



Council Meeting Agenda

FEBRUARY 12, 2020
CITY COUNCIL CHAMBERS
5:00 P.M. Closed Session; 6:00 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

February 12, 2020

5:00 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/RRB)

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

- a. **Property:** 1812 Harmony Grove, APN 232-372-06
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: None
Under Negotiation: Dispose of City Owned Land

- b. **Property:** 509 W. 2nd Avenue, 201 S. Pine Street & 542 W. 3rd Avenue, APN 233-032-07 & 08, APN 233-032-12, 13 & 14
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: None
Under Negotiation: Dispose of City Owned Land

- c. **Property:** 250 E 14th Street, APN 233-592-04
City Negotiator: Jeffrey Epp, City Manager
Negotiating Parties: Maple Avenue Properties, LLC
Under Negotiation: Provide Offer to Owner

II. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION/SIGNIFICANT EXPOSURE (Government Code 54956.9(d)(2))

- a. Significant exposure to litigation pursuant to subdivision (d)(2) of Government Code Section 54956.9(d)(2): One Case: Claim No. 5167

III. CONFERENCE WITH LEGAL COUNSEL-- EXISTING LITIGATION (Government Code 54956.9(d)(1))

- a. **Case Name:** City of Escondido v. Nilesh Patel, an individual, Jai Ambe Phoenix, LLC
Case No: 37-2018-00023279-CU-MC-NC

ADJOURNMENT

A black and white photograph of the Escondido City Council building, a large, classical-style structure with a central dome and arched windows. An American flag flies on a tall pole in front of the building. The scene is framed by a thick, dark border with a slight glow effect.

Council Meeting Agenda

**February 12, 2020
6:00 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

PROCLAMATIONS: Black History Month

PRESENTATIONS: Certificate of Recognition - Mike Dunlap
A Step Beyond - Frank Foster

CLOSED SESSION 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. (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 \(COUNCIL/RRB\)](#)**

2. **APPROVAL OF WARRANT REGISTER (Council)**

Request the City Council approve the City Council and Housing Successor Agency warrant numbers:
338824 – 339025 dated January 29, 2020.

Staff Recommendation: **Approval (Finance Department: Joan Ryan)**

3. **APPROVAL OF MINUTES: None Scheduled**

4. **TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2019 -**

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/RRB)

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

5. **FINANCIAL STATUS REPORT FOR THE FISCAL YEAR 2019/20 SECOND QUARTER ENDING DECEMBER 31, 2019, AND BUDGET ADJUSTMENT -**

Request the City Council receive and file the Second Quarter Financial Report for Fiscal Year 2019/20, and approve the attached budget adjustment.

Staff Recommendation: **Approval (Finance Department: Joan Ryan)**

6. **LIBRARY PARTNERSHIP BETWEEN THE CITY OF ESCONDIDO AND THE PALOMAR COMMUNITY COLLEGE DISTRICT -**

Request the City Council approve authorizing a Memorandum of Understanding (MOU) between the City of Escondido and the Palomar Community College District to promote library services available to the general public at Palomar Community College's Ernest J. Allen Library located at the Escondido Education Center.

Staff Recommendation: **Approval (Communications and Community Services Department: Joanna Axelrod)**

RESOLUTION NO. 2020-17

7. **CONSULTING AGREEMENT WITH TRUE NORTH RESEARCH, INC. FOR PHASE II COMMUNITY SURVEY EFFORTS AND THE FORMATION OF AN AD HOC CITY COUNCIL SUBCOMMITTEE -**

Request the City Council approve authorizing the City Manager to execute a Consulting Agreement with True North Research, Inc. to prepare a resident satisfaction survey for an amount not to exceed \$31,500; and establish an ad hoc City Council subcommittee of two members to work with staff and the consultant in developing the survey questions.

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

RESOLUTION NO. 2020-19

FUTURE AGENDA

8. 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 AND OTHER 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. This report is also available on the City's website, www.escondido.org.

- WEEKLY ACTIVITY REPORT -

ORAL COMMUNICATIONS

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ADJOURNMENT

UPCOMING MEETING SCHEDULE

Date	Day	Time	Meeting Type	Location
February 19	-	-	No Meeting	-
February 26	Wednesday	8:00 a.m.	State of the City	CCAE
March 4	Wednesday	5:00 & 6:00 p.m.	Regular Meeting	Council Chambers
March 11	Wednesday	3:30 - 6:00 p.m.	Boards and Commissions Interviews	Mitchell Room

TO ADDRESS THE COUNCIL

The public may address the City Council on any agenda item. Please complete a Speaker's form and give it to the City Clerk. Submission of Speaker forms prior to the discussion of an item is highly encouraged. Comments are generally limited to 3 minutes.

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

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

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

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

- Online at <http://www.escondido.org/meeting-agendas.aspx>
- In the City Clerk's Office at City Hall
- 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 5:00 in Closed Session and 6:00 in Open Session.
(Verify schedule with City Clerk's Office)**

**Members of the Council also sit as the Successor Agency to the Community Development
Commission, 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

February 12, 2020

File No. 0400-40

SUBJECT: Approval of Warrants

DEPARTMENT: Finance Department

RECOMMENDATION:

Request approval for City Council and Housing Successor Agency warrant numbers 338824 – 339025 dated January 29, 2020.

FISCAL ANALYSIS:

The total amount of the warrants for the period of January 23 – January 29, 2020, is \$1,641,311.60.

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.



Consent Item No. 3

February 12, 2020

APPROVAL

OF

MINUTES

CITY COUNCIL STAFF REPORT

Consent Item No. 4

February 12, 2020

File No. 0490-55

SUBJECT: Treasurer's Investment Report for the Quarter Ended December 31, 2019

DEPARTMENT: City Treasurer

RECOMMENDATION:

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

PREVIOUS ACTION:

The Investment Report for the quarter ended September 30, 2019, was filed with the City Clerk's Office on October 29, 2019, and presented to the City Council on November 6, 2019.

BACKGROUND:

The City of Escondido's ("City") 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 December 31, 2019 (Attachment 1)
- Summary of Investment Portfolio Yield for the last 12 months (Attachment 2)
- Schedule of Funds Managed by Outside Parties as of December 31, 2019 (Attachment 3)
- PFM's Investment Performance Review as of December 31, 2019 (Attachment 4)

PFM Asset Management Firm was onboarded as the City's Investment Advisor in May 2019. In their Investment Performance Review (Attachment 4) you will find a Market Update, the City's Portfolio Strategy and Performance, Issuer Distributions, Portfolio Distributions and Portfolio Holdings. The Summary of Investment Allocation (Attachment 1) and the Summary of Investment Portfolio Yield for the last 12 months (Attachment 2) shows the total investment portfolio including funds in LAIF and Stone Castle. From October 1, 2019, to December 31, 2019, the City's investment portfolio increased from \$139.3 million to \$145.9 million. The adjusted average annual yield increased from 2.069 percent to 2.092 percent with the portfolio duration at 1.58. An excess of cash receipt inflows over cash payment outflows for the quarter resulted in an increase of \$6.6 million in the book value of the investment portfolio.

Treasurer's Investment Report for the Quarter Ended December 31, 2019
February 12, 2020
Page 2

There are adequate funds to meet the next six-month's expected expenditures. As of December 31, 2019, the City complies with all requirements of the City's Investment Policy.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

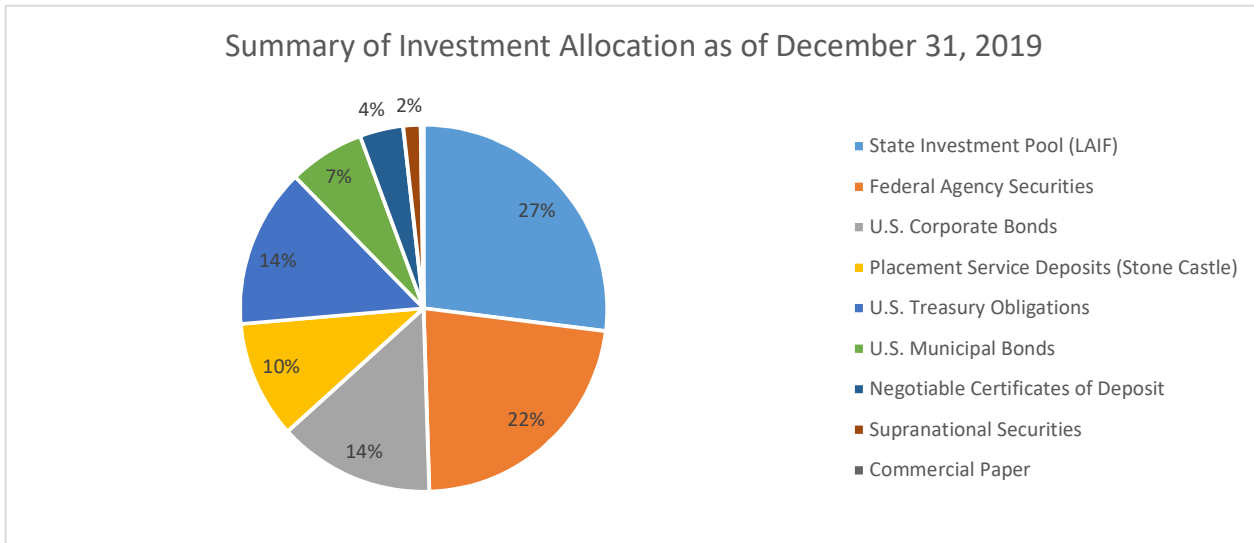
Douglas Shultz, City Treasurer
2/6/20 10:22 a.m.

