a material breach or event of default under any of the following agreements, which agreements provide for payments to the Recipient for the payment of Debt Service: _____;

"Final Disbursement Request Date" means the date established in Exhibit A, after which date, no further Project Funds disbursements may be requested.

"Final Repayment Date" is the date by which all principal and accrued interest due under this Agreement is to be paid in full to the State Water Board and is specified in Exhibit B and Exhibit C.

"Fiscal Year" means the period of twelve (12) months terminating on June 30 of any year, or any other annual period selected and designated by the Recipient as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Recipient's own employees or equipment.

"GAAP" means generally accepted accounting principles, the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

"Installment Payment" means any payment due to the State Water Board from the Recipient pursuant to Section 3.2 of this Agreement, as set forth in Exhibit C.

"Match Funds" means funds provided by the Recipient towards the Project Costs.

"Maximum Annual Debt Service" means the maximum amount of Debt Service due on System Obligations in any Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and terminating with the last Fiscal Year in which Debt Service for any System Obligations will become due.

"Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

"Obligation" means the obligation of the Recipient to make Installment Payments and Additional Payments as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description in Exhibit A and Exhibit A-FBA and in the documents thereby incorporated by reference.

"Operations and Maintenance Costs" means costs spent or incurred for maintenance and operation of the System calculated in accordance with generally accepted accounting principles applicable to governmental agencies, including, but not limited to, the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including administrative costs of the Recipient that are charged directly or apportioned to the System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the Recipient or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2012 Installment Purchase Agreement or of the Indenture or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Policy" means the State Water Board's "Policy for Implementing the Clean Water State Revolving Fund," as amended from time to time, and the WRFPP Guidelines, and including the Intended Use Plan in effect as of the Eligible Start Date.

"Project" means the Project financed by this Agreement as described in Exhibit A, Exhibit A-FBA, and in the documents incorporated by reference herein.

"Project Completion" means the date, as determined by the Division after consultation with the Recipient, that operation of the Project is initiated or is capable of being initiated, whichever comes first.

"Project Costs" means the incurred costs of the Recipient which are eligible for financial assistance under this Agreement, which are allowable costs as defined under the Policy, and which are reasonable, necessary and allocable by the Recipient to the Project under GAAP, plus capitalized interest.

"Project Funds" means all moneys disbursed to the Recipient by the State Water Board pursuant to this Agreement.

"Recipient" means the City of Escondido.

"Records Retention End Date" means the last date that the Recipient is obligated to maintain records pursuant to Section 2.17 of this Agreement.

"Regional Water Quality Control Board" or "Regional Water Board" means the appropriate Regional Water Quality Control Board.

"Reimbursement Resolution" means the Recipient's reimbursement resolution identified in Exhibit A of this Agreement.

"Reserve Fund" means the reserve fund required pursuant to Section 3.7 of this Agreement.

"Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership of or operation of the System, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Recipient from the collection, treatment and disposal of wastewater or other services or facilities provided in the conduct or operation of the business of the System; and (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, proceeds or other moneys, including Recipient reserves, but excluding in all cases: (x) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Recipient; and (y) any proceeds of taxes or benefit assessments restricted by law to be used by the Recipient to pay amounts due on bonds or other obligations heretofore or hereafter incurred.

"Rule 15c2-12(b)(5)" means Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"SRF" means the Clean Water State Revolving Fund.

"State" means State of California.

"State Water Board" means the State Water Resources Control Board.

"System" means the whole and each and every part of the wastewater system (including the recycled water storage and distribution system) of the Recipient, including all real property and buildings whether owned or operated by the Recipient or another party, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such System or any part thereof hereafter acquired or constructed.

"System Obligation" means any obligation of the Recipient payable from the Revenues, including but not limited to this Obligation and obligations reflected in Exhibit F and such additional obligations as may hereafter be issued in accordance with the provisions of such obligations and this Agreement.

"WRFP Guidelines" means the Water Recycling Funding Program Guidelines, as amended by the State Water Board on June 16, 2015.

"Year" means calendar year unless otherwise expressly indicated.

1.2 Exhibits Incorporated.

All exhibits to this Agreement, including any amendments and supplements hereto, are hereby incorporated herein and made a part of this Agreement.

ARTICLE II REPRESENTATIONS, WARRANTIES, AND COMMITMENTS

The Recipient represents, warrants, and commits to the following as of the Eligible Start Date set forth on the first page hereof and continuing thereafter for the term of this Agreement.

2.1 Application and General Recipient Commitments.

The Recipient has not made any untrue statement of a material fact in its application for this financial assistance, or omitted to state in its application a material fact that makes the statements in its application not misleading.

The Recipient shall comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents, and shall fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for financial assistance.

2.2 Authorization and Validity.

The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.

2.3 No Violations.

The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the first page hereof.

2.4 No Litigation.

There are no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the System, the Revenues, and/or the Project.

2.5 Solvency and Insurance.

None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. As of the date set forth on the first page hereof, Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. Recipient is able to pay its debts as they become due. Recipient maintains sufficient

insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employers liability, professional liability.

2.6 Legal Status and Eligibility.

Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient shall at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Recipient shall maintain its eligibility for funding under this Agreement.

2.7 Financial Statements and Continuing Disclosure.

The financial statements of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.

To the best of its knowledge, the Recipient is current in its continuing disclosure obligations associated with its material debt.

2.8 Completion of Project.

The Recipient shall expeditiously proceed with and complete construction of the Project in substantial accordance with Exhibit A and Exhibit A-FBA.

2.9 Award of Construction Contracts.

- (a) The Recipient shall award the prime construction contract timely in order to meet the start of construction date specified in Exhibit A.
- (b) The Recipient shall promptly notify the Division in writing both of the award of the prime construction contract for the Project and of Initiation of Construction of the Project. The Recipient shall make all reasonable efforts to complete construction in substantial conformance with the terms of the contract by the Completion of Construction date established in Exhibit A.

2.10 Notice.

Upon the occurrence of any of the following events, the Recipient shall notify the Deputy Director and the Division's project manager within the time specified below.

- (1) The Recipient shall notify the Division within 24 hours of any discovery of any potential tribal cultural resource and/or archaeological or historical resource. In addition to notifying the Deputy Director and the Division's project manager, notice shall be delivered by phone to (916) 327-9978 and by email to CleanWaterSRF@waterboards.ca.gov. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction, the Recipient shall ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient shall implement appropriate actions as directed by the Division.
- (2) The Recipient shall notify the Division within five (5) business days of the occurrence of any of the following events:

- (a) Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
 - (b) Change of ownership of the System or change of management or service contracts, if any, for operation of the System;
 - (c) Loss, theft, damage, or impairment to the Revenues or the System;
 - (d) Failure to meet any debt service coverage test in section 3.7 of this agreement;
 - (e) Draws on the Reserve Fund;
 - (f) Listed Events or Events of Default, except as set forth in subdivisions (b) or (c) of this section;
 - (g) Failure to observe or perform any covenant in this Agreement.
- (3) The Recipient shall notify the Division in writing within ten (10) business days of the following events:
- (a) Material defaults on System Obligations, other than this Obligation;
 - (b) Unscheduled draws on debt service reserves held for System Obligations, other than this Obligation, if any, reflecting financial difficulties;
 - (c) Unscheduled draws on credit enhancements on System Obligations, if any, reflecting financial difficulties;
 - (d) Substitution of credit or liquidity providers, if any or their failure to perform;
 - (e) Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity to operate the System or the Recipient's continued existence, circulation of a petition to repeal, reduce, or otherwise challenge the Recipient's rates for services of the System, consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;
 - (g) Rating changes on outstanding System Obligations, if any;
 - (h) Issuance of additional parity obligations; or
 - (i) Enforcement actions by the Regional Water Board;
- (4) The Recipient shall notify the Division promptly of the following:
- (a) The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
 - (b) Any substantial change in scope of the Project. The Recipient shall undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
 - (c) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
 - (d) Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more beyond the estimated date of Completion of Construction as specified in Exhibit A;
 - (e) Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
 - (f) Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;

- (g) Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- (h) Any events requiring notice to the Division pursuant to the provisions of Exhibit E to this Agreement; or
- (i) Completion of Construction of the Project, and actual Project Completion.

2.11 Findings and Challenge

Upon consideration of a voter initiative to reduce Revenues, the Recipient shall make a finding regarding the effect of such a reduction on the Recipient's ability to satisfy the rate covenant set forth in Section 3.7 of this Agreement. The Recipient shall make its findings available to the public and shall request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in Section 3.7 and its obligation to operate and maintain the Project for its useful life. The Recipient shall diligently pursue and bear any and all costs related to such challenge. The Recipient shall notify and regularly update the State Water Board regarding the status of any such challenge.

2.12 Project Access.

The Recipient shall ensure that the State Water Board, the Governor of the State, the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of the Obligation. The Recipient acknowledges that, except for a subset of information regarding archaeological records, the Project records and locations are public records, including but not limited to all of the submissions accompanying the application, all of the documents incorporated by Exhibit A and Exhibit A-FBA, and all reports, disbursement requests, and supporting documentation submitted hereunder.

2.13 Project Completion; Initiation of Operations.

Upon Completion of Construction of the Project, the Recipient shall expeditiously initiate Project operations.

2.14 Continuous Use of Project; Lease, Sale, Transfer of Ownership, or Disposal of Project.

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

2.15 Project Reports.

- (a) Status Reports. The Recipient shall provide expeditiously status reports no less frequently than quarterly, starting with the execution of this Agreement. A status report must accompany any disbursement request and is a condition precedent to any disbursement. At a minimum the reports will contain the following information:
 - (1) A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
 - (2) A description of compliance with environmental requirements;

- (3) A listing of change orders including amount, description of work, and change in contract amount and schedule; and
 - (4) Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.
- (b) Project Completion Report. The Recipient shall submit a Project Completion Report to the Division with a copy to the appropriate Regional Water Quality Control Board on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must address the following:
- (1) Describe the Project,
 - (2) Describe the water quality problem the Project sought to address,
 - (3) Discuss the Project's likelihood of successfully addressing that water quality problem in the future, and
 - (4) Summarize compliance with environmental conditions, if applicable.

If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold disbursements under this Agreement or other agreements, and begin administrative proceedings.

- (c) As Needed Reports. The Recipient shall provide expeditiously, during the term of this Agreement, any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the state or federal government.
- (d) Recycled water reports. Commencing with the date of Project Completion, the Recipient shall submit annual reports for five (5) consecutive calendar years or until the Project's actual total annual recycled water deliveries equal the Project's planned total recycled water deliveries.
- (1) The Recipient shall submit annual reports in hard copy and/or electronically.
 - (2) The first annual report is due on February 28th following the first full calendar year of operation and shall cover the period from the Project Completion through the end of the first full calendar year thereafter. Subsequent annual reports are due by February 28th following the calendar year covered. The annual reports shall be prepared in accordance with the "Water Recycling Funding Program Guidelines."
 - (3) The annual reports shall include the following:
 - (a) The planned total recycled water deliveries from the Recipient's funding application/user-connection schedule;
 - (b) A breakdown of the actual total annual recycled water deliveries by month and type of use, presented in a table showing month vs. type of use. If the Recipient supplements recycled water deliveries with potable or fresh water, the annual report shall include the monthly and total amounts;
 - (c) The Project's operation and maintenance costs for the year;
 - (d) The costs to Recipient's end users of recycled water vs. potable/fresh water during the year; and

- (e) If the Project's actual total recycled water deliveries are less than the planned total recycled water deliveries, the Recipient shall provide a brief discussion on its progress toward achieving the remaining system capacity.

2.16 Federal Disadvantaged Business Enterprise (DBE) Reporting.

The Recipient shall report DBE utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. The Recipient must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued. The Recipient shall comply with 40 CFR § 33.301.

2.17 Records.

- (a) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient shall:
 - (1) Establish an official file for the Project which adequately documents all significant actions relative to the Project;
 - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
 - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
 - (4) Establish an accounting system which will accurately depict final total costs of the Project, including both direct and Indirect Costs;
 - (5) Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (6) If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect Force Account costs are not eligible for funding.
- (b) The Recipient shall maintain separate books, records and other material relative to the Project. The Recipient shall also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Project Completion. The Recipient shall require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the California State Auditor, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient shall allow and shall require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section shall survive the discharge of the Recipient's Obligation and the term of this Agreement.

2.18 Audit.

- (a) The Division may call for an audit of financial information relative to the Project if the Division determines that an audit is desirable to assure program integrity or if an audit becomes necessary because of state or federal requirements. If an audit is called for, the audit shall be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit shall be in the form required by the Division
- (b) Audit disallowances will be returned to the State Water Board.

ARTICLE III FINANCING PROVISIONS

3.1 Purchase and Sale of Project.

The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board. The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement.