ATTACHMENTS:

1. Attachment 1 – Summary of Investment Allocation as of December 31, 2019
2. Attachment 2 – Summary of Investment Portfolio Yield for the last 12 months
3. Attachment 3 – Schedule of Funds Managed by Outside Parties as of December 31, 2019
4. Attachment 4 – Investment Performance Review for the Quarter Ended December 31, 2019

**City of Escondido
Summary of Investment Allocation
as of December 31, 2019**

Investment Type	Book Value	Market Value	Percent of Portfolio at Market
State Investment Pool (LAIF)	\$ 39,569,478	\$ 39,569,478	26.99%
Federal Agency Securities	32,997,072	33,023,792	22.52%
U.S. Corporate Bonds	19,789,404	20,198,090	13.78%
Placement Service Deposits (Stone Castle)	15,174,207	15,174,207	10.35%
U.S. Treasury Obligations	20,424,791	20,590,895	14.04%
U.S. Municipal Bonds	9,729,611	9,829,520	6.70%
Negotiable Certificates of Deposit	5,585,000	5,605,534	3.82%
Supranational Securities	2,229,508	2,258,106	1.54%
Commercial Paper	373,030	373,116	0.25%
Total Investment Portfolio - December 2019	\$ 145,872,101	\$ 146,622,738	100%
Reported Total Investments - September 2019	\$ 139,305,537	\$ 140,148,520	
Change from Prior Quarter	\$ 6,566,564	\$ 6,474,218	
Portfolio Duration	1.58		



**CITY OF ESCONDIDO
SUMMARY OF INVESTMENT PORTFOLIO YIELDS
FOR THE LAST 12 MONTHS
As of December 31, 2019**

<u>Date</u>	<u>Book Value</u>	<u>Yield</u>
Dec-19	\$145,872,100.79	1.993%
Nov-19	\$140,341,177.53	2.012%
Oct-19	\$139,739,470.19	2.062%
Sep-19	\$139,305,537.02	2.112%
Aug-19	\$138,385,437.07	2.149%
Jul-19	\$139,305,537.02	2.112%
Jun-19	\$163,935,936.23	2.234%
May-19	\$159,528,865.80	2.215%
Apr-19	\$147,858,832.13	2.130%
Mar-19	\$148,000,830.10	2.046%
Feb-19	\$155,746,837.13	2.030%
Jan-19	\$154,254,737.58	2.012%
Average Portfolio Interest Yields		2.092%

** Includes Assets managed by PFM, LAIF, and Stone Castle.*

Attachment 3

CITY OF ESCONDIDO
 FUNDS MANAGED BY OUTSIDE PARTIES
 As of December 31, 2019

Type of Funds / Institution	Market Value	Interest Rate	Type of Investment
<u>BOND FUNDS</u>			
BANK OF NEW YORK:			
1998-1 Rancho San Pasqual Assessment District	\$ 352,027.71	1.500%	Treasury
2012 JPFA Revenue Bonds (Wastewater System Financing)	1,817.45	1.500%	Treasury
2013 JPFA Reidy Creek Lease Revenue Bonds (2001 Refunding)	93.43	1.430%	Treasury
2013 Community Facility District - Hidden Trails (2001 Refunding)	39.51	1.420%	Treasury
2015 Community Facility District - Eureka Ranch (2006 Refunding)	313.42	1.430%	Cash/Treasury
2015A Wastewater Bond (2004A Refunding)	4,816.57	1.520%	Dreyfus Cash Management Fund
2015B Wastewater Bond (2004B Refunding)	1,851.23	1.520%	Dreyfus Cash Management Fund
2019AB Water Bond (2007 & 2012 Refunding)	9,427.77	1.270%	Dreyfus Cash Management Fund
	<u>\$ 370,387.09</u>		
<u>SECTION 115 TRUST FUNDS</u>			
PUBLIC AGENCY RETIREMENT SERVICES:			
PARS Post-Employment Benefits Trust	\$ 10,757,909.81		Moderately Conservative HighMark PLUS
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	<u><u>\$ 11,128,296.90</u></u>		



CITY OF ESCONDIDO

Investment Performance Review For the Quarter Ended December 31, 2019

Client Management Team

PFM Asset Management LLC

Sarah Meacham, Managing Director

50 California Street, Suite 2300

213 Market Street

Meredith LaBuda Sullivan, Portfolio Manager

San Francisco, CA 94111

Harrisburg, PA 17101-2141

Richard Babbe, CCM, Senior Managing Consultant

949-230-6896

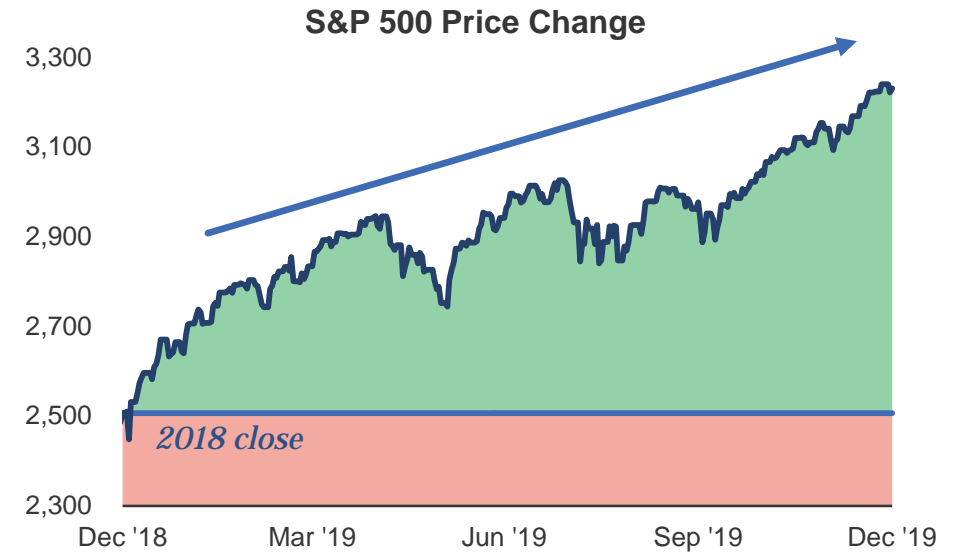
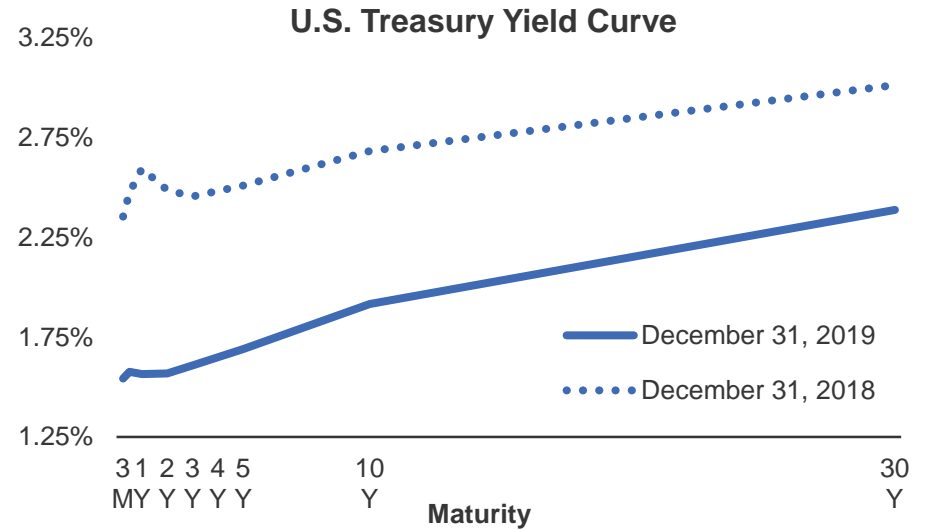
717-232-2723