3.2 Amounts Payable by the Recipient.

- (a) Installment Payments. Interest will accrue beginning with each disbursement. Beginning one year after Completion of Construction, repayment of the principal of the Project Funds, together with all interest accruing thereon, shall be repaid annually, and shall be fully amortized by the Final Repayment Date.

The Installment Payments are based on a standard fully amortized assistance amount with equal annual payments. The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Installment Payment. Installment Payment calculations will be made beginning one (1) year after Completion of Construction. Exhibit C is a payment schedule based on the provisions of this article and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient.

The Recipient shall make each Installment Payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.

The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or

imposed by the Recipient. The Recipient shall provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

Each Installment Payment shall be paid in lawful money of the United States of America by check or other acceptable form of payment set forth at www.waterboards.ca.gov/make_a_payment.

The Recipient shall not be entitled to interest earned on undisbursed funds. Upon execution of this Agreement, the State Water Board shall encumber an amount equal to the Obligation. The Recipient shall pay Installment Payments and Additional Payments from Net Revenues and/or other amounts legally available to the Recipient therefor. Interest on any funds disbursed to the Recipient shall begin to accrue as of the date of each disbursement.

- (b) Project Costs. The Recipient shall pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient shall nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.
- (c) Additional Payments. In addition to the Installment Payments required to be made by the Recipient, the Recipient shall also pay to the State Water Board the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board's right, title, and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, staff, contractors, consultants, costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board.

Additional Payments may be billed to the Recipient by the State Water Board from time to time, together with a statement executed by a duly authorized representative of the State Water Board, stating that the amounts billed pursuant to this section have been incurred by the State Water Board or its assignee for one or more of the above items and a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Recipient within thirty (30) days after receipt of the bill by the Recipient.

- (d) The Recipient may not prepay any portion of the principal and interest due under this Agreement without the written consent of the Deputy Director of the Division.

3.3 Obligation Absolute.

The obligation of the Recipient to make the Installment Payments and other payments required to be made by it under this Agreement, from Net Revenues and/or other amounts legally available to the Recipient therefor, is absolute and unconditional, and until such time as the Installment Payments and Additional Payments have been paid in full, the Recipient shall not discontinue or suspend any Installment Payments or other payments required to be made by it hereunder when due, whether or not the System or any part thereof is operating or operable or has been completed, or its use is suspended,

interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

3.4 No Obligation of the State.

Any obligation of the State Water Board herein contained shall not be an obligation, debt, or liability of the State and any such obligation shall be payable solely out of the moneys encumbered pursuant to this Agreement. If this Agreement's funding for any fiscal year is reduced, substantially delayed, or deleted by the Budget Act, by Executive Order, or by order or action of the Department of Finance, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an amendment to the Recipient to reflect the reduced amount.

3.5 Disbursement of Project Funds; Availability of Funds.

(a) Except as may be otherwise provided in this Agreement, disbursement of Project Funds will be made as follows:

- (1) Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance as specified in Exhibit B from the Project Funds through submission to the State Water Board of the Disbursement Request Form 260, or any amendment thereto, duly completed and executed.
- (2) The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts referenced in Exhibit B and Exhibit A-FBA. (Note that this Agreement will be amended to incorporate Exhibit A-FBA after final budget approval.)
- (3) Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of status reports due under Section 2.15 above.
- (4) The Recipient shall not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of disbursement request.
- (5) Recipient shall spend Project Funds within 30 days of receipt. Any interest earned on Project Funds shall be reported to the State Water Board and may be required to be returned to the State Water Board or deducted from future disbursements.
- (6) The Recipient shall not be entitled to interest earned on undisbursed funds.
- (7) The Recipient shall not request a disbursement unless that Project Cost is allowable, reasonable, and allocable.
- (8) Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.
- (9) Costs incurred for travel outside the State of California are not eligible for reimbursement under this Agreement unless the Division provides prior written authorization. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Recipient.

(b) The State Water Board's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not

available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other agency. If any disbursements due the Recipient under this Agreement are deferred because sufficient funds are unavailable, it is the intention of the State Water Board that such disbursement will be made to the Recipient when sufficient funds do become available, but this intention is not binding.

- (c) Fraud and Misuse of Public Funds. All requests for disbursement submitted shall be accurate and signed by the Recipient's Authorized Representative under penalty of perjury. All costs submitted pursuant to this Agreement shall only be for the tasks set forth herein. The Recipient shall not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any eligible costs for which the Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is improper and will not be compensated. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements and, notwithstanding any other section in this Agreement, the termination of this Agreement requiring the repayment of all funds disbursed hereunder. Additionally, the Deputy Director of the Division may request an audit and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability.

3.6 Withholding of Disbursements and Material Violations.

Notwithstanding any other provision of this Agreement, the State Water Board may withhold all or any portion of the Project Funds upon the occurrence of any of the following events:

- a. The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- b. Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or repayment of debt service on System Obligations;
- c. Commencement of litigation or a judicial or administrative proceeding related to the System, Project, or Revenues that the State Water Board determines may impair the timely completion of the Project or the repayment of the Obligation;
- d. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- e. A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- f. The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
- g. Evidence of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
- h. An Event of Default or an event that the Division determines may become an Event of Default;

3.7 Pledge; Rates, Fees and Charges; Additional Debt.

- (a) Establishment of Enterprise Fund and Reserve Fund. In order to carry out its System Obligations, the Recipient covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund. As required in paragraph (f) of this Section, the Recipient shall establish and maintain a Reserve Fund.
- (b) Pledge of Net Revenues, Enterprise Fund, and Reserve Fund. The Obligation hereunder shall be secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund in priority as specified in Exhibit F (senior, parity, or subordinate). The Recipient hereby pledges and grants such lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund to secure the Obligation, including payment of Installment Payments and Additional Payments hereunder. The Net Revenues in the Enterprise Fund, shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Recipient.
- (c) Application and Purpose of the Enterprise Fund. Subject to the provisions of any outstanding System Obligation, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the System Obligations. After making all payments hereinabove required to be made in each Fiscal Year, the Recipient may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Recipient, including payment of subordinate debt.
- (d) Rates, Fees and Charges.

The Recipient shall, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and shall ensure that Net Revenues are equal to at least 115% of the Maximum Annual Debt Service with respect to all outstanding System Obligations, so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio shall be 110%, except where System Obligations are defeased pursuant to refunding obligations.

The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

- (e) Additional Debt Test.
 - (1) Additional Senior Debt. The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation, except where the new senior obligation refunds or refinances a senior obligation with the same lien position as the existing senior obligation, the new senior obligation has the same or earlier repayment term as the refunded senior debt, the new senior debt service is the same or lower than the existing debt service, and the new senior debt will not diminish the Recipient's ability to repay its SRF obligations.
 - (2) Additional Parity or Subordinate Debt. The Recipient may issue additional parity or subordinate debt only if

- (A) Net Revenues in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in paragraph (d) of this Section with respect to all outstanding and proposed additional obligations;
- (B) The Recipient is in compliance with any reserve fund requirement of this Obligation.
- (f) Reserve Fund.
- Prior to Completion of Construction, the Recipient shall establish a restricted Reserve Fund, held in its Enterprise Fund, equal to one year's Debt Service on this Obligation. The Recipient shall maintain the Reserve Fund throughout the term of this Agreement. The Reserve Fund shall be subject to lien and pledged as security for this Obligation, and its use shall be restricted to payment of this Obligation during the term of this Agreement.
- (g) The Recipient shall not make any pledge of or place any lien on Revenues and shall not make any pledge of or place any lien on Net Revenues except as otherwise provided or permitted by this Agreement.

3.8 Financial Management System and Standards.

The Recipient shall comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient shall be bound by, and to comply with, the provisions and requirements of the federal Single Audit Act of 1984, Office of Management and Budget (OMB) Circular No. A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

3.9 Accounting and Auditing Standards.

The Recipient must maintain project accounts according to GAAP as issued by the Governmental Accounting Standards Board (GASB) or its successor. The Recipient shall maintain GAAP-compliant project accounts, including GAAP requirements relating to the reporting of infrastructure assets.

3.10 Other Assistance.

If funding for Project Costs is made available to the Recipient from sources other than this Agreement, the Recipient shall notify the Division. The Recipient may retain such funding up to an amount which equals the Recipient's local share of Project Costs. To the extent allowed by requirements of other funding sources, excess funding shall be remitted to the State Water Board to be applied to Installment Payments due hereunder, if any.

ARTICLE IV MISCELLANEOUS PROVISIONS

4.1 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by both the Recipient and the Deputy Director or designee. Requests for amendments shall be made in writing and directed to the Deputy Director.

4.2 Assignability.

The Recipient consents to any pledge, sale, or assignment, at any time of any portion of the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement and the right to make all

related waivers and agreements in the name and on behalf of the State Water Board, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under this Agreement, if any, and the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement to Installment Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation). This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

4.3 Bonding.

Where contractors are used, the Recipient shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.

4.4 Competitive Bidding

Recipient shall adhere to any applicable state law or local ordinance for competitive bidding and applicable labor laws.

4.5 Compliance with Law, Regulations, etc.

The Recipient shall, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, to the extent applicable, the Recipient shall:

- (a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;
- (b) Comply with the State Water Board's Policy;
- (c) Comply with and require compliance with the list of State laws attached as Exhibit H.
- (d) Comply with and require its contractors and subcontractors on the Project to comply with federal DBE requirements; and
- (e) Comply with and require its contractors and subcontractors to comply with the list of federal laws attached as Exhibit E.

4.6 Conflict of Interest.

The Recipient certifies that its owners, officers, directors, agents, representatives, and employees are in compliance with applicable state and federal conflict of interest laws.

4.7 Damages for Breach Affecting Tax-Exempt Status or Federal Compliance

In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach. In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal

government, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

4.8 Disputes.

- (a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.
- (b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.
- (c) Recipient shall continue with the responsibilities under this Agreement during any dispute.
- (d) This section 4.8 relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

4.9 Governing Law.

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

4.10 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement shall be paid by the Recipient to the State Water Board, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State Water Board under this Agreement.

4.11 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, and their officers, employees, and agents (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety

and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement, except those arising from the gross negligence or willful misconduct of the Indemnified Persons. The Recipient shall also provide for the defense and indemnification of the Indemnified Parties in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and shall cause the Indemnified Parties to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the term of this Agreement and the discharge of the Recipient's Obligation hereunder.

4.12 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.

4.13 Integration.

This Agreement constitutes the complete and final agreement between the parties. No oral or written understanding or agreement not incorporated in this Agreement shall be binding on either party.

4.14 [Reserved]

4.15 Non-Discrimination Clause.

- (a) The Recipient shall comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs, tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.
- (b) If Project Funds are used to acquire or improve real property, the Recipient shall include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.
- (c) The Recipient shall comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).
- (d) The Recipient's obligations under this section shall survive the term of this Agreement.
- (e) During the performance of this Agreement, Recipient and its contractors and subcontractors 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, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition

(cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.

- (f) The Recipient, its contractors, and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (g) The Recipient, its contractors, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.
- (h) The Recipient, its contractors, and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- (i) The Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

4.16 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation, or undertaking established herein.

4.17 Operation and Maintenance; Insurance.

The Recipient agrees to sufficiently and properly staff, operate and maintain all portions of the System during its useful life in accordance with all applicable state and federal laws, rules, and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such net proceeds are insufficient to reconstruct, repair, or restore the System to the extent necessary to enable the Recipient to pay all remaining unpaid principal portions of the Installment Payments, if any, in accordance with the terms of this Agreement, the Recipient shall provide additional funds to restore or replace the damaged portions of the System.

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and shall provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

4.18 Permits, Subcontracting, and Remedies.

The Recipient shall comply in all material respects with all applicable federal, state and local laws, rules and regulations. Recipient shall procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses shall be submitted to the Division before construction begins.

The Recipient shall not contract or allow subcontracting with excluded parties. The Recipient shall not contract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized. For any work related to this Agreement, the Recipient shall not contract with any individual or organization on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which funding under this Agreement is authorized. The State Water Board's List of Disqualified Businesses and Persons is located at http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml

4.19 Prevailing Wages.

The Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient shall monitor all agreements subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of the State Labor Code are being met. In addition, the Recipient agrees to comply with the provisions of Exhibit G (Davis-Bacon).

4.20 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

4.21 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for responding to any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

4.22 Related Litigation.

Under no circumstances may the Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Quality Control Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to repay all of the disbursed funds plus interest in the event that Recipient does not complete the project.

4.23 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and

to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request.

4.24 State Water Board Action; Costs and Attorney Fees.

Any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.

4.25 Termination and Other Remedies Upon Event of Default.

For purposes of this section, the term "State Water Board" shall mean the State Water Board and its assignees.

- (a) Return of Funds; Acceleration; and Additional Payments. Notwithstanding Exhibit B, if the Division determines that an Event of Default has occurred, the Recipient shall, upon demand, immediately do each of the following:
 - (a) return to the State Water Board the grant or principal forgiveness amounts received pursuant to this Agreement, if any;
 - (b) accelerate the payment of all principal owed under this Agreement, if any, which shall be immediately due and payable;
 - (c) pay interest at the highest legal rate on all amounts owed; and
 - (d) pay any Additional Payments.
- (b) Judicial remedies. Whenever the State Water Board determines that an Event of Default shall have occurred, the State Water Board may enforce its rights under this Agreement by any judicial proceeding, whether at law or in equity. Without limiting the generality of the foregoing, the State Water Board may: by suit in equity, require the Recipient to account for amounts relating to this Agreement as if the Recipient were the trustee of an express trust; by mandamus or other proceeding, compel the performance by the Recipient and any of its officers, agents, and employees of any duty under the law or of any obligation or covenant under this Agreement, including but not limited to the imposition and collection of rates for the services of the System sufficient to meet all requirements of this Agreement; and take whatever action at law or in equity as may appear necessary or desirable to the State Water Board to collect the Installment Payments then due or thereafter to become due, or to enforce performance of any obligation or covenant of the Recipient under this Agreement.
- (c) Termination. Upon an Event of Default, the State Water Board may terminate this Agreement. Interest shall accrue on all amounts due at the highest legal rate of interest from the date that the State Water Board delivers notice of termination to the Recipient.
- (d) Remedies Not Exclusive. None of the remedies available to the State Water Board shall be exclusive of any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. The State Water Board may exercise any remedy, now or hereafter existing, without exhausting and without regard to any other remedy.

- (e) Non-waiver. Nothing in this section or any other section of this Agreement shall affect or impair the Recipient's obligation to pay Installment Payments as provided herein or shall affect or impair the right of the State Water Board to bring suit to enforce such payment. No delay or omission of the State Water Board in the exercise of any right arising upon an Event of Default shall impair any such right or be construed to be a waiver of any such Event of Default. The State Water Board may exercise from time to time and as often as shall be deemed expedient by the State Water Board, any remedy or right provided by law or pursuant to this Agreement.
- (f) Status Quo. If any action to enforce any right or exercise any remedy shall be brought and either discontinued or determined adversely to the State Water Board, then the State Water Board shall be restored to its former position, rights and remedies as if no such action had been brought.

4.26 Timeliness.

Time is of the essence in this Agreement.

4.27 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

4.28 Useful Life.

The Recipient warrants that the economic useful life of the Project, commencing at Project Completion, is at least equal to the term of this Agreement, as set forth in Exhibit B.

4.29 Venue.

Any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

4.30 Waiver and Rights of the State Water Board.

Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.

Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

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

CITY OF ESCONDIDO:

By: _____
Name: Christopher W. McKinney
Title: Director of Utilities

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Leslie Laudon
Title: Deputy Director
Division of Financial Assistance

Date: _____

1. Eligible Start Date. The Eligible Start Date is August 29, 2018.
2. Start of Construction Date. The Recipient agrees to start construction no later than the estimated date of August 21, 2019.
3. Completion of Construction Date. The Completion of Construction date is hereby established as January 4, 2021. The Recipient shall deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
4. Final Disbursement Request Date. The Recipient agrees to ensure that its final Request for Disbursement is received by the Division no later than March 31, 2021, unless prior approval has been granted by the Division. Otherwise, the undisbursed balance of this Agreement will be deobligated.
5. Records Retention Date is January 4, 2057.
6. Incorporated Documents. Incorporated by reference into this Agreement are the following documents:
 - a. [Reserved];
 - b. the Waste Discharge Requirement Order No. R9-2010-0032;
 - c. the Recipient's Reimbursement Resolution No. 2016-09 dated January 13, 2016;
 - d. the Recipient's Tax Questionnaire dated February 9, 2016.
7. Reporting. Status Reports due at least quarterly.
8. Purpose.

The purpose of the Project is to provide local growers with a reliable recycled water source for agricultural uses, which would improve crop yield and promote positive economic contributions to the Recipient.

9. Scope of Work.

The Recipient will complete all planning, design, and procurement necessary to complete the Project. The Project will include construction of the Microfiltration/Reverse Osmosis Facility with an ultimate production capacity of 2.0 million gallons per day (mgd), which includes the construction of the following conditions:

- a. Influent ultrafiltration feed tank, feed pump, auto strainer, backwash system, and storage tank.
- b. Reverse Osmosis transfer pump, cartridge filters, feed pump, and treated product water storage tank.

10. Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain

the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):



“Funding for this Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station project has been provided in full or in part by the Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California’s Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.”

The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

The Recipient shall include the following disclosure statement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

“Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California’s Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.”

EXHIBIT B – FUNDING AMOUNT

1. **Estimated Reasonable Cost.** The estimated reasonable cost of the total Project, including associated planning and design costs is thirty-two million seven hundred thousand dollars and no cents (\$32,700,000.00).
2. **Project Financing.** Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds in the amount of up twenty-nine million dollars and no cents (\$29,000,000.00). A portion of this amount two million five hundred thousand dollars and no cents (\$2,500,000.00) is anticipated to be forgiven. The estimated amount of principal that will be due to the State Water Board under this Agreement is twenty-six million five hundred thousand dollars and no cents (\$26,500,000.00).
3. **Payment, Interest Rate, and Charges.** The Recipient agrees to make all Installment Payments according to the schedule in Exhibit C at an interest rate of one and eight tenths percent (1.8%) per annum. In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit C:
 - an Administrative Service Charge
 - a Small Community Grant Fund Charge
4. **Contingent Principal Forgiveness.** Contingent on the Recipient's performance of its obligations under this Agreement, the State Water Board agrees to forgive up to two million five hundred thousand dollars and no cents (\$2,500,000.00) of the principal under this Agreement.
5. **Useful Life.** The useful life of this Project is at least thirty (30) years.
6. [Reserved]
7. The Final Repayment Date is January 4, 2051.
8. Budget costs are contained in the Project Cost Table, which is part of Exhibit A-FBA. This Agreement will be amended to incorporate Exhibit A-FBA.
9. Preliminary budget costs are as follows:

Planning and design Allowances: \$0.00

Construction costs and disbursements are not available until after this Agreement has been amended to incorporate Exhibit A-FBA. Construction costs incurred prior to the Eligible Start Date are not eligible for reimbursement. Failure to begin construction according to the timelines set forth in Exhibit A may require the Recipient to repay to the State Water Board all disbursed Project Funds, including planning and design allowances.

EXHIBIT C – PAYMENT SCHEDULE

See the attached preliminary Payment Schedules representing Prop 1 Water Recycling and SRF Installment Payments. The final Payment Schedules will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

California CWSRF Payment Schedule

Project No. 8059-110 - Escondido, City of
 Agreement: - based on Actual + Projected Disbursements

Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station

Principal is paid over: 30 Years
Interest rate: 1.80000%
 Resolution No. 2019-04
 Exhibit "A"
 Page 35 of 53

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	1/4/2022		336,601.33	1.800	183,175.43	519,776.76	519,776.76	11,663,398.67	0.00
2	1/4/2023		309,835.58	1.800	209,941.18	519,776.76	519,776.76	11,353,563.09	0.00
3	1/4/2024		315,412.62	1.800	204,364.14	519,776.76	519,776.76	11,038,150.47	0.00
4	1/4/2025		321,090.05	1.800	198,686.71	519,776.76	519,776.76	10,717,060.42	0.00
5	1/4/2026		326,869.67	1.800	192,907.09	519,776.76	519,776.76	10,390,190.75	0.00
6	1/4/2027		332,753.33	1.800	187,023.43	519,776.76	519,776.76	10,057,437.42	0.00
7	1/4/2028		338,742.89	1.800	181,033.87	519,776.76	519,776.76	9,718,694.53	0.00
8	1/4/2029		344,840.26	1.800	174,936.50	519,776.76	519,776.76	9,373,854.27	0.00
9	1/4/2030		351,047.38	1.800	168,729.38	519,776.76	519,776.76	9,022,806.89	0.00
10	1/4/2031		357,366.24	1.800	162,410.52	519,776.76	519,776.76	8,665,440.65	0.00
11	1/4/2032		363,798.83	1.800	155,977.93	519,776.76	519,776.76	8,301,641.82	0.00
12	1/4/2033		370,347.21	1.800	149,429.55	519,776.76	519,776.76	7,931,294.61	0.00
13	1/4/2034		377,013.46	1.800	142,763.30	519,776.76	519,776.76	7,554,281.15	0.00
14	1/4/2035		383,799.70	1.800	135,977.06	519,776.76	519,776.76	7,170,481.45	0.00
15	1/4/2036		390,708.09	1.800	129,068.67	519,776.76	519,776.76	6,779,773.36	0.00
16	1/4/2037		397,740.84	1.800	122,035.92	519,776.76	519,776.76	6,382,032.52	0.00
17	1/4/2038		404,900.17	1.800	114,876.59	519,776.76	519,776.76	5,977,132.35	0.00
18	1/4/2039		412,188.38	1.800	107,588.38	519,776.76	519,776.76	5,564,943.97	0.00
19	1/4/2040		419,607.77	1.800	100,168.99	519,776.76	519,776.76	5,145,336.20	0.00
20	1/4/2041		427,160.71	1.800	92,616.05	519,776.76	519,776.76	4,718,175.49	0.00
21	1/4/2042		434,849.60	1.800	84,927.16	519,776.76	519,776.76	4,283,325.89	0.00
22	1/4/2043		442,676.89	1.800	77,099.87	519,776.76	519,776.76	3,840,649.00	0.00
23	1/4/2044		450,645.08	1.800	69,131.68	519,776.76	519,776.76	3,390,003.92	0.00
24	1/4/2045		458,756.69	1.800	61,020.07	519,776.76	519,776.76	2,931,247.23	0.00
25	1/4/2046		467,014.31	1.800	52,762.45	519,776.76	519,776.76	2,464,232.92	0.00
26	1/4/2047		475,420.57	1.800	44,356.19	519,776.76	519,776.76	1,988,812.35	0.00
27	1/4/2048		483,978.14	1.800	35,798.62	519,776.76	519,776.76	1,504,834.21	0.00
28	1/4/2049		492,689.74	1.800	27,087.02	519,776.76	519,776.76	1,012,144.47	0.00
29	1/4/2050		501,558.16	1.800	18,218.60	519,776.76	519,776.76	510,586.31	0.00
30	1/4/2051		510,586.31	1.800	9,190.55	519,776.86	519,776.86	0.00	0.00
			12,000,000.00		3,593,302.90	15,593,302.90	15,593,302.90		0.00

California Water Recycling Programs Payment Schedule

Project No. 8059-110 - Escondido, City of
 Agreement: - based on Actual + Projected Disbursements

Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station

Principal is paid over: **30 Years**
 Interest rate: **1.80000%**
 Resolution No. 2019-04
 Exhibit "A"
 Page 36 of 53

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	1/4/2022		406,726.62	1.800	221,336.97	628,063.59	628,063.59	14,093,273.38	0.00
2	1/4/2023		374,384.67	1.800	253,678.92	628,063.59	628,063.59	13,718,888.71	0.00
3	1/4/2024		381,123.59	1.800	246,940.00	628,063.59	628,063.59	13,337,765.12	0.00
4	1/4/2025		387,983.82	1.800	240,079.77	628,063.59	628,063.59	12,949,781.30	0.00
5	1/4/2026		394,967.53	1.800	233,096.06	628,063.59	628,063.59	12,554,813.77	0.00
6	1/4/2027		402,076.94	1.800	225,986.65	628,063.59	628,063.59	12,152,736.83	0.00
7	1/4/2028		409,314.33	1.800	218,749.26	628,063.59	628,063.59	11,743,422.50	0.00
8	1/4/2029		416,681.98	1.800	211,381.61	628,063.59	628,063.59	11,326,740.52	0.00
9	1/4/2030		424,182.26	1.800	203,881.33	628,063.59	628,063.59	10,902,558.26	0.00
10	1/4/2031		431,817.54	1.800	196,246.05	628,063.59	628,063.59	10,470,740.72	0.00
11	1/4/2032		439,590.26	1.800	188,473.33	628,063.59	628,063.59	10,031,150.46	0.00
12	1/4/2033		447,502.88	1.800	180,560.71	628,063.59	628,063.59	9,583,647.58	0.00
13	1/4/2034		455,557.93	1.800	172,505.66	628,063.59	628,063.59	9,128,089.65	0.00
14	1/4/2035		463,757.98	1.800	164,305.61	628,063.59	628,063.59	8,664,331.67	0.00
15	1/4/2036		472,105.62	1.800	155,957.97	628,063.59	628,063.59	8,192,226.05	0.00
16	1/4/2037		480,603.52	1.800	147,460.07	628,063.59	628,063.59	7,711,622.53	0.00
17	1/4/2038		489,254.38	1.800	138,809.21	628,063.59	628,063.59	7,222,368.15	0.00
18	1/4/2039		498,060.96	1.800	130,002.63	628,063.59	628,063.59	6,724,307.19	0.00
19	1/4/2040		507,026.06	1.800	121,037.53	628,063.59	628,063.59	6,217,281.13	0.00
20	1/4/2041		516,152.53	1.800	111,911.06	628,063.59	628,063.59	5,701,128.60	0.00
21	1/4/2042		525,443.28	1.800	102,620.31	628,063.59	628,063.59	5,175,685.32	0.00
22	1/4/2043		534,901.25	1.800	93,162.34	628,063.59	628,063.59	4,640,784.07	0.00
23	1/4/2044		544,529.48	1.800	83,534.11	628,063.59	628,063.59	4,096,254.59	0.00
24	1/4/2045		554,331.01	1.800	73,732.58	628,063.59	628,063.59	3,541,923.58	0.00
25	1/4/2046		564,308.97	1.800	63,754.62	628,063.59	628,063.59	2,977,614.61	0.00
26	1/4/2047		574,466.53	1.800	53,597.06	628,063.59	628,063.59	2,403,148.08	0.00
27	1/4/2048		584,806.92	1.800	43,256.67	628,063.59	628,063.59	1,818,341.16	0.00
28	1/4/2049		595,333.45	1.800	32,730.14	628,063.59	628,063.59	1,223,007.71	0.00
29	1/4/2050		606,049.45	1.800	22,014.14	628,063.59	628,063.59	616,958.26	0.00
30	1/4/2051		616,958.26	1.800	11,105.25	628,063.51	628,063.51	0.00	0.00
			14,500,000.00		4,341,907.62	18,841,907.62	18,841,907.62		0.00