Jeremy King, Key Account Manager

Market Update

Major Moves in 2019

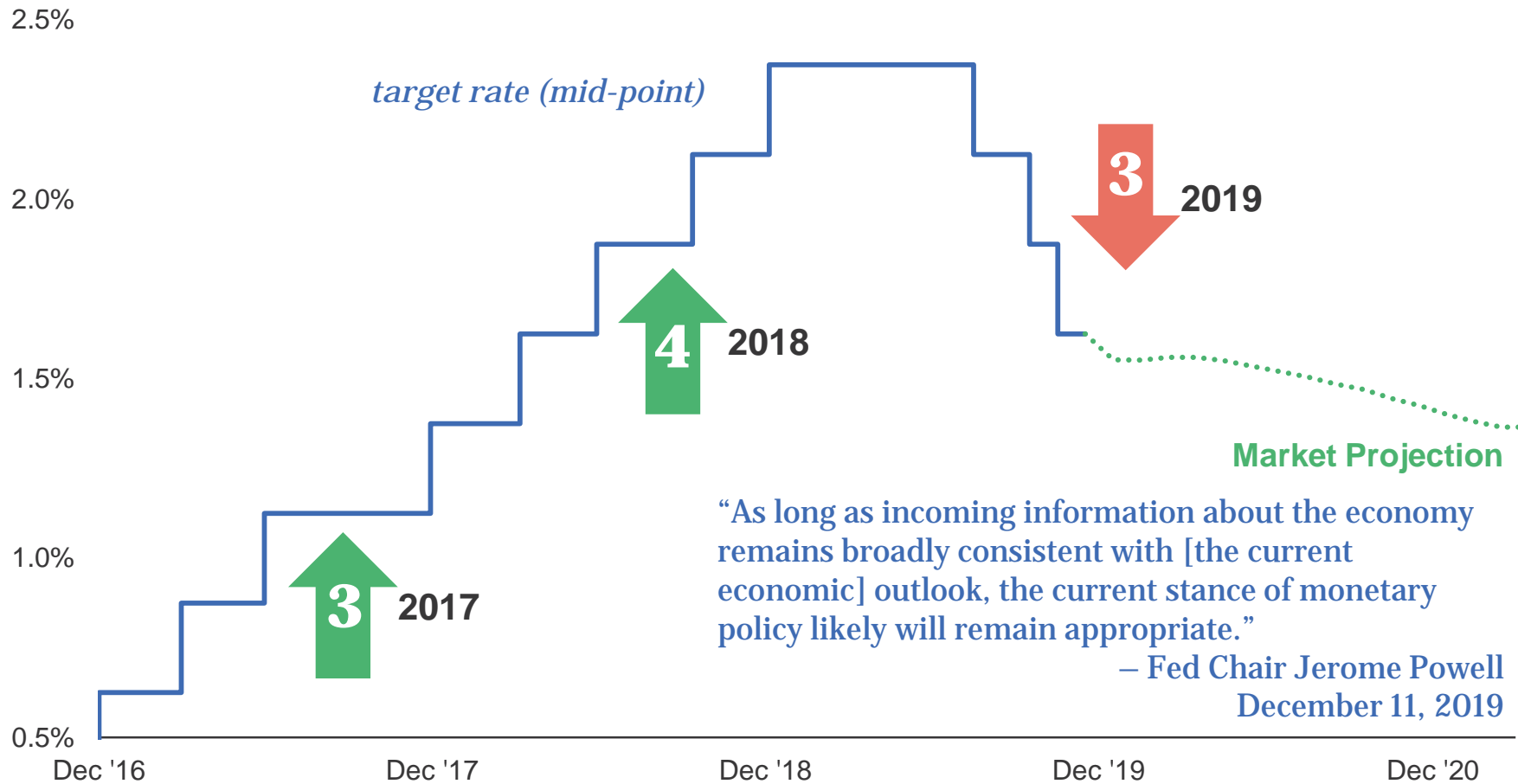
Federal Funds Target Range			
Year	Starting Range	Ending Range	# of Hikes/Cuts
2015	0.00%-0.25%	0.25%-0.50%	1 hike
2016	0.25%-0.50%	0.50%-0.75%	1 hike
2017	0.50%-0.75%	1.25%-1.50%	3 hikes
2018	1.25%-1.50%	2.25%-2.50%	4 hikes
2019	2.25%-2.50%	1.50%-1.75%	3 cuts



Source: Bloomberg, as of December 31, 2019.

The Fed Signals It Is Likely on Hold for an Extended Period of Time

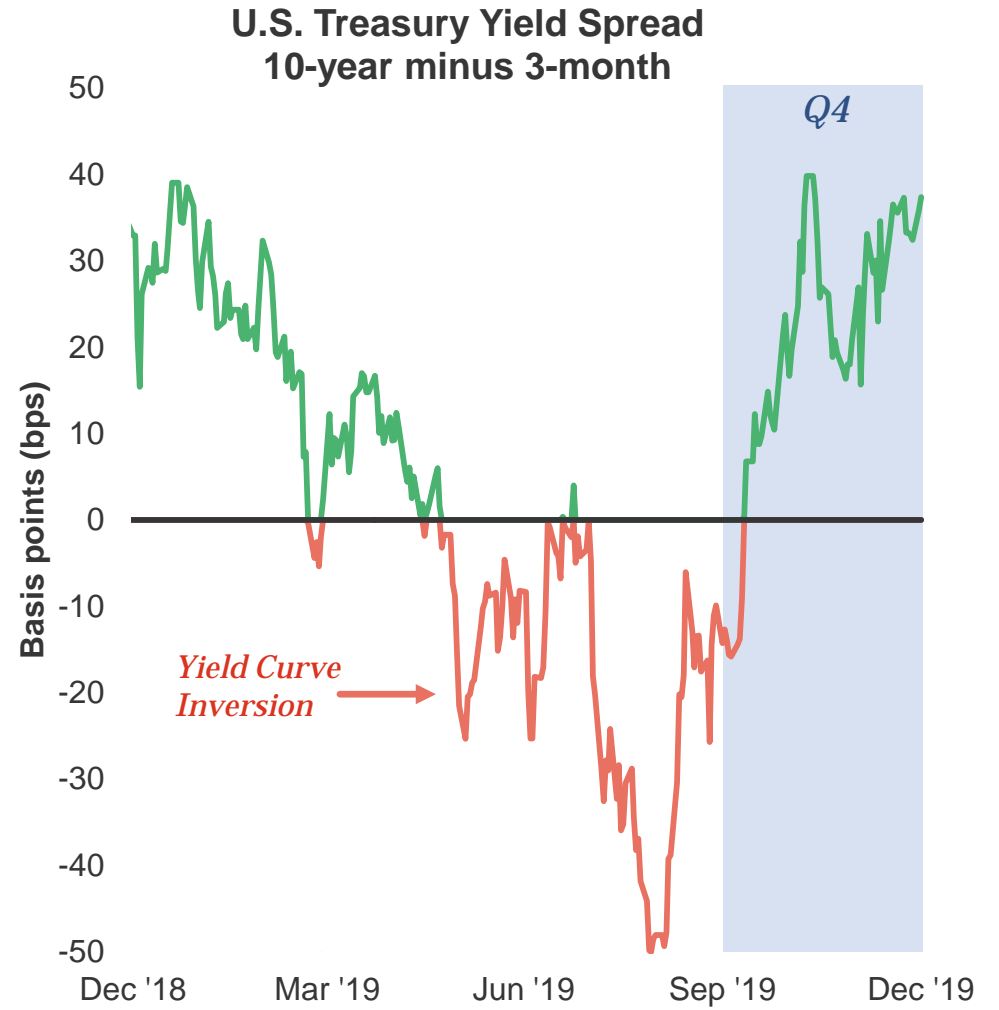
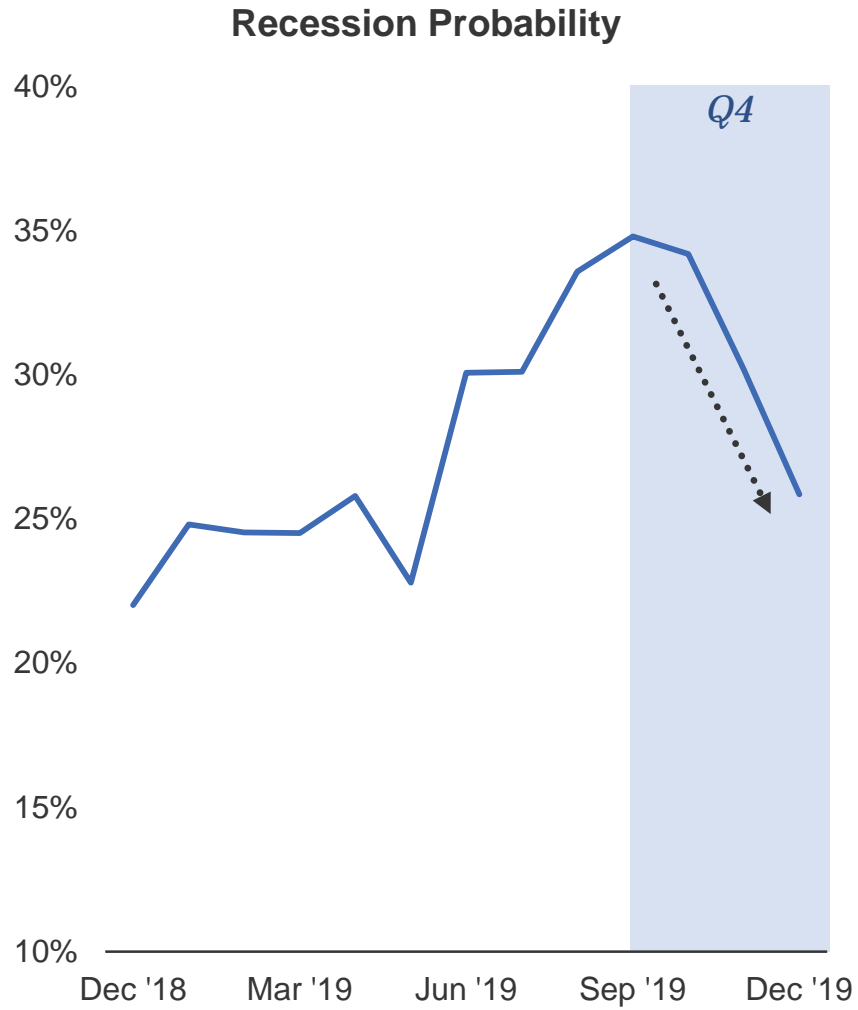
Federal Reserve Target Overnight Rate



“As long as incoming information about the economy remains broadly consistent with [the current economic] outlook, the current stance of monetary policy likely will remain appropriate.”
– Fed Chair Jerome Powell
December 11, 2019

Source: Bloomberg. Market Projection as of December 31, 2019.