EXHIBIT D – SPECIAL CONDITIONS

Recipient acknowledges and agrees to the following special conditions:

Environmental:

The documents identified below are incorporated by reference and the Recipient shall comply with the conditions and recommendations therein:

1. The adopted January 11, 2017 Mitigation Monitoring and Reporting Program, including but not limited to, the following mitigation measures:
 - BIO-1 through BIO-2 for biological resources; and
 - CUL-1 through CUL-11 for cultural resources.

The Recipient shall make no changes to the Project, construction area, or special conditions without obtaining the appropriate and necessary prior approval(s) from the State Water Board.

REPORTING TO THE STATE WATER BOARD

1. In its status reports submitted pursuant to this Agreement, the Recipient shall include a discussion of the status of its compliance with environmental measures identified in this Exhibit D.
2. In its Project Completion Report submitted pursuant to this Agreement, the Recipient shall include a discussion of its compliance with environmental measures identified in this Exhibit D.

Technical:

1. The Recipient must submit proof of submittal of the Title 22 Report to Division of Drinking Water prior to construction funds being disbursed. The Agreement will not be amended to include the Final Budget Approval (FBA) without receipt of these submittals.

Legal:

1. As a condition precedent to this Agreement, the Recipient must deliver an opinion of bond counsel and general counsel satisfactory to the State Water Board's counsel.

The Recipient agrees to comply with the following federal conditions:

(A) Federal Award Conditions

- (1) American Iron and Steel. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.
- (2) Wage Rate Requirements (Davis-Bacon). The Recipient shall include in full the language provided in Exhibit G of this Agreement in all contracts and subcontracts.
- (3) Signage Requirements. The Recipient shall comply with the USEPA's Guidelines for Enhancing Public Awareness of SRF Assistance Agreements, dated June 3, 2015, as otherwise specified in this Agreement.
- (4) Public or Media Events. The Recipient shall notify the State Water Board and the EPA contact as provided in the notice provisions of this Agreement of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- (5) EPA General Terms and Conditions (USEPA GTCs). The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/ogd>, including but not limited to the following:
 - (a) DUNS. No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.
 - (b) Executive Compensation. The Recipient shall report the names and total compensation of each of its five most highly compensated executives for the preceding completed fiscal year, as set forth in the USEPA GTCs.
 - (c) Federal Exclusion or Disqualification. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction

as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.

- (d) Conflict of Interest. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- (e) Copyright and Patent.
- i. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
 - ii. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
- (f) Credit. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the following statement:
- “This project has been funded wholly or in part by the United States Environmental Protection Agency and the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency or the State Water Resources Control Board, nor does the EPA or the Board endorse trade names or recommend the use of commercial products mentioned in this document.”
- (g) Electronic and Information Technology Accessibility. The Recipient is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
- (h) Trafficking in Persons. The Recipient, its employees, contractors and subcontractors and their employees may not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing. Trafficking Victims Protection Act of 2000.

- (6) By signing this Agreement, the Recipient certifies to the best of its knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

The Recipient shall require this certification from all parties to any contract or agreement that the Recipient enters into and under which the Recipient incurs costs for which it seeks disbursements under this Agreement.

- (B) Super Cross-Cutters - Civil Rights Obligations. The Recipient must comply with the following federal non-discrimination requirements:

- (1) Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
- (2) Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
- (3) The Age Discrimination Act of 1975, which prohibits age discrimination.
- (4) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
- (5) 40 CFR Part 7, as it relates to the foregoing.

- (C) WRRDA Conditions

- (1) Architectural and engineering contracts. Where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.
- (2) Fiscal sustainability. The Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project that includes an inventory of critical assets that are a part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the recipient has evaluated and will be implementing

water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.

(D) Cross-Cutters

- 1) Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

"During the performance of this contract, the contractor agrees as follows:"(a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

"(g) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

- (2) Disadvantaged Business Enterprises (40 CFR Part 33). The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises. The DBE rule can be accessed at www.epa.gov/osbp . The Recipient shall comply with, and agrees to require its prime contractors to comply with 40 CFR Section 33.301, and retain all records documenting compliance with the six good faith efforts. (IUP)
- (3) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/> .
- (4) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- (5) The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.

(E) Geospatial Data Standards

All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.

EXHIBIT F – SCHEDULE OF SYSTEM OBLIGATIONS

Except for the following and the Obligation evidenced by this Agreement, the Recipient certifies that it has no outstanding System Obligations or Other Material Obligations, and that it is in compliance with all applicable additional debt provisions of the following:

The following outstanding debt is senior to the Obligation:

Title

The following outstanding debt is on parity with the Obligation:

Title
2012 Wastewater Revenue Bonds
2015A Wastewater Revenue Bonds
2015B Wastewater Revenue Bonds
CWSRF Project No. 4156-110
CWSRF Project No. 4156-210
CWSRF Project No. 4156-310
CWSRF Project No. 4695-110
CWSRF Project No. 8113-110
CWSRF Project No. 8115-110

The following outstanding debt is subordinate to the Obligation:

Title

** The term "Contract" as used in this Agreement means the above listed obligations.

For the purposes of this Exhibit only, "subrecipient" or "sub recipient" means Recipient as defined in this Agreement.

For the purposes of this Exhibit only, "recipient" or "State recipient" means the State Water Board.

I. Requirements Under the Water Resources Reform and Development Act of 2014 (WRRDA) For Subrecipients That Are Governmental Entities:

If a sub recipient has questions regarding when Davis-Bacon (DB) applies, obtaining the correct DB wage determinations, DB provisions, or compliance monitoring, it may contact the State Water Board at DavisBacon@waterboards.ca.gov or phone (916) 327-7323. The recipient or sub recipient may also obtain additional guidance from DOL's web site at <http://www.dol.gov/whd/>.

1. Applicability of the Davis-Bacon (DB) prevailing wage requirements.

Under the Water Resources Reform and Development Act of 2014 (WRRDA) -, DB prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund. If a sub recipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the sub recipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations.

(a) Sub recipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

(i) While the solicitation remains open, the sub recipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The sub recipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the sub recipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the sub recipient.

(ii) If the sub recipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the sub recipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The sub recipient shall monitor www.wdol.gov on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the sub recipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the sub recipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.

(c) Sub recipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a sub recipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the sub recipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the sub recipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The sub recipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract provisions.

(a) The Recipient shall insure that the sub recipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF - financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or FY 2014 Water Resource Reform and Development Act, the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in §5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers. Sub recipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The sub recipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the sub recipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the sub recipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the sub recipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The sub recipient(s) shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site

of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the sub recipient, that is, the entity that receives the subgrant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the sub recipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <https://www.dol.gov/whd/forms/index.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the sub recipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sub recipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or sub contractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification.

If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6,

and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and sub recipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility. (i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1). (ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1). (iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The sub recipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.⁴²

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$25 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The sub recipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of

this section. (b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Sub recipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Sub recipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

5. Compliance Verification

(a) The sub recipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(3), all interviews must be conducted in confidence. The sub recipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(b) The sub recipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Sub recipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Sub recipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

(c) The sub recipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The sub recipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the sub recipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Sub recipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the sub recipient shall verify evidence of fringe benefit plans and payments there under by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The sub recipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Sub recipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

1. CALIFORNIA DEBT INVESTMENT ADVISORY COMMISSION (CDIAC)

Where Recipient is a public entity, Recipient acknowledges its responsibility to file debt obligations with the CDIAC. Recipient understands that CDIAC has waived filing fees for State Water Board SRF debt.

2. COMPLIANCE WITH STATE REQUIREMENTS

Recipient represents that it complies with the following conditions precedent and shall continue to maintain compliance:

(1) Water Conservation

The Recipient certifies that it complies with and shall continue to comply with any applicable water conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.

(2) Monthly Water Diversion Reporting

If Recipient is a water diverter, Recipient must maintain compliance with Water Code section 5103, subdivision (e)(2)(A) by submitting monthly diversion reports to the Division of Water Rights of the State Water Resources Control Board.

(3) Public Works Contractor Registration with Department Of Industrial Relations

To bid for public works contracts, Recipient and Recipient's subcontractors must register with the Department of Industrial Relations as required by Labor Code sections 1725.5 and 1771.1.

(4) Volumetric Pricing & Water Meters

If Recipient is an "urban water supplier" as defined by Water Code section 10617, Recipient must charge each customer for actual water volume measured by water meter according to the requirements of Water Code sections 526 and 527. Section 527 further requires that such suppliers not subject to section 526 install water meters on all municipal and industrial service connections within their service area by 2025.

(5) Urban Water Management Plan

If Recipient is an "urban water supplier" as defined by Water Code section 10617, the Recipient certifies that this Project complies with the Urban Water Management Planning Act (Water Code, § 10610 et seq.). This shall constitute a condition precedent to this Agreement.

(6) Urban Water Demand Management

If Recipient is an "urban water supplier" as defined by Water Code section 10617, Recipient must comply with water conservation measures established by SBx7-7. (Water Code, Sec. 10608.56.)

(7) Delta Plan Consistency Findings

If Recipient is a state or local public agency and the proposed action is covered by the Delta Plan, Recipient must submit certification of project consistency with the Delta Plan to the Delta

Stewardship Council according to the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.

(8) Agricultural Water Management Plan Consistency

If Recipient is an agricultural water supplier as defined by Water Code section 10608.12, Recipient must comply with Agricultural Water Management Planning requirements as mandated by Water Code section 10852.

(9) Charter City Project Labor Requirements

If Recipient is a charter city as defined in Labor Code section 1782, subdivision (d)(2), Recipient will comply with the requirements of Labor Code section 1782 and Public Contract Code section 2503 as discussed in the following subparts (1) and (2).

(a) Prevailing Wage

Recipient certifies that it is eligible for state funding assistance notwithstanding Labor Code section 1782.

Specifically Recipient certifies that no charter provision nor ordinance authorizes a construction project contractor not to comply with Labor Code's prevailing wage rate requirements, nor, within the prior two years (starting from January 1, 2015 or after) has the city awarded a public works contract without requiring the contractor to comply with such wage rate requirements according to Labor Code section 1782.

(b) Labor Agreements

Recipient certifies that no charter provision, initiative, or ordinance limits or constrains the city's authority or discretion to adopt, require, or utilize project labor agreements that include all the taxpayer protection antidiscrimination provisions of Public Contract Code section 2500 in construction projects, and that Recipient is accordingly eligible for state funding or financial assistance pursuant to Public Contract Code section 2503.



FUTURE CITY COUNCIL AGENDA ITEMS

Updated January 9, 2019

AGENDA ITEMS AND CITY COUNCIL MEETING DATES ARE SUBJECT TO CHANGE.
CHECK WITH THE CITY CLERK'S OFFICE AT 839-4617

January 23, 2019

4:30 p.m.

CONSENT CALENDAR

California Library Literacy Services Families for Literacy Grant Application and Budget Adjustment

(J. Axelrod)

Request the City Council approve authorizing an application to the California Library Literacy Services Families for Literacy Grant; executing grant documents; and approval of budget adjustments.

Will Eisner Graphic Novel Grant Application and Budget Adjustment

(J. Axelrod)

Request the City Council approve authorizing an application to the 2019 Will Eisner Graphic Novel Grants for Libraries; executing grant documents; and approval of budget adjustments.

Donation of Two Retired Surplus Ambulances to the Crown Firecoach Enthusiasts

(W. Wolfe)

The Southern California Chapter of the Crown Firecoach Enthusiasts, a non-profit, 501c3 organization is involved in the acquisition and restoration of vintage fire equipment which is then utilized for public service activities such as parades and educational events. The City currently has two out of service former Paramedic / Ambulances designated as surplus and are slated for auction. The Crown Firecoach Enthusiasts have requested that The City donate these vehicles to their organization to be utilized as "Mobile Public Event Command Centers" at future events. Alternatively, The City would auction these vehicles, which have an estimated value of \$7500 each.

Resolution Opposing Offshore Oil Drilling

(W. Wolfe)

At the December 19, 2018, City Council Meeting during Oral Communications a speaker provided information regarding a Federal proposal to begin offshore oil drilling in the Pacific Coastal Waters. The speaker provided information and statistics regarding the coastal waters impact on the economy, and the dangers of offshore oil drilling. At the conclusion of the meeting, Councilmember Diaz requested support from her colleagues to prepare a Resolution opposing oil drilling off the coast of Southern California.

January 23, 2019
Continued

CONSENT CALENDAR Continued

Public Services Agreement with Blue Heron Consulting
(S. Bennett)

On August 12, 2015, the City Council adopted Resolution No. 2015-139, approving the Oracle bundled package software, licensing, and implementation service costs to upgrade the existing Utility Billing software to Oracle's Customer Care and Billing. This included a contract with Blue Heron Consulting to provide system integration services for the implementation of the software. The City went live successfully with the software upgrade in August 2016. However, technology upgrades and improved services Citywide require configuration changes to the current utility billing software environment.

PUBLIC HEARINGS

CURRENT BUSINESS

Bid Award for Storm Drain Pipe Lining and Rehabilitation Project
(J. Procopio)

On August 1, 2017, the City Council approved a contract with Brown and Caldwell to assess and survey the City's storm drain system. Brown and Caldwell televised and rated the condition of 20-miles of corrugated metal pipelines and summarized the findings in a report ranking the priority for rehabilitation. Four pipeline locations have been repaired using open cut methods to date and one pipeline has been replaced. Bids have been received for the highest priority pipelines that can be rehabilitated with the cured in place pipe lining method. Staff recommends award to the lowest responsive and responsible bidder.

2017-2018 City Council Action Plan Update
(W. Wolfe)

The City Council Action Plan represents the City Council's collective vision for Escondido's future, and the key activities that will be undertaken to achieve that vision. It is developed biennially following a workshop where key policy interests are identified and discussed by the City Council and City staff. This is the final review of the 2017-2018 Council Action Plan that was approved by the City Council in April 2017.

2019 City of Escondido Budget Process
(J. Epp)

Staff review and Council direction on the process and calendar involved in developing and presenting the City's comprehensive Operating Budget, including the General, Enterprise, Special Revenue, Trust, Debt, and Internal Service Funds, as well as the Capital Improvement Plan Budget, for City Council approval.

FUTURE AGENDA ITEMS

January 30, 2019
NO MEETING (5th Wednesday)

Weekly Activity Report



January 10, 2019

Update: Washington Park Skate and Parking Lot Project

New Line Skateparks is the successful bidder for the design of the Washington Park Skate and Parking Lot Expansion Project. This project includes the design of a permanent, custom, 5,000 sq. ft. concrete, all-wheel skate spot and expanded parking lot in Washington Park. Details on the history of this project and the forthcoming community outreach timeline can be found on the City's homepage under [Current Issues](#).

City Hall Landscape Project Nearing Final Phase

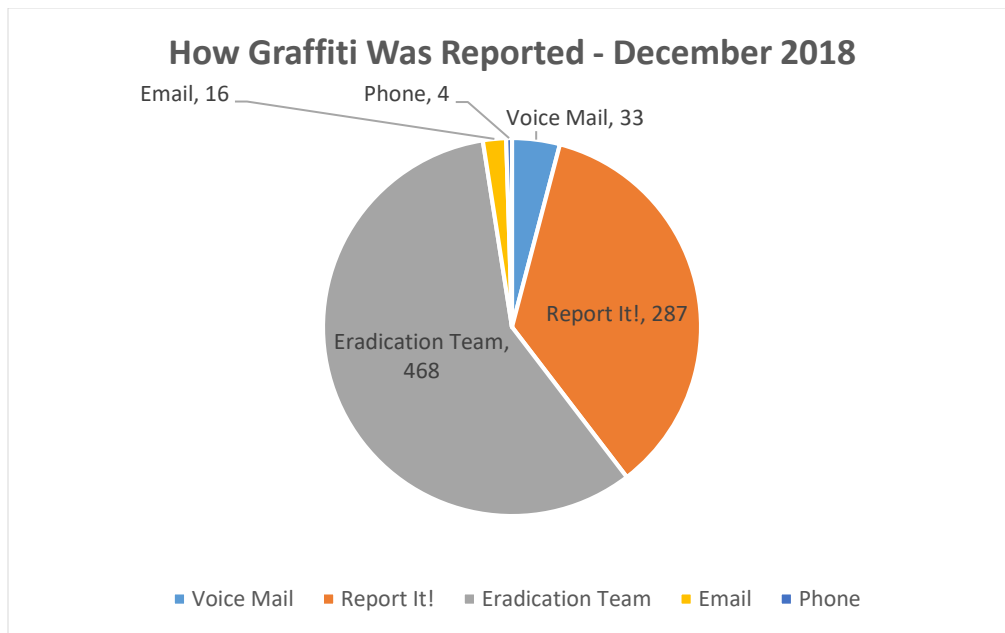
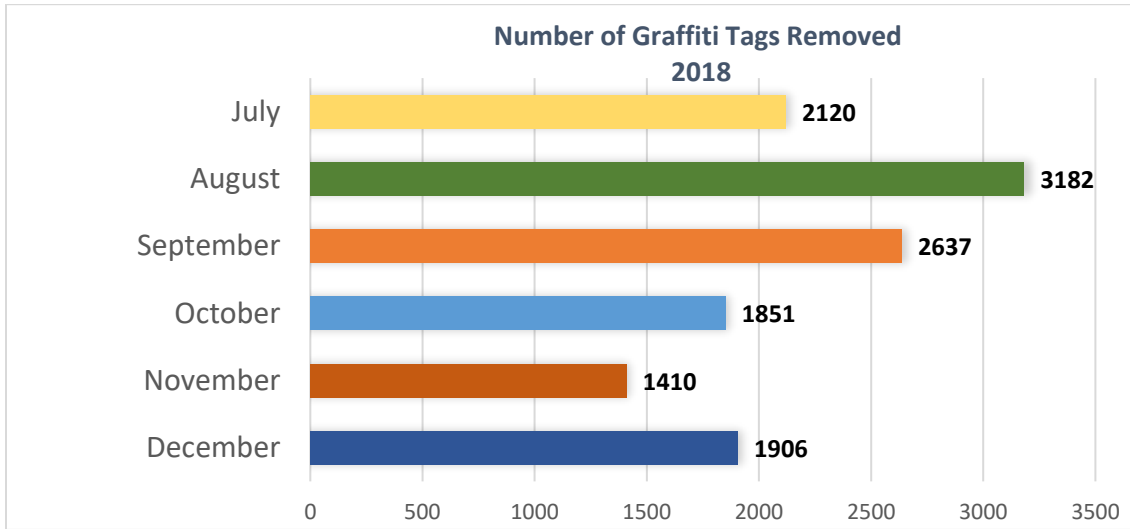
During the past several months Public Works crews have been conducting maintenance efforts at City Hall to ensure the building's long-term sustainability and aesthetics. Most recently, large non-native Podocarpus trees surrounding the City Hall fountain were removed and those planter areas and the fountain were refurbished. At that time, several large Podocarpus trees immediately adjacent to the south side of City Hall were also removed as they had overgrown their planter and were impacting the structure.

The same impacts are occurring with the 13 remaining Podocarpus trees planted adjacent to the City Hall building. Public Works crews are scheduled to remove these trees, and the shrub in the foreground, over this weekend to address our immediate concerns of community safety and building integrity. After the trees are removed, time and effort will be devoted to preparing the planter beds prior to planting alternative species.