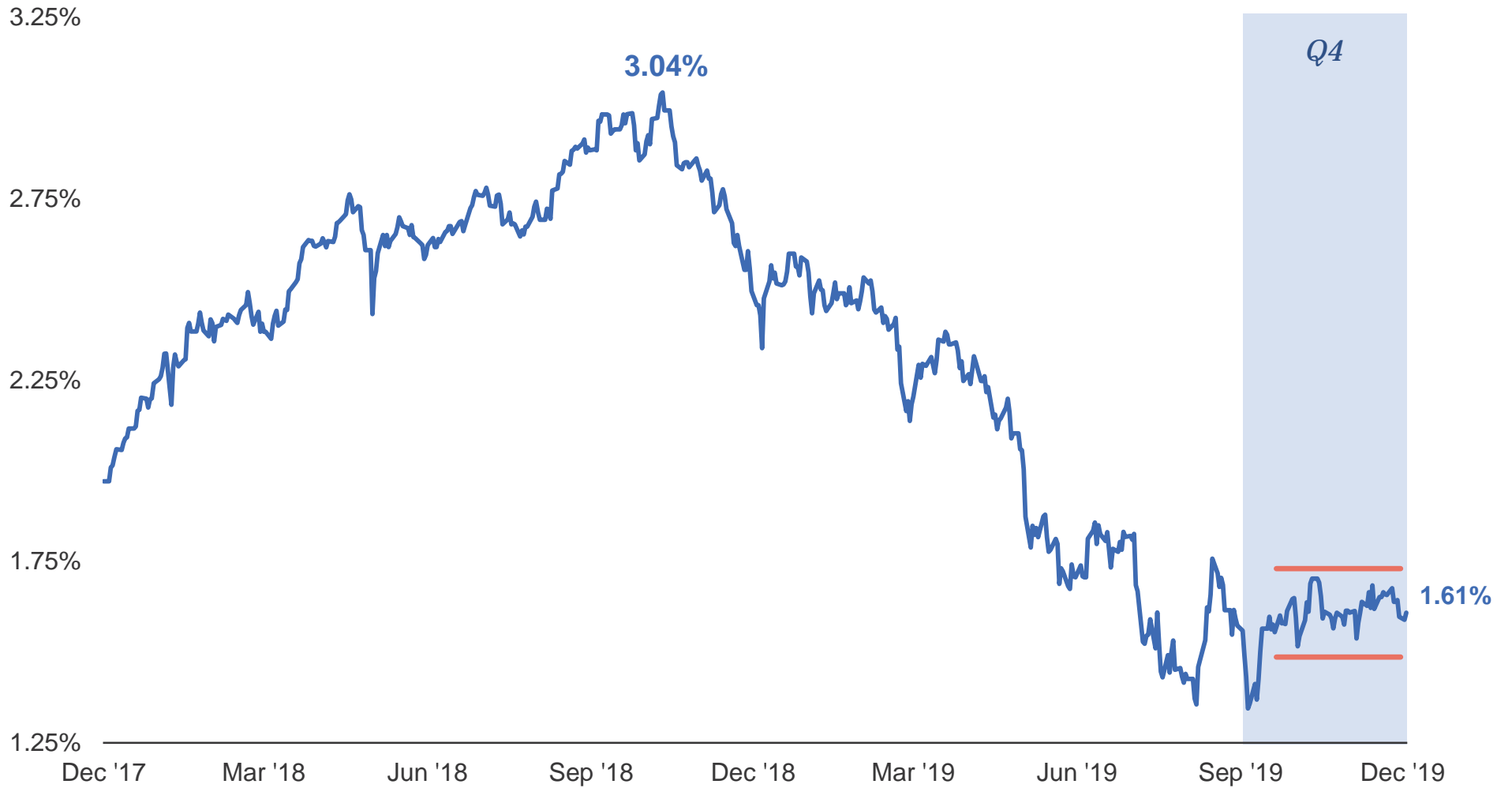
Recession Fears Subsided and Yield Curve Un-Inverted in Fourth Quarter



Source: Data as of December 31, 2019. Wall Street Journal Economic Forecasting Survey (left); Bloomberg (right).

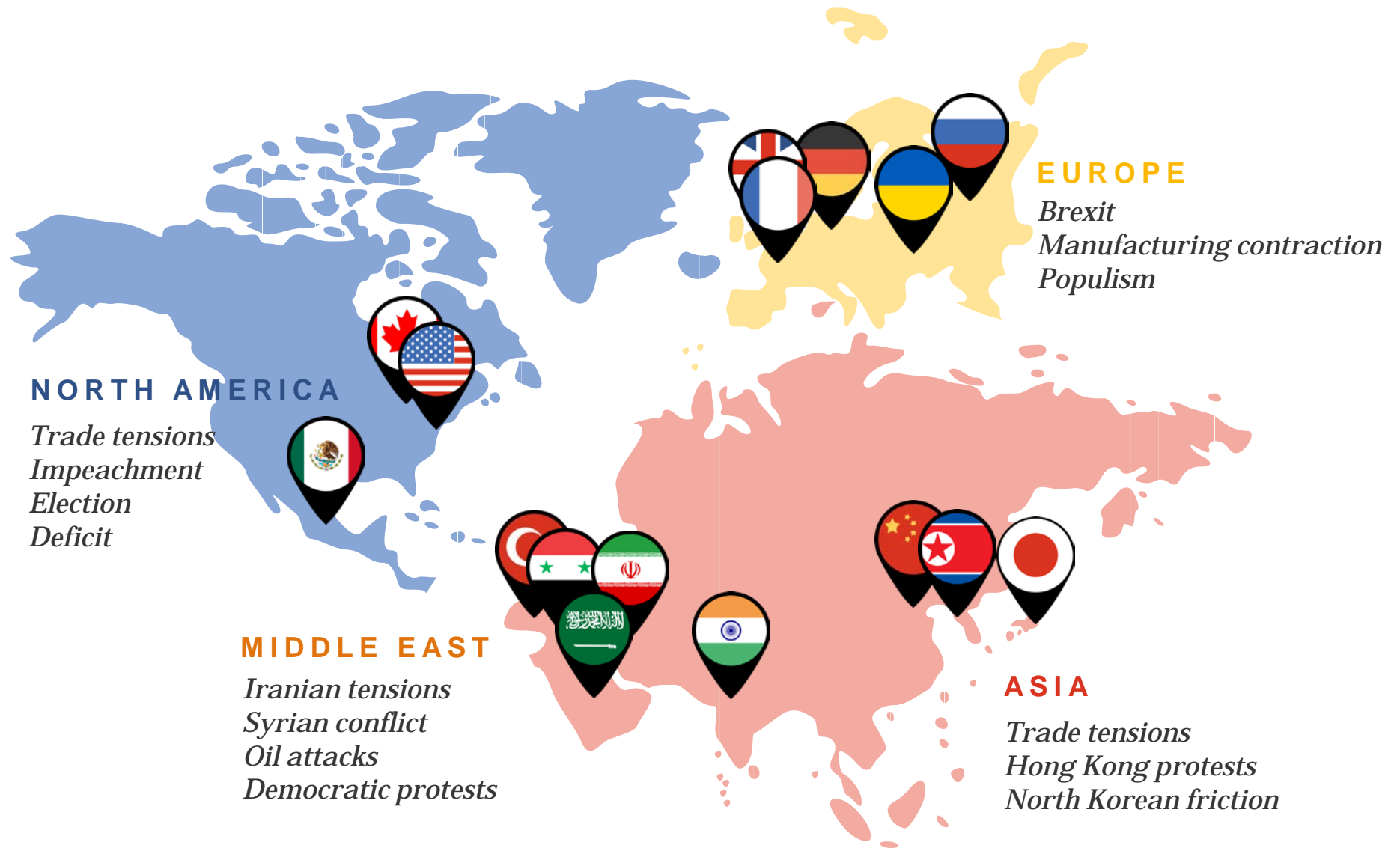
Treasury Yields Have Settled into a New, Lower Range

3-Year Treasury



Source: Bloomberg, as of December 31, 2019.

Trade Is Among Many Global Concerns



Investment Strategy & Portfolio Review

Portfolio Recap

- ◆ Our strategy throughout the fourth quarter included the following elements:
 - Following three consecutive Fed rate cuts, we continued to maintain portfolio durations in line with benchmarks for the quarter as market expectations called for stable rates well into 2020.
 - Maintained broad diversification across all permitted fixed income sectors. Although most sector spread levels were on the tighter end of their recent trading history, the incremental income was generally additive to performance in a range-bound interest rate environment in Q4.
 - We continued to de-emphasize agencies and supranationals, generally reducing allocations in favor of other sectors. Value in federal agency and supranational issuers remained extremely limited, largely on scarce supply. Spreads remained near historically tight levels, capping both sectors' excess returns in Q4. In some instances, agencies were trading at yields less than similar maturity Treasuries. We also largely avoided callable agencies during the quarter as early redemption risk remained elevated.
 - Corporate bonds performed top-of-class once again, as yield spreads tightened to their lowest in 2019 and approached post-recession lows. As a result, investment-grade (IG) corporates generated attractive excess returns for Q4, with lower-quality issuers once again outperforming those of higher quality. Year-to-date excess returns from IG corporates were fantastic, generating 100 to 200 basis points (1% to 2%) of incremental return relative to similar duration Treasuries. Our corporate sector strategy during Q4 included opportunistic selling, booking profits on the most expensive issues and modestly de-risking portfolios as spreads moved to very narrow levels.
 - In the municipal sector, taxable issuance volume remained elevated. New issue yield concessions provided good value for portfolios compared to other government alternatives and even some high-grade corporates. Excess returns from the sector helped buoy portfolio performance, especially for government-focused strategies.

Sector Allocation & Compliance

- The portfolio is in compliance with the City's Investment Policy and the California Government Code.