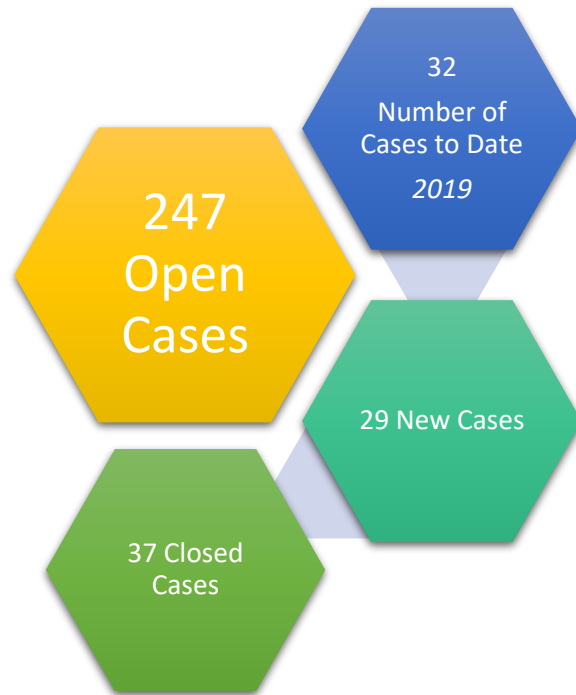


BY THE NUMBERS

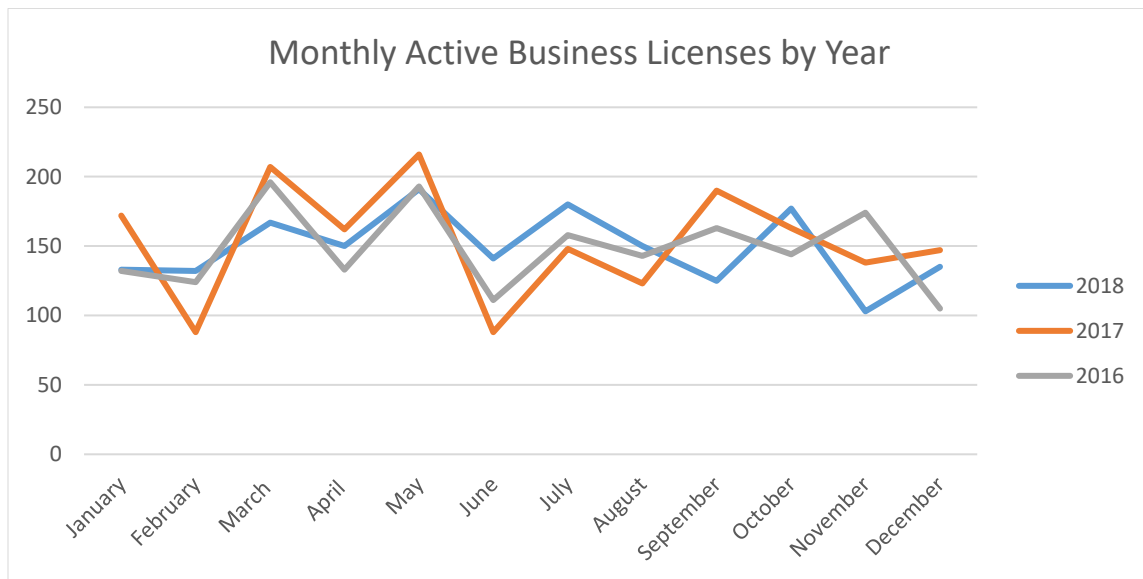
Public Works



Code Enforcement



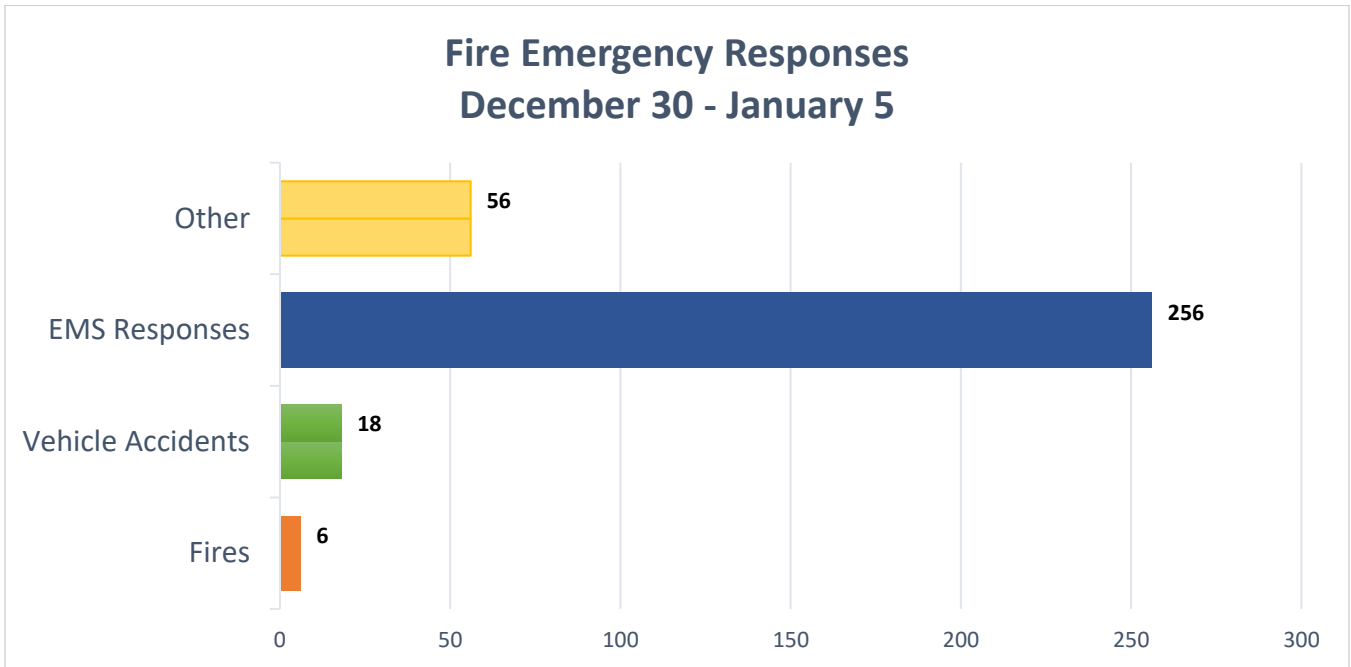
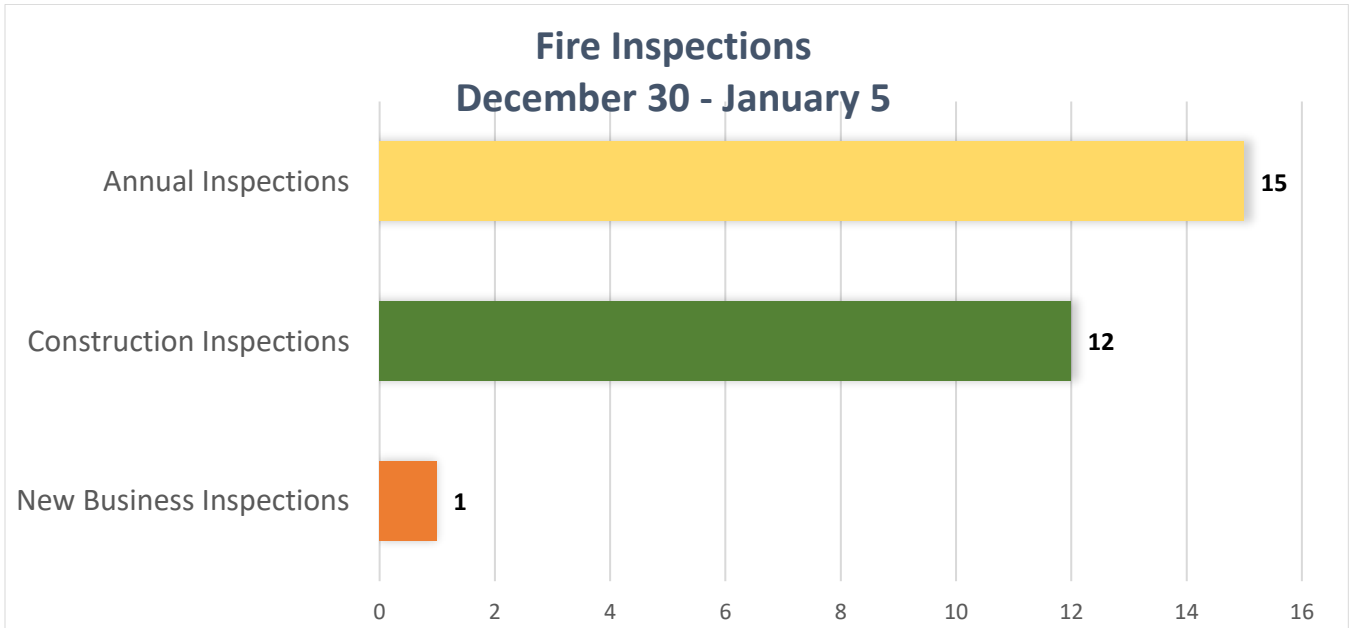
Business Licenses



Graffiti Restitution

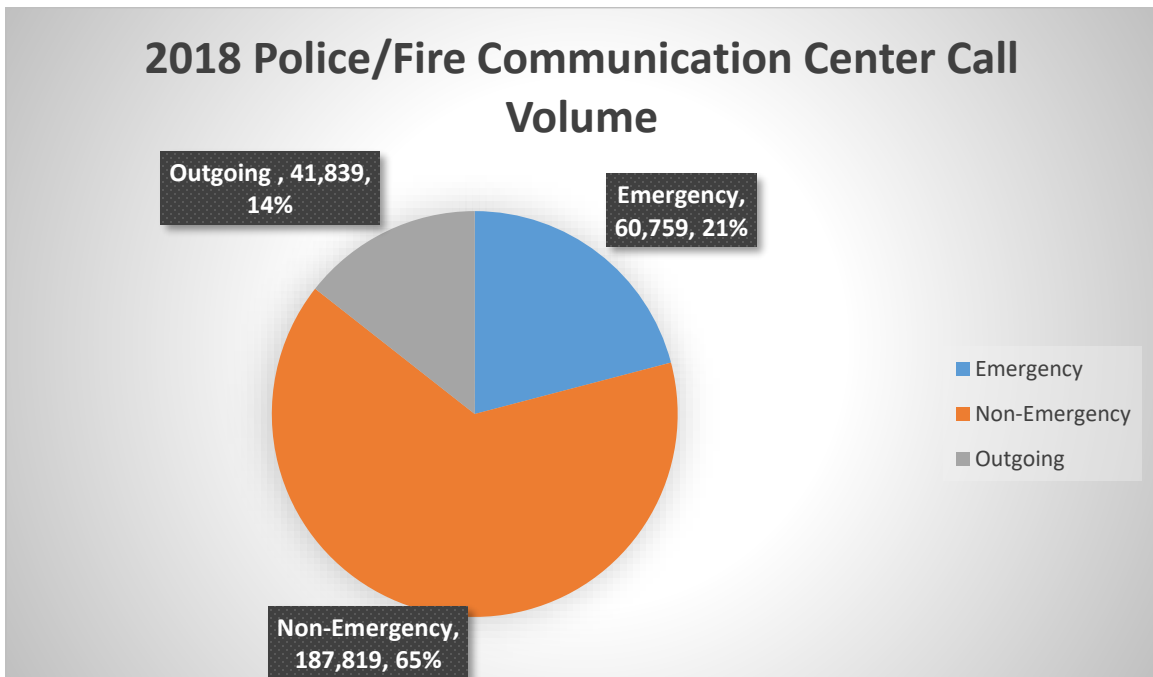
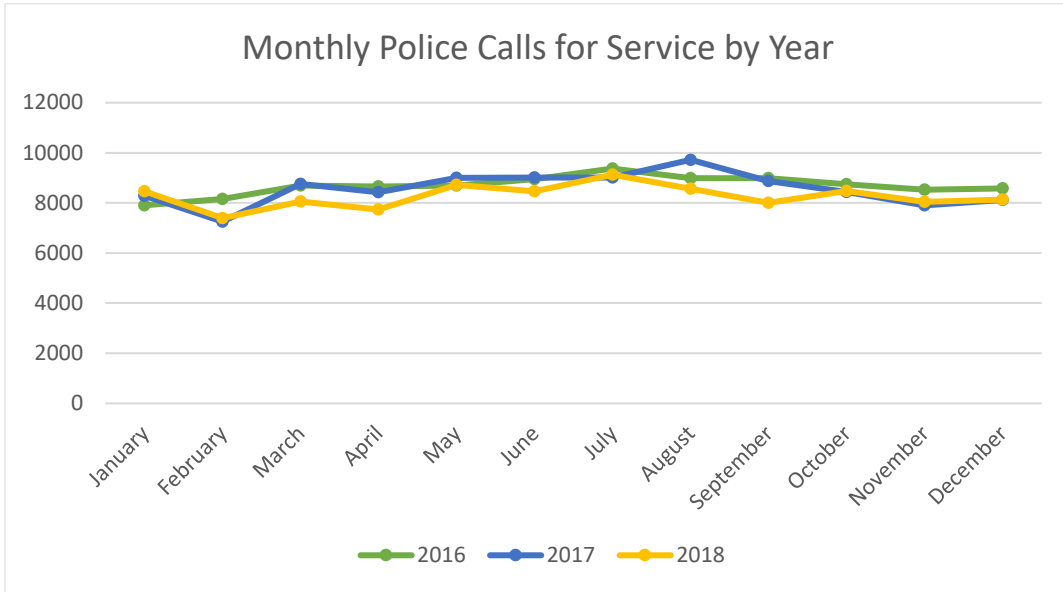
Collected This Week	Collected Year to Date
\$632.63	\$632.63

Fire

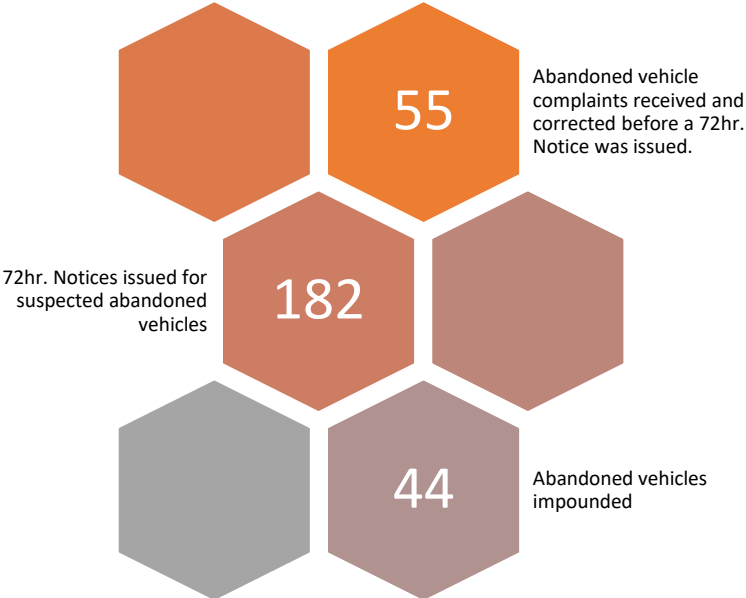


Total Emergency Responses (Year To Date)	16,326
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Police