Security Type	Market Value as of 12/31/19	% of Portfolio	% Change vs. 9/30/19	Permitted by Policy	In Compliance
U.S. Treasury	\$20,590,895	24.3%	1.9%	100%	✓
Federal Agency	\$30,818,862	36.3%	-4.7%	100%	✓
Agency CMOs	\$2,204,930	2.6%	1.1%	100%	✓
Supranationals	\$2,258,106	2.7%	-0.7%	30%	✓
Municipal Obligations	\$2,777,952	3.3%	1.4%	40%	✓
Certificates of Deposits	\$5,605,534	6.6%	0.5%	30%	✓
Commercial Paper	\$373,116	0.4%	0.4%	25%	✓
Corporate Notes	\$20,198,090	23.8%	-	30%	✓
Securities Sub-Total	\$84,827,484	100.0%			
Accrued Interest	\$479,189				
Total Investments	\$85,306,673	100.0%			

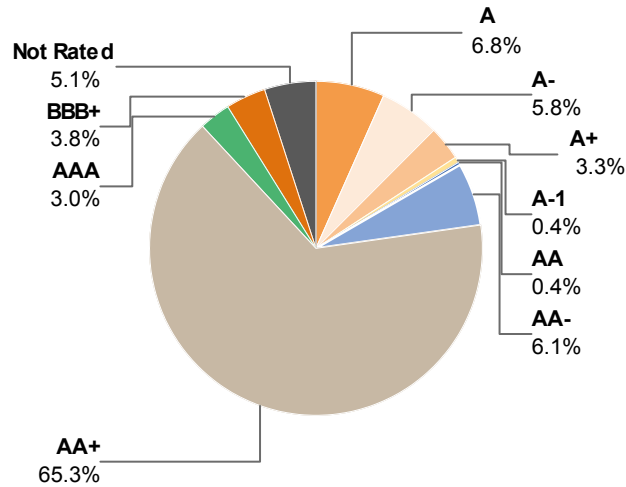
Market values, excluding accrued interest, only for the PFM managed portfolio. Detail may not add to total due to rounding. Current investment policy as of May 2019

Portfolio Statistics

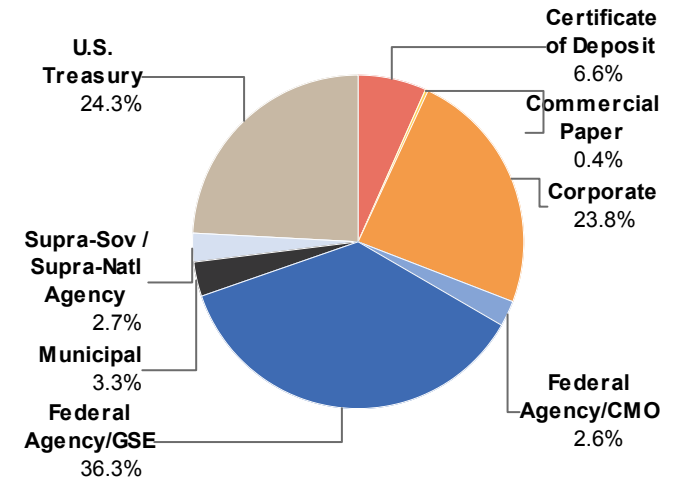
As of December 31, 2019

Par Value:	\$83,671,170
Total Market Value:	\$85,306,673
Security Market Value:	\$84,827,484
Accrued Interest:	\$479,189
Cash:	-
Amortized Cost:	\$84,178,978
Yield at Market:	1.74%
Yield at Cost:	1.97%
Effective Duration:	2.51 Years
Duration to Worst:	2.48 Years
Average Maturity:	2.65 Years
Average Credit: *	AA

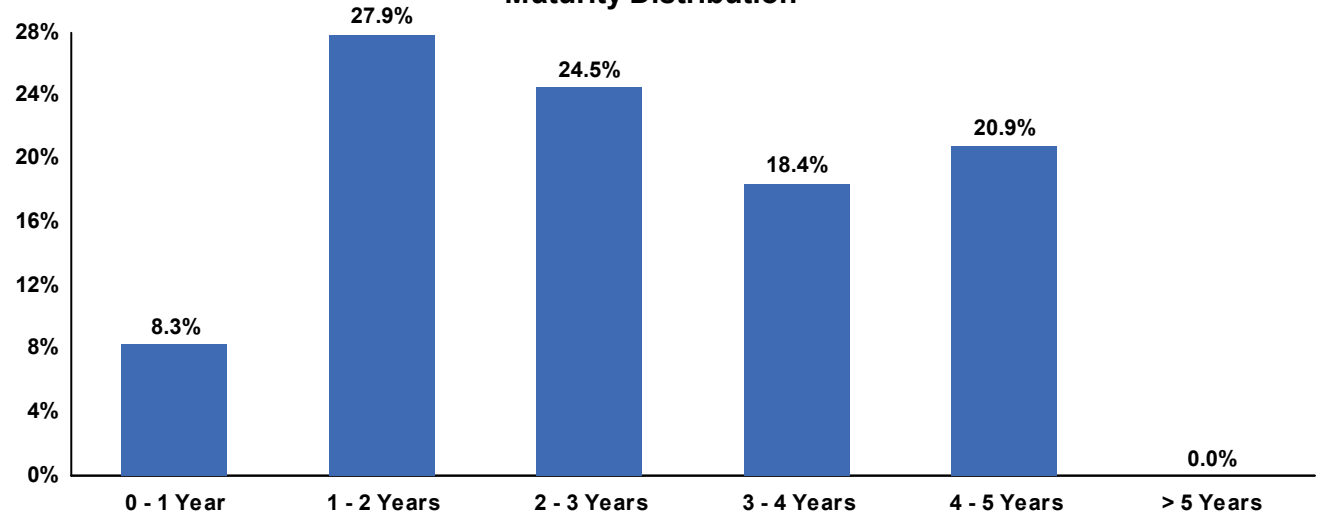
Credit Quality (S&P Ratings)**



Sector Allocation



Maturity Distribution

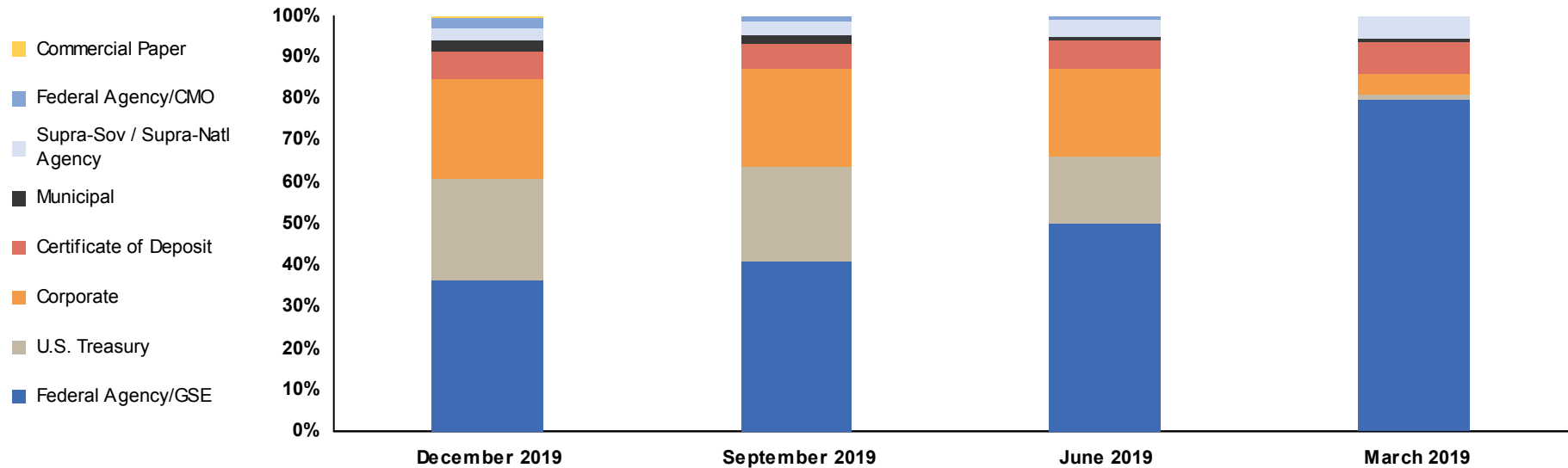


* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Securities held in the City's portfolio are in compliance with California Government Code and the City's investment policy dated May 2019.

Sector Allocation

Sector	December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	30.8	36.3%	35.2	40.9%	42.3	49.8%	67.0	79.8%
U.S. Treasury	20.6	24.3%	19.2	22.4%	13.6	16.0%	1.0	1.2%
Corporate	20.2	23.8%	20.5	23.8%	18.2	21.4%	4.2	5.0%
Certificate of Deposit	5.6	6.6%	5.2	6.1%	5.9	7.0%	6.4	7.6%
Municipal	2.8	3.3%	1.6	1.9%	0.7	0.9%	0.7	0.9%
Supra-Sov / Supra-Natl Agency	2.3	2.7%	2.9	3.4%	3.3	3.9%	4.7	5.5%
Federal Agency/CMO	2.2	2.6%	1.2	1.5%	0.9	1.0%	0.0	0.0%
Commercial Paper	0.4	0.4%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	\$84.8	100.0%	\$85.8	100.0%	\$84.8	100.0%	\$84.0	100.0%

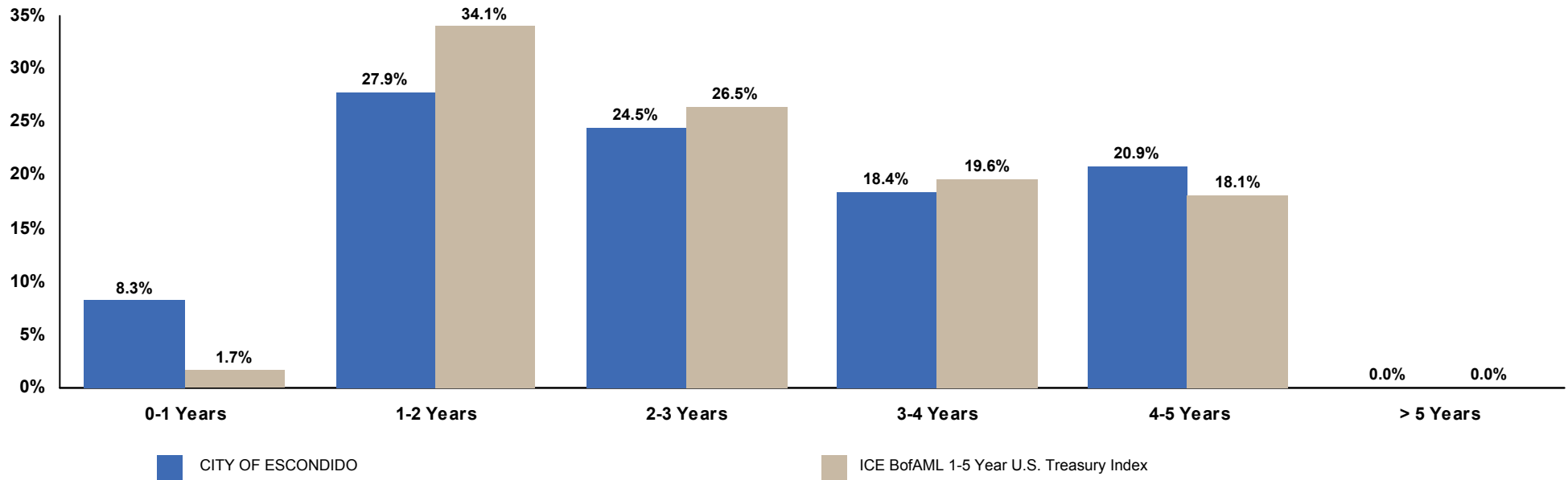


Detail may not add to total due to rounding.

Maturity Distribution

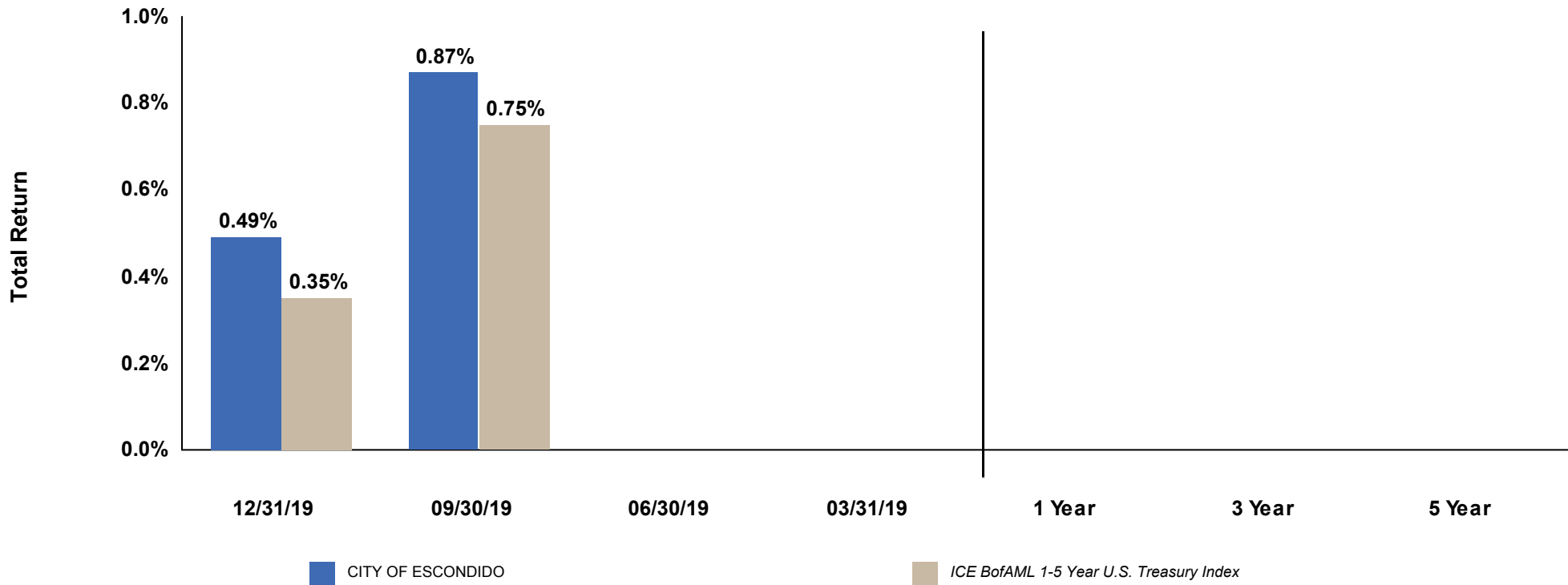
As of December 31, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF ESCONDIDO	1.74%	2.65 yrs	8.3%	27.9%	24.5%	18.4%	20.9%	0.0%
ICE BofAML 1-5 Year U.S. Treasury Index	1.62%	2.72 yrs	1.7%	34.1%	26.5%	19.6%	18.1%	0.0%



Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				1 Year	Annualized Return	
		12/31/19	09/30/19	06/30/19	03/31/19		3 Year	5 Year
CITY OF ESCONDIDO	2.51	0.49%	0.87%	-	-	-	-	-
ICE BofAML 1-5 Year U.S. Treasury Index	2.55	0.35%	0.75%	-	-	-	-	-
Difference		0.14%	0.12%	-	-	-	-	-



Portfolio performance is gross of fees unless otherwise indicated.

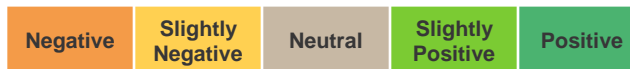
Portfolio Earnings*Quarter-Ended December 31, 2019*

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	\$85,812,705.65	\$85,074,575.12
Net Purchases/Sales	(\$939,533.91)	(\$939,533.91)
Change in Value	(\$45,687.77)	\$43,936.33
Ending Value (12/31/2019)	\$84,827,483.97	\$84,178,977.54
Interest Earned	\$469,998.18	\$469,998.18
Portfolio Earnings	\$424,310.41	\$513,934.51

Fixed Income Sector Outlook – January 2020

Sector	Our Investment Preferences	Comments
COMMERCIAL PAPER / CD		<ul style="list-style-type: none"> Money market credit spreads remain attractive. New issue supply may increase in the new year.
TREASURIES		
T-Bill		<ul style="list-style-type: none"> T-Bills have rallied further on Fed purchases and low repo rates. Other short-term instruments remain relatively more attractive.
T-Note		<ul style="list-style-type: none"> T-Notes offer attractive yield pickup vs. T-Bills in certain maturities.
FEDERAL AGENCIES		
Bullets		<ul style="list-style-type: none"> Bullet valuations remain near historical tightness across the curve and continue to trade in a relatively narrow range. New issues should be evaluated for opportunities to add relative value; otherwise, Treasuries should be preferred. Redemptions remained elevated during Q4 but have started to slow as rates have begun to stabilize. As a result, new issue supply has slowed as well. Spread pickup vs. bullets remains well below YTD averages, with little chance for outperformance. Accounts should favor bulleted structures vs. callable.
Callables		
SUPRANATIONALS		<ul style="list-style-type: none"> Spreads remain anchored across the curve. Expect modestly wider spreads in Q1 on account of higher issuer funding targets and favorable USD basis. New issues should be evaluated for opportunities to add relative value.
CORPORATES		
Financials		<ul style="list-style-type: none"> Solid economic data, an accommodative Fed, and positive technicals continue to support the corporate sector. Tight valuations limit the potential for outperformance in 2020. A growing list of uncertainties and pending supply could result in wider spreads and better buying opportunities.
Industrials		
SECURITIZED		
Asset-Backed		<ul style="list-style-type: none"> AAA-rated ABS yield spreads widened during December and are currently near their 3-year historic average. Broad measures of auto ABS spreads are comparable to spreads on high-quality corporate securities. Q4 saw strong excess returns from MBS as spreads narrowed significantly. Buyers were enticed by higher spreads, lower volatility, and the expectation that the Fed is on hold. Agency CMBS spreads widened in December. The sector has good relative value compared to less structured MBS and other government sectors.
Agency Mortgage-Backed		
Agency CMBS		
MUNICIPALS		<ul style="list-style-type: none"> Value remains in new issue taxable deals which continue to be driven by the surge in taxable issuance, an alternative to tax-exempt advance refundings.

● Current outlook ○ Outlook one month ago



Investment Strategy Outlook

- ◆ We expect the Fed to remain on hold for an extended period and rates to remain mostly range-bound in the near-term. As a result, we plan to continue a duration-neutral strategy relative to benchmarks.
- ◆ Our outlook for the major investment-grade fixed income sectors is as follows:
 - Federal agency yield spreads remain very tight after trading in a close range for most of 2019. We do not expect this to change. We continue to favor further reductions in agency holdings as their benefit and upside is limited.
 - In the supranational sector, we are positioned to take advantage of any seasonal uptick in new issuance, if yield spreads represent fair value relative to other government sector alternatives. But, we plan to remain on the sidelines until such opportunities are available.
 - In the IG corporate sector, we plan to continue to modestly reduce allocations and target a modestly higher average credit quality. Although the credit markets are benefitting from stable fundamentals, positive earnings growth and strong demand, yield spreads have recently approached post-recession lows, making them less attractive.
 - In the money market space, a positively sloped yield curve and wide spreads have created opportunities for incremental earnings potential.