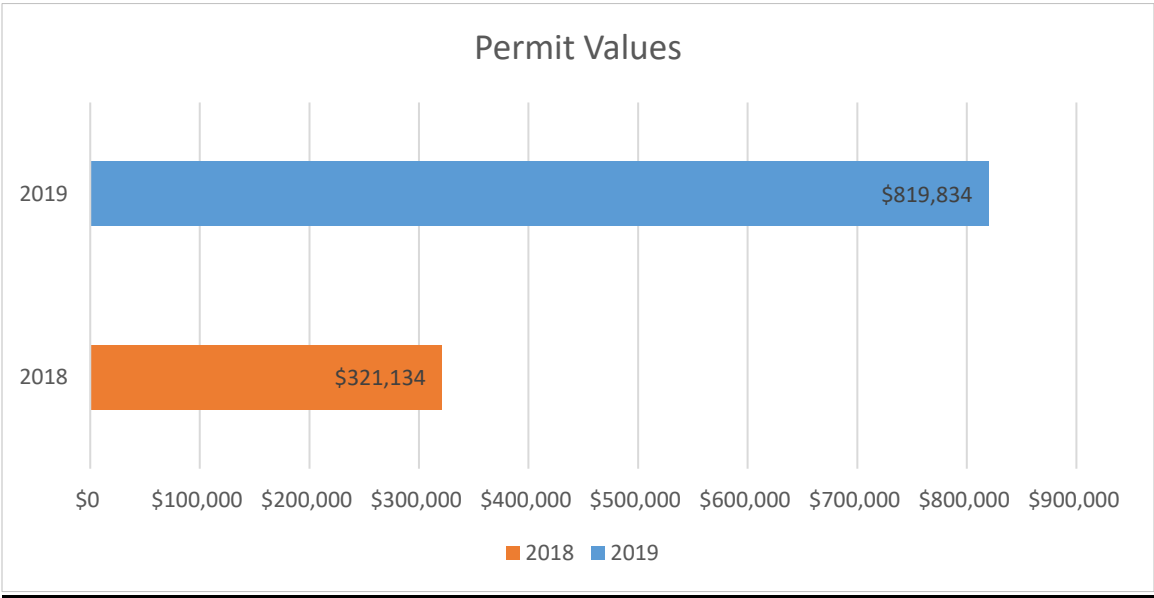


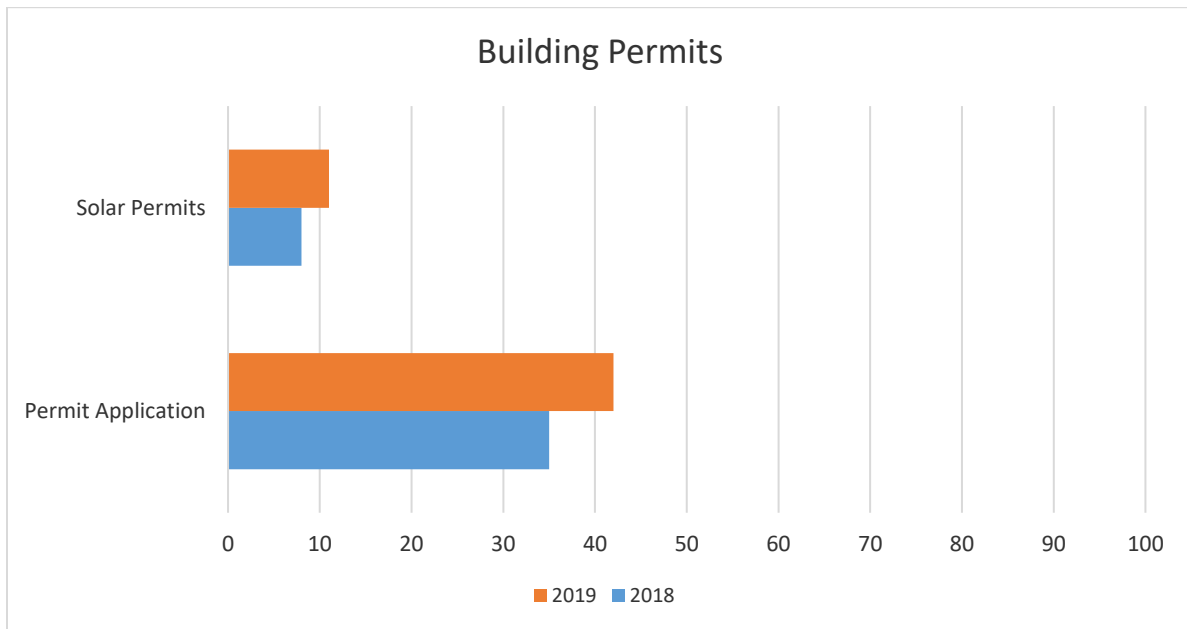
December Abandoned Vehicle Data



Building Division:

**Data reflects activity through January 5th of each year*





POLICE DEPARTMENT

Incidents:

EPD PERT Officer Helps End CHP Pursuit

On January 1, 2019 at 4:56 p.m. Escondido police officers responded to assist CHP with a vehicle pursuit that started on the freeway and ended in the parking lot of the Escondido Police and Fire Headquarters building. The driver of the car suffers from a mental illness and refused to exit the car. An EPD PERT officer was familiar with the driver and assisted CHP by speaking to her. The PERT program partners a police officer with a psychiatric clinician who respond to calls for service involving those with mental illness. PERT officers develop a good rapport with their clients. As a result of that rapport, the PERT officer was able to convince the driver of the car to lower her window, giving CHP officers a chance to get her out of the car successfully. CHP handled the investigation.

DUI Driver Arrested After Slow Speed Pursuit

On January 1, 2019 at 11:17 p.m. officers responded to reports of a car traveling west in the eastbound lanes of Country Club Dr., near Centre City Pkwy. Officers attempted to stop the car, but it continued at slow speeds for another mile and a half. The pursuit ended when the car struck a light pole. The driver, Juan Rosales (59-year-old resident of Escondido) was arrested and charged with driving under the influence, and evading police.

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.

- 4 arrest

- 4 citations
- 21 extra patrols

Another Family Reunited

A few months ago, a woman came from Santee to Escondido for sobering services. After being sober for five months, the woman made it known that her goal was to reunite with family that lived in Texas. Representatives from Interfaith reached out to the EPD COPPS Unit, who were able to contact her family. The family invited the woman to live with them in Texas, and the COPPS Unit made the travel arrangements. This is the latest story of the over 60 people that the COPPS Unit has helped reunite with family.

COPPS Unit Leads Man to Sobriety

A gentleman in Escondido was homeless and suffered from alcoholism. The alcoholism resulted in police contacting him on over 100 occasions, resulting in over 30 arrests. EPD's hard work paid off as this gentleman recently completed a treatment program and now has a steady job. With a new life ahead of him, he thanked the EPD COPPS Unit for pushing him to sobriety and helping him to obtain employment.

***It is important to note that these outcomes would not be possible without the help of our fellow City of Escondido team members, and the many community partnerships that join us in helping those in-need. Thank you!

COMMUNITY DEVELOPMENT

Major Projects Update

The following major projects are being reviewed and coordinated by Planning, Engineering, Fire, Building and Utilities. The list of projects below encompasses recent project updates and/or milestones from last week.

Commercial / Office:

1. Escondido Research and Technology Center (ERTC) – West (Developer: James McCann) 2181 Citracado Parkway – 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. The grading permit is ready to be issued once Planning receives information from the applicant that assures adequate parking is provided.
2. Escondido Research and Technology Center (ERTC) – East (Developer: James McCann) 2130 Citracado Parkway – Building plans for the first 71,656 SF medical office building in this approved medical complex area across from Palomar Hospital were submitted into plan check on October 9, 2018. Fire has approved the plans. Planning has a hold on the permit until the parking issues below are resolved.

A Specific Plan Amendment (SPA) will be required to move the temporary parking lot on this medical building site to another location within ERTC. The SPA application was submitted on November 13, 2018, and proposes the construction of a new temporary parking lot at the southern end of the ERTC development on Lots 10-15 and a permanent parking lot on Lot 1. Fire is requesting paving for all driveways in the proposed temporary parking lot. A comment

letter regarding parking counts and storm water requirements was sent to the applicant in mid-December. The applicant provided a draft MOU document on January 4, 2019 (intended to be signed by applicant, PPH and City) explaining the phasing and proposed parking improvements. Revised parking lot plans for both the permanent and temporary lots were received on January 8, 2019.

Industrial

1. Escondido Self-Storage Facility (Developer: Brandywine Homes, Inc.) 2319 Cranston Dr. – Updated building plans were resubmitted into plan check on July 24, 2018. Esgil and Fire have approved the plans. Planning provided comments on the building plans on September 19, 2018. The final map was approved by City Council on September 19, 2018, and has recorded. The grading permit has been approved and the final improvement plan mylars have been signed. The building plans have been approved by Esgil and Fire. The Planning approval is still outstanding and awaiting minor plan revisions to be returned by applicant.
2. Citracado Business Park (Developer: Dentt Properties) 2207 Harmony Grove Road – A proposed specific plan for two industrial warehouse/office buildings (145,930 SF and 125,930 SF) with the buildings to be separated by the future extension of Citracado Parkway. The application was submitted on August 14, 2018. All departments have completed their initial review and comments were sent to the applicant on September 17, 2018. SDG&E also has provided comments regarding the high voltage power lines that traverse the site. The applicant's traffic consultant submitted revised methodology and distribution to Engineering on October 19, 2018. A meeting with the applicant to review the various departmental comments occurred on October 29, 2018. Another round of comments related to the proposed specific plan have also been provided. A revised submittal including the remaining environmental documents is expected soon.

City Projects

1. Micro-Filtration Reverse Osmosis (Developer: City of Escondido Utilities Department) SE corner Ash/Washington – The City Council approved a contractual agreement with Black and Veatch for engineering services on April 4, 2018. A project design kick-off meeting occurred on June 13, 2018. A Request for Qualifications to solicit a Design/Build firm was released the first week of September. The RFP was issued to a short-list of three selected consultants with a deadline of December 20, 2018, to submit their proposals. It is anticipated the City Council will discuss and provide direction to staff concerning the location of the MFRO on January 16, 2019.
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. Additional information has been compiled and analyzed by the City's biological consultants based on recent conversations with the agencies. The biological consultant and staff met with the wildlife agencies on November 28, 2018 to discuss a modified

approach to fulfilling mitigation requirements. Written information summarizing what was discussed at the meeting was transmitted to the agencies on December 4, 2018.

Institutional

1. 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. The City Council authorized review of a General Plan Amendment request on March 21, 2018, which was necessary to review the request to allow a third floor for the building. The applicant has been actively engaged with Fire, Engineering and Planning staff and has provided several revisions intended to address identified issues with the most recent project revision received on June 25, 2018. Public review of the draft Mitigated Negative Declaration (MND) commenced on January 11, 2019 and closes on February 11, 2019. A Planning Commission hearing has tentatively been scheduled for March 12, 2019.

Residential

1. 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 Draft 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>

The responses to comments have generated related revisions to the project design. The applicant's engineer submitted a revised tentative map on October 26, 2018. Generally, the amount of grading and the area of disturbance has decreased, while the overall number of 550 residential lots has remained the same. The revised Tentative Map and exhibits have been posted on-line at the link above.

2. 18 lots at 701 San Pasqual Valley Rd (Developer: Bob Stewart) – Staff comments on the revised tentative map were issued the last week of July 2017. Planning staff met with the applicant on June 27, 2018 to discuss remaining issues. The applicant has occasionally engaged in discussions with various departments since that time, but has declined a staff offer to schedule a comprehensive meeting with all city departments. Revised plans were submitted the week of November 26, 2018. Fire has noted several previously identified issues remain unaddressed. Planning and Engineering expect to issue comments next week.
3. 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 applicant submitted rough grading plans, drainage improvement plans and utility relocation plans for all three villages on May 7, 2018. There have been three rounds of plan checks on the rough grading plans since the original submittal and a permit-ready letter for rough grading was issued on August 31, 2018 and revised on September 4, 2018. Landscape plans were submitted on June 5, 2018, and a second submittal was received on October 2, 2018. The applicant submitted the final map and other improvement plans on July 9, 2018. Additional comments on the improvement plans, utility location plans, storm drain plans and all technical

studies were provided by Engineering on September 11, 2018. Country Club Lane street improvement plans were submitted for first plan check on October 9, 2018, and Engineering comments were provided on November 21, 2018. Second plan check submittal for the Country Club Lane street improvement plans and fourth plan check for the Village 1 rough grading plan are expected to be submitted mid-January. Preliminary floor plans were reviewed and commented on by Planning at the end of December. Architectural plans are expected soon.

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:

<https://www.escondido.org/ecc.aspx>

5. North Avenue Estates (Developer: Casey Johnson) 34 lots at North Ave./Conway Dr. –The City Council approved the project on January 10, 2018. LAFCO approved the annexation application on October 1, 2018, and the annexation has recorded. The new homebuilder, Taylor Morrison Homes submitted a Precise Development Plan to Planning on December 14, 2018. Grading plans, final map and improvement plans were submitted for review on December 7, 2018.
6. Aspire (106 condo units on Municipal Lot 1) (Developer: Addison Garza, Touchstone Communities) – The proposal consists of a six-story mixed-use development across from City Hall 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 the most recent resubmittal of the project plans was received on May 10, 2018. Fire is awaiting confirmation that Maple Street will support the weight of their apparatus. A Traffic Impact Analysis has been provided and Planning is awaiting submittal of the rest of the environmental documentation for review. A meeting with the applicant occurred on September 12, 2018, to discuss remaining project issues. A purchase and sale agreement for the project site (Parking Lot 1) was approved by the City Council on September 19, 2018. Concerns regarding parking have been expressed; and the applicant has brought a parking consultant on board to review the issue.
7. The Ivy (95 condo units at 343 E. 2nd) (Developer: Addison Garza, Touchstone Communities) - The condo project was initially submitted for entitlement processing on June 23, 2017. Subsequent meetings with the applicant and staff have been on-going, and the most recent resubmittal of the project plans was received on May 10, 2018. An environmental initial study and Draft Mitigated Negative Declaration (MND) were submitted for review on June 11, 2018. Comments on the MND were sent to the applicant and consultant on July 30, 2018, and revised documents are expected soon.
8. 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. Outstanding issues include guest parking, drainage, additional fire hydrant and an ambulance turnaround. A meeting with the applicant to discuss these issues took place on October 11, 2018. Revised plans were resubmitted on November 29, 2019. Planning, Engineering and Fire returned comments in early December.