Issuer Distribution

Issuer Distribution
As of December 31, 2019

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	20,590,895	24.3%
FEDERAL HOME LOAN BANKS	12,537,412	14.8%
FREDDIE MAC	8,097,953	9.6%
FANNIE MAE	7,074,572	8.3%
FEDERAL FARM CREDIT BANKS	5,313,856	6.3%
BLACKROCK INC	1,510,778	1.8%
BANK OF AMERICA CO	1,499,537	1.8%
THE BANK OF NEW YORK MELLON CORPORATION	1,479,302	1.7%
INTER-AMERICAN DEVELOPMENT BANK	1,368,194	1.6%
TOYOTA MOTOR CORP	1,112,306	1.3%
GOLDMAN SACHS GROUP INC	1,058,563	1.3%
SKANDINAVISKA ENSKILDA BANKEN AB	1,001,891	1.2%
NORDEA BANK AB	1,001,629	1.2%
APPLE INC	959,575	1.1%
AMAZON.COM INC	895,650	1.1%
INTL BANK OF RECONSTRUCTION AND DEV	889,911	1.1%
ABBOTT LABORATORIES	867,393	1.0%
CHARLES SCHWAB	859,969	1.0%

Top 5 = 63.2%

Top 10 = 71.4%

Issuer	Market Value (\$)	% of Portfolio
DEERE & COMPANY	856,895	1.0%
US BANCORP	856,762	1.0%
AMERICAN HONDA FINANCE	851,572	1.0%
BB&T CORPORATION	848,662	1.0%
CATERPILLAR INC	843,283	1.0%
AMERICAN EXPRESS CO	841,117	1.0%
THE WALT DISNEY CORPORATION	838,588	1.0%
VENTURA CNTY CA CMNTY CLG DIST	832,200	1.0%
CITIGROUP INC	812,818	1.0%
MORGAN STANLEY	791,993	0.9%
CITY & COUNTY OF SAN FRANCISCO, CA	739,205	0.9%
UNITEDHEALTH GROUP INC	657,487	0.8%
DNB ASA	634,318	0.8%
JP MORGAN CHASE & CO	620,788	0.7%
TAMALPAIS CA UNION HIGH SCH DIST	615,554	0.7%
PNC FINANCIAL SERVICES GROUP	602,230	0.7%
BOEING COMPANY	526,643	0.6%
MITSUBISHI UFJ FINANCIAL GROUP INC	373,116	0.4%
LONG BEACH CA	346,255	0.4%
ORACLE CORP	254,638	0.3%
UNITY BANK	250,239	0.3%

Issuer	Market Value (\$)	% of Portfolio
ALLIANCE DATA SYSTEMS CORP	250,169	0.3%
CAPITAL ONE FINANCIAL CORP	248,709	0.3%
SYNCHRONY BANK	247,781	0.3%
FOCUS BANK	247,652	0.3%
BENEFICIAL BANK	247,307	0.3%
MEDALLION BANK UTAH	246,317	0.3%
FIRST BANK OF RICHMOND	245,485	0.3%
ALLY FINANCIAL INC.	245,282	0.3%
MERCANTILE BK MI	245,152	0.3%
WEX BANK MIDVALE UTAH	245,145	0.3%
SAN DIEGO CA CMNTY CLG DIST	244,738	0.3%
Grand Total:	84,827,484	100.0%

Portfolio Transactions

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
BUY	9/18/19	10/16/19	245,000.00	797272QP9	SAN DIEGO CCD, CA TXBL GO BONDS	2.04%	8/1/24	(245,000.00)	2.05%	
BUY	9/20/19	10/9/19	615,000.00	874857KJ3	TAMALPAIS UHSD, CA TXBL GO BONDS	1.97%	8/1/23	(615,000.00)	1.97%	
INTEREST	10/1/19	10/25/19	845,000.00	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	1,965.33		
INTEREST	10/1/19	10/25/19	388,365.44	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/25/22	916.92		
PAYDOWNS	10/1/19	10/25/19	24,159.51	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/25/22	24,159.51		0.00
BUY	10/3/19	10/31/19	490,000.00	923040GU7	VENTURA CNTY CCD, CA TXBL GO BONDS	1.80%	8/1/24	(490,000.00)	1.80%	
BUY	10/3/19	10/31/19	350,000.00	923040GT0	VENTURA CNTY CCD, CA TXBL GO BONDS	1.75%	8/1/23	(350,000.00)	1.75%	
INTEREST	10/5/19	10/5/19	2,000,000.00	3135G0T78	FANNIE MAE AGENCY NOTES	2.00%	10/5/22	20,000.00		
BUY	10/7/19	10/8/19	380,000.00	9128286M7	UNITED STATES TREASURY NOTES	2.25%	4/15/22	(391,830.23)	1.43%	
SELL	10/8/19	10/8/19	400,000.00	912828V80	US TREASURY N/B NOTES	2.25%	1/31/24	416,203.13	1.38%	15,211.11
BUY	10/8/19	10/9/19	375,000.00	62479LD69	MUFG BANK LTD/NY COMM PAPER	0.00%	4/6/20	(371,343.75)	1.97%	
INTEREST	10/9/19	10/9/19	1,000,000.00	3133EHF73	FFCB NOTES (CALLED OMD 10/17/2022)	2.28%	10/9/19	10,893.33		
MATURITY	10/9/19	10/9/19	1,000,000.00	3133EHF73	FFCB NOTES (CALLED OMD 10/17/2022)	2.28%	10/9/19	1,000,000.00		0.00
BUY	10/9/19	10/23/19	350,000.00	542411NH2	LONG BEACH CCD, CA TXBL GO BONDS	1.74%	8/1/23	(350,000.00)	1.74%	
SELL	10/10/19	10/16/19	265,000.00	3136G4PV9	FANNIE MAE NOTES (CALLED OMD 10/27/2022)	2.25%	10/27/19	267,679.81	2.27%	296.74
INTEREST	10/13/19	10/13/19	249,000.00	20033AND4	COMENITY CAPITAL BANK LT CD	2.00%	10/13/20	409.32		
INTEREST	10/14/19	10/14/19	2,000,000.00	3133EGYQ2	FEDERAL FARM CREDIT BANKS NOTES	1.40%	10/14/21	14,000.00		
INTEREST	10/15/19	10/15/19	380,000.00	9128286M7	UNITED STATES TREASURY NOTES	2.25%	4/15/22	4,275.00		
INTEREST	10/15/19	10/15/19	250,000.00	68389XAP0	ORACLE CORP NOTES	2.50%	10/15/22	3,125.00		
INTEREST	10/15/19	10/15/19	240,000.00	9128285F3	UNITED STATES TREASURY NOTES	2.87%	10/15/21	3,450.00		

CITY OF ESCONDIDO

Portfolio Activity

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	10/18/19	10/18/19	245,000.00	08173QBX3	BENEFICIAL BANK CD	2.15%	10/18/22	2,640.97		
INTEREST	10/19/19	10/19/19	245,000.00	319267GK0	FIRST BANK OF RICHMOND CD	1.90%	10/19/20	2,333.88		
SELL	10/22/19	10/23/19	375,000.00	3136G4PV9	FANNIE MAE NOTES (CALLED OMD 10/27/2022)	2.25%	10/27/19	379,132.50	2.05%	13.02
INTEREST	10/25/19	10/25/19	800,000.00	172967LG4	CITIGROUP INC CORP (CALLABLE) NOTES	2.75%	4/25/22	11,000.00		
BUY	10/25/19	10/28/19	775,000.00	912796SQ3	US TREASURY BILL	0.00%	10/31/19	(774,894.57)	1.63%	
BUY	10/25/19	10/28/19	575,000.00	912828D56	US TREASURY NOTES	2.37%	8/15/24	(598,028.32)	1.61%	
INTEREST	10/26/19	10/26/19	800,000.00	38141GWC4	GOLDMAN SACHS GROUP INC (CALLABLE) NOTE	3.00%	4/26/22	12,000.00		
INTEREST	10/27/19	10/27/19	1,360,000.00	3136G4PV9	FANNIE MAE NOTES (CALLED OMD 10/27/2022)	2.25%	10/27/19	15,300.00		
MATURITY	10/27/19	10/27/19	1,360,000.00	3136G4PV9	FANNIE MAE NOTES (CALLED OMD 10/27/2022)	2.25%	10/27/19	1,360,000.00		0.00
INTEREST	10/28/19	10/28/19	1,000,000.00	3133EFLZ8	FEDERAL FARM CREDIT BANKS NOTES	1.46%	10/28/20	7,300.00		
INTEREST	10/28/19	10/28/19	245,000.00	58403B6Y7	MEDALLION BANK UTAH CD	2.05%	6/28/21	412.81		
INTEREST	10/28/19	10/28/19	1,410,000.00	06406RAG2	BANK OF NY MELLON CORP	3.50%	4/28/23	24,675.00		
BUY	10/28/19	10/30/19	245,000.00	9128286M7	UNITED STATES TREASURY NOTES	2.25%	4/15/22	(248,623.38)	1.67%	
INTEREST	10/29/19	10/29/19	745,000.00	61746BDQ6	MORGAN STANLEY CORP NOTES	3.87%	4/29/24	14,434.38		
INTEREST	10/30/19	10/30/19	249,000.00	91330ABC0	UNITY BANK CD	1.65%	10/30/20	337.68		
INTEREST	10/30/19	10/30/19	248,000.00	31938QP65	FIRST BUSINESS BANK CD	1.50%	10/30/19	1,865.10		
MATURITY	10/30/19	10/30/19	248,000.00	31938QP65	FIRST BUSINESS BANK CD	1.50%	10/30/19	248,000.00		0.00
INTEREST	10/31/19	10/31/19	250,000.00	9128283C2	US TREASURY N/B NOTES	2.00%	10/31/22	2,500.00		
INTEREST	10/31/19	10/31/19	2,825,000.00	9128284L1	US TREASURY N/B	2.75%	4/30/23	38,843.75		
INTEREST	10/31/19	10/31/19	250,000.00	912828R28	US TREASURY N/B NOTES	1.62%	4/30/23	2,031.25		
INTEREST	10/31/19	10/31/19	425,000.00	912828X47	US TREASURY NOTES	1.87%	4/30/22	3,984.38		
INTEREST	10/31/19	10/31/19	1,655,000.00	912828X70	US TREASURY N/B NOTES	2.00%	4/30/24	16,550.00		