9. 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. Four meetings with the applicant team and multiple city departments have occurred since the project submittal to discuss project design issues. A constraints map to identify fire access routes and locations of existing utilities has been approved by staff and the applicant utilized that map to submit a revised project on November 21, 2018. Staff comments from Planning, Engineering, Utilities and Fire were returned to the applicant on December 27, 2018.
10. Sager Ranch/Daley Ranch Resort Specific Plan (Developer: J. Whalen Associates, Inc., Sager Ranch Partners) 203 housing units and 225-room resort hotel on 1,783-acres, just north and east of Daley Ranch – This proposed residential and resort hotel annexation and specific plan project was received on March 2, 2018. The project submittal has been deemed incomplete and a letter from staff requesting additional project related information was sent to the applicant on April 4, 2018. Requested information includes annexation exhibits, proposed general plan amendment text, a proposed Transfer of Development Rights Program, environmental initial study, and a fiscal impact analysis. Planning met with the applicant on May 17, 2018 to discuss items listed in the letter. A follow-up meeting to discuss engineering issues occurred on June 27, 2018. The applicant met with Escondido Fire and Valley Center Fire on August 1, 2018 to discuss fire protection issues. Significant fire-related issues to be addressed include the steepness of the project entry road, secondary emergency access and Fire Department response times. A follow-up meeting with the applicant to discuss these issues occurred on October 11, 2018.

A project webpage containing draft documents and plans has been added to the Planning Division's website at the following link:

[Daley Ranch Resort Specific Plan - City of Escondido](#)

11. Nutmeg Condo General Plan Amendment (Developer: Jim Simmons, CCI) 137 townhome condo units on 7.7 acres on both sides of Nutmeg between I-15 and Centre City Parkway – This proposed multi-family residential development includes a GPA from Office to Urban III (up to 18 du/acre) as well as a vacation of approximately one acre of public right-of-way for use in the project. The project application was received on June 15, 2018. Comments from Planning, Fire, Engineering, Utilities and Traffic Engineering were provided to the applicant on July 13, 2018. A follow-up meeting with the applicant to discuss the comments occurred on July 31, 2018. Engineering has indicated that a specific alignment plan will be required to address the street radius on Nutmeg along the project frontage. Fire has identified some access issues that need to be addressed as well. Based on a preliminary environmental study of the project, it has been determined that an Environmental Impact Report will be prepared to support the project. A Notice of Preparation was sent out on August 29, 2018, and closed on October 1, 2018. A Scoping Meeting occurred on September 6, 2018. The applicant submitted revised plans and studies on October 16, 2018. Engineering, Utilities and Fire provided comments on the revised plans on November 13, 2018. A follow-up meeting with the applicant occurred on November 28, 2018. Traffic Engineering provided comments on the Traffic Impact Analysis on December 10, 2019. Staff comments on the first screen check draft of the EIR are expected to be issued this week.

12. Oak Creek (Builder: KB Homes) 65 single-family residential lots on approximately 44 acres at Felicita Road and Hamilton Lane – The original developer, New Urban West, has secured permits from CDFW, ACOE and RWQCB. The new builder (KB Homes) filed an application to revise the architecture and reduce the size of the homes. The Zoning Administrator approved a modification to the Precise Development Plan to revise the architecture on October 25, 2018. Grading, drainage and storm water management plans were submitted for first plan check on July 25, 2018. Fire and Engineering issued comments on the rough grading plan on September 4, 2018. Second plan check submittals for rough grading and off-site improvements were received on October 23, 2018 and those plan checks have been completed. Fence and wall plans were submitted the second week of December. The model homes were submitted into plan check the last week of October and still require a Precise Grading Plan to be submitted. The project biologist and landscape architect are coordinating completion of the biological mitigation requirements with staff prior to issuance of a grading permit. A third plan check of the rough grading plan was received in late December and comments were returned on January 4, 2019. Second plan check submittal for the final map and on-site improvements is expected to be received this week.
13. Mercado 3-Story Mixed Use Building (Developer: Curtis Lively) 5 residences and 2 commercial suites on 0.14-acre at 510 W. 2nd Avenue – A Plot Plan for five two-story residential units on top of 2,375 SF of commercial floor area and a parking garage was submitted July 13, 2018. Staff review comments were provided to the applicant who then submitted revised plans. Additional Planning and Engineering comments were sent to the applicant on September 27, 2018. Planning provided additional comments on an emailed version of a revised site plan on November 26, 2018, and a revised project submittal was received on December 11, 2018. Comments from Fire, Utilities and Planning on the revised plans were sent to the applicant on January 2, 2019. Staff design review was completed on January 3, 2019, and comments were provided to the applicant.
14. 555 West Grand Mixed-Use Building (Developer: Ed McCoy) 32 condo units in three floors over a parking garage – This 32-unit mixed-use development with 610 SF of office/flex space was submitted as a planned development application on August 27, 2018. The project is seeking a reduction in parking and open space standards. Initial multi-department comments were sent to the applicant on September 26, 2018. The applicant met with Fire, Engineering, Planning and Utilities staff on October 16, 2018 to discuss the staff comments. An alternative site plan showing garage access from Quince Street was submitted by the applicant on October 31, 2018. A second alternative that provides vehicular access from Second Avenue was discussed with Engineering on December 19, 2018, and a revised site plan incorporating that change of access into the project plans is expected in about two weeks.
15. Villa Portofino (Developer: Chris Post, ATC Design Group) 15 apartment units in a three-story building with parking garage at 2690 S. Escondido Blvd. – This 15-unit multi-family residential project on a 0.52-acre parcel between S. Escondido Blvd and Cranston Drive was submitted as a Plot Plan application on November 28, 2018. A comment letter was issued on December 20, 2018. Comments included the need to evaluate the building construction type for fire purposes.
16. Palomar Heights (Developer: Ninia Hammond, Integral Communities) Demolition and redevelopment of the old Palomar Hospital site with 424 multi-family units in 33 buildings – A proposed Tentative Map, Planned Development, Specific Plan Amendment and EIR to redevelop the 13.8-acre former hospital site. Up to 5,500 square feet of recreation or

commercial space could be included. The project application was submitted on December 24, 2018. All departments are commencing review of the project plans. The initial plan submittal was presented to the Board of the Downtown Business Association on January 9, 2019, and the Economic Development Committee of the Chamber of Commerce on January 10, 2019.

17. Accessory Dwelling Units – Planning staff is currently working on six applications for accessory dwelling units. 24 accessory dwelling units were approved in 2018. Three accessory dwelling units were approved in 2017.

Building Division:

1. The Building Division issued 48 permits (including 14 solar photovoltaic) with a total valuation of \$819,834.
2. Our building inspectors responded to 123 inspection requests and 91 customers visited the Building counter during the week.
3. The Meadowbrook three-story apartment building with underground garage at 2081 Garden Valley Glen is preparing the building for final inspection. Building inspected the suspended ceiling on January 4, 2019.
4. *No Change from the previous.* The Westminster Seminary at 1725 Bear Valley Pkwy so far has received final inspection approval and Temporary Certificates of Occupancy for all buildings except for Buildings B and H.
5. *No change from the previous.* The Emmanuel Faith Church at 639 E. 17th Ave received final inspection corrections on November 14, 2018 and they are working on the inspection corrections.
6. *No change from the previous.* The Veterans Village project at 1540 S Escondido Blvd has received approval for early gas meter release for testing.
7. Centre City Shopping Center (Centre City Parkway/Mission Avenue) – The new Yoshinoya restaurant at 700 N. Centre City Pkwy received a 30-day Temporary Certificate of Occupancy.
8. The Latitude 2 apartment project at 650 Center City Pkwy has received a 30-day Temporary Certificate of Occupancy for Building 1, inspections for drywall at Building 5, trash enclosure foundation at Building 3 and electric meter release at Building 4.
9. The new two story church sanctuary building at 1864 N. Broadway has completed exterior lath and drywall.
10. The Citron multi-family project at 2516 S. Escondido Blvd has received rough framing approval for Buildings 6 and 10 and exterior lath for Building 9.
11. The new 105-room Springhill Suites hotel at 200 La Terraza received drywall approval for the 4th floor corridors.

12. *No change from the previous.* The four-story, 102,774 sf storage building at 222 W. Mission Ave has received inspection approval for rough mechanical.
13. *No change from the previous.* The new five-story storage building at 852 Metcalf St. has received 3rd floor deck framing inspection.
14. *No change from the previous.* The new Gateway Grand 126-unit apartment project at 700 W. Grand Ave. has received foundation for all pier footings for Building A and foundation and slab inspection for Buildings A and B and the clubhouse building and grade beams for Building C.
15. *No change from the previous.* Inspections have been requested for floor sheathing for all 3 buildings at the new apartments on 917 W Lincoln Ave. The project has 3 buildings and 9 total units.

ENGINEERING DEPARTMENT

Capital Improvements

1. Valley Parkway/Valley Center Road Widening Project: Calendar Day 366– The contractor is applying hydro seed mixture to all exposed dirt surfaces that were disturbed during the course of construction. The up lighting for the new Welcome Escondido sign is set to be installed this week.
2. Transit Center Pedestrian Bridge Project – Transit Center Pedestrian Bridge and Spruce Street Channel Improvement Project is moving forward with 100% design. The project is currently out to bid. In response to several requests by prospective bidders, the bid opening date was extended to January 24.
3. Missing Link Project – The final bike path striping and installation of the green bollards was installed on Tuesday of this week. The new striping makes the bike path along Broadway up to the pedestrian/bike bridge available. It also created an opening for accessing the fire hydrant located near Heritage Walk. It created a new bus stop which is now operational at the new mid-block location. The remaining parking spaces were adjusted South towards Pennsylvania Avenue. The traffic signal poles for the Woodward/Broadway intersection have shipped and are still in transit.
4. HSIP Traffic Signal Project – *No changes from that reported last week:* The project will provide new traffic signals at Valley Parkway/Date Street and El Norte Parkway/Fig Street intersections. The project is funded by the Highway Safety Improvements Projects. The Notice to Proceed was issued this week during a preconstruction meeting. The traffic signal poles will be ordered this week with an anticipated delivery in 20 weeks. The construction of the surface improvements will begin on May 6.
5. Tulip Street Improvements Phase IV – Tulip Street Phase IV bid opening was held. The apparent low bidder is Southland Paving Inc. with a bid of \$1,148,793.75 The project will complete Tulip Street between 2nd and 3rd Street as well as a portion of Grand Avenue. Tulip Street Phase I was started in 2008. That project encompassed Tulip Street between

7th Avenue to the North, and 9th Avenue to the South. Southland Paving is a local general engineering contractor who had constructed Tulip Phase 1 and Tulip Phase 3.

6. Multi Neighborhood Street Light L.E.D. Retrofit Project – *No changes from that reported last week*: The project will upgrade 644 existing high pressure sodium lights with energy efficient L.E.D. fixtures. The project boundaries are Lincoln Avenue to the North, 13th Avenue to the South, Ash Street to the East and Upas Street to the West. The bid opening for this project was December 27, 2018. Of the seven bids received, the apparent low bidder was HMS Construction Inc. with a bid of \$190,000. Engineers estimate for the project was \$375,000.
7. Storm Drain Pipe Lining and Rehabilitation Project Phase1 – The project consists of 17 work zones and 3 Bid Alternate locations for the videoing, grouting, repairing, and lining of existing corrugated metal pipes (CMP) within the Cities inventory. The project bid opening is set for January 10, at 2:00 p.m.

Private Development

1. Centre City Shopping Center – *No changes from that reported last week*: The project has been walked and a punch list has been provided. The project is located at 425 West Mission Avenue.
2. Tract 932 - Canyon Grove Shea Homes Community – *No changes from that reported last week*: Engineering will be finalizing additional houses this week. Of the 179 home lots developed since the start of construction on February 11, 2016, only 30 remain unoccupied.
3. Latitude II Condominiums by a Lyon Homes Partnership: Washington Avenue @ Centre City Parkway – The contractor is removing excess soil material from along the Centre City Parkway frontage this week.
4. Exeter Industrial Park – *No changes from that reported last week*: The new pedestrian ramp and traffic signal relocation were completed this past week as scheduled. Project completion is expected in the coming weeks. The project is located at 2005 Harmony Grove Road.
5. Tract 934 – Is a 5 lot subdivision located at 1207 Gamble Street. The construction of the underground utilities is scheduled to begin soon.
6. Gateway Project – The contractor is completing final water quality testing this week which will allow for the final water line connections the following week. The project is located at 700 W. Grand Avenue, the previous site of Escondido Police Department.
7. Lincoln Rock Apartments – *No changes from that reported last week*: On site paving has been performed and delivery of lumber to the site has begun. The project is located at the Southwest corner of Rock Springs Road and Lincoln Avenue.
8. Veterans Village - The construction of onsite improvements is the focus of construction this week.

9. KB Homes Oak Creek Project - *No changes from that reported last week*: The contractor is nearing completion of the remedial grading to remove unsuitable material from within the project. This work is focused on four specific areas. The project is located at the intersection of Hamilton Lane and Miller Avenue.

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