CITY OF ESCONDIDO

Portfolio Activity

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	10/31/19	10/31/19	890,000.00	9128285K2	US TREASURY N/B	2.87%	10/31/23	12,793.75		
MATURITY	10/31/19	10/31/19	775,000.00	912796SQ3	US TREASURY BILL	0.00%	10/31/19	775,000.00		0.00
INTEREST	11/1/19	11/25/19	845,000.00	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	1,965.33		
INTEREST	11/1/19	11/25/19	364,205.93	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/25/22	727.20		
PAYDOWNS	11/1/19	11/25/19	6,803.53	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/25/22	6,803.53		0.00
BUY	11/5/19	11/8/19	600,000.00	693475AY1	PNC BANK NA CORP NOTES	2.20%	11/1/24	(600,058.67)	2.21%	
SELL	11/5/19	11/8/19	600,000.00	912828V23	US TREASURY NOTES	2.25%	12/31/23	618,633.84	1.67%	15,410.71
INTEREST	11/6/19	11/6/19	1,000,000.00	3135G0K69	FNMA BENCHMARK NOTE	1.25%	5/6/21	6,250.00		
INTEREST	11/13/19	11/13/19	249,000.00	20033AND4	COMENITY CAPITAL BANK LT CD	2.00%	10/13/20	422.96		
INTEREST	11/15/19	11/15/19	470,000.00	9128284P2	US TREASURY NOTES	2.62%	5/15/21	6,168.75		
BUY	11/20/19	11/22/19	640,000.00	91324PCC4	UNITEDHEALTH GROUP INC CORP NOTES	2.87%	3/15/23	(659,782.84)	2.07%	
SELL	11/20/19	11/22/19	650,000.00	3135G0T78	FANNIE MAE AGENCY NOTES	2.00%	10/5/22	658,814.72	1.61%	7,120.91
BUY	11/20/19	11/26/19	315,000.00	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	(315,450.07)	2.03%	
SELL	11/20/19	11/26/19	270,000.00	912828XQ8	US TREASURY NOTES	2.00%	7/31/22	274,863.94	1.56%	1,823.08
SELL	11/21/19	11/26/19	40,000.00	3135G0T78	FANNIE MAE AGENCY NOTES	2.00%	10/5/22	40,527.33	1.63%	414.21
SELL	11/22/19	11/22/19	5,000.00	9128284L1	US TREASURY N/B	2.75%	4/30/23	5,198.94	1.61%	44.33
INTEREST	11/24/19	11/24/19	245,000.00	34415LAP6	FOCUS BANK CD	2.20%	11/24/22	2,717.15		
INTEREST	11/24/19	11/24/19	790,000.00	14912L5X5	CATERPILLAR FINANCIAL SERVICES CORP NOTE	3.75%	11/24/23	14,812.50		
INTEREST	11/26/19	11/26/19	1,100,000.00	3130ABD94	FEDERAL HOME LOAN BANKS BONDS	1.61%	8/26/20	8,855.00		
INTEREST	11/28/19	11/28/19	245,000.00	58403B6Y7	MEDALLION BANK UTAH CD	2.05%	6/28/21	426.57		
INTEREST	11/29/19	11/29/19	2,000,000.00	3130AABG2	FHLB NOTES	1.87%	11/29/21	18,750.00		
INTEREST	11/30/19	11/30/19	500,000.00	3135G0F73	FNMA BENCHMARK NOTE	1.50%	11/30/20	3,750.00		

CITY OF ESCONDIDO

Portfolio Activity

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	11/30/19	11/30/19	250,000.00	912828R77	US TREASURY NOTES	1.37%	5/31/21	1,718.75		
INTEREST	11/30/19	11/30/19	1,195,000.00	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	9,709.38		
INTEREST	11/30/19	11/30/19	300,000.00	912828U57	US TREASURY NOTES	2.12%	11/30/23	3,187.50		
INTEREST	11/30/19	11/30/19	825,000.00	002824BE9	ABBOTT LABORATORIES CORP NOTES	3.40%	11/30/23	14,025.00		
INTEREST	11/30/19	11/30/19	249,000.00	91330ABC0	UNITY BANK CD	1.65%	10/30/20	348.94		
INTEREST	11/30/19	11/30/19	245,000.00	912828R77	US TREASURY NOTES	1.37%	5/31/21	1,684.38		
INTEREST	12/1/19	12/1/19	245,000.00	1404203C2	CAPITAL ONE BANK USA NA CD	2.40%	6/1/22	2,948.05		
INTEREST	12/1/19	12/25/19	357,402.40	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/25/22	679.06		
INTEREST	12/1/19	12/25/19	845,000.00	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	1,965.33		
INTEREST	12/1/19	12/25/19	315,000.00	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	549.15		
PAYDOWNS	12/1/19	12/25/19	495.12	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	495.12		0.00
PAYDOWNS	12/1/19	12/25/19	737.11	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/25/22	737.11		0.00
INTEREST	12/2/19	12/2/19	245,000.00	92937CFS2	WEX BK MIDVALE UTAH CD	1.80%	6/2/20	2,211.04		
BUY	12/2/19	12/4/19	795,000.00	912828Y5	US TREASURY NOTES	2.12%	9/30/24	(814,335.03)	1.68%	
BUY	12/2/19	12/4/19	1,100,000.00	912828Y87	UNITED STATES TREASURY NOTES	1.75%	7/31/24	(1,110,415.25)	1.67%	
SELL	12/2/19	12/4/19	1,820,000.00	9128284L1	US TREASURY N/B	2.75%	4/30/23	1,890,223.44	1.66%	12,791.24
SELL	12/4/19	12/4/19	40,000.00	3135G0F73	FNMA BENCHMARK NOTE	1.50%	11/30/20	39,950.27	1.64%	6.63
BUY	12/4/19	12/6/19	635,000.00	23341VZT1	DNB BANK ASA/NY LT CD	2.04%	12/2/22	(635,000.00)	2.04%	
SELL	12/4/19	12/6/19	635,000.00	4581X0CZ9	INTER-AMERICAN DEVEL BANK	1.75%	9/14/22	638,998.03	1.66%	7,760.21
INTEREST	12/6/19	12/6/19	800,000.00	05531FBF9	BB&T CORPORATION	3.75%	12/6/23	15,000.00		
INTEREST	12/8/19	12/8/19	245,000.00	58740XZJ2	MERCANTILE BK MICH GRAND RAPIDS CD	1.80%	6/8/20	2,211.04		
INTEREST	12/11/19	12/11/19	2,000,000.00	313379RB7	FHLB NOTES	1.87%	6/11/21	18,750.00		

CITY OF ESCONDIDO

Portfolio Activity

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
BUY	12/12/19	12/16/19	1,520,000.00	9128282S8	US TREASURY NOTES	1.62%	8/31/22	(1,524,826.34)	1.69%	
SELL	12/12/19	12/16/19	1,510,000.00	92826CAG7	VISA INC (CALLABLE) NOTE	2.15%	9/15/22	1,530,588.43	1.84%	28,305.03
INTEREST	12/13/19	12/13/19	249,000.00	20033AND4	COMENITY CAPITAL BANK LT CD	2.00%	10/13/20	409.32		
BUY	12/13/19	12/18/19	650,000.00	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	(682,612.93)	1.04%	
SELL	12/13/19	12/18/19	200,000.00	3134G3D64	FREDDIE MAC NOTES	1.55%	8/21/20	200,769.50	1.73%	(465.49)
SELL	12/13/19	12/18/19	460,000.00	3135G0F73	FNMA BENCHMARK NOTE	1.50%	11/30/20	459,609.00	1.67%	(39.57)
SELL	12/16/19	12/18/19	25,000.00	9128282S8	US TREASURY NOTES	1.62%	8/31/22	25,107.00	1.65%	25.30
INTEREST	12/21/19	12/21/19	245,000.00	38148PKX4	GOLDMAN SACHS GROUP INC CD	2.35%	6/21/22	2,886.64		
INTEREST	12/22/19	12/22/19	245,000.00	02006L3N1	ALLY BANK CD	1.90%	6/22/20	2,333.88		
INTEREST	12/27/19	12/27/19	845,000.00	02665WCY5	AMERICAN HONDA FINANCE	2.20%	6/27/22	9,295.00		
INTEREST	12/28/19	12/28/19	245,000.00	58403B6Y7	MEDALLION BANK UTAH CD	2.05%	6/28/21	412.81		
INTEREST	12/30/19	12/30/19	249,000.00	91330ABC0	UNITY BANK CD	1.65%	10/30/20	337.68		
INTEREST	12/31/19	12/31/19	600,000.00	912828V23	US TREASURY NOTES	2.25%	12/31/23	6,750.00		
INTEREST	12/31/19	12/31/19	1,500,000.00	912828XX3	US TREASURY N/B NOTES	2.00%	6/30/24	15,000.00		
INTEREST	12/31/19	12/31/19	975,000.00	912828S35	US TREASURY NOTES	1.37%	6/30/23	6,703.13		
TOTALS								496,293.16		88,717.46

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
UNITED STATES TREASURY NOTES DTD 01/31/2019 2.500% 01/31/2021	9128285X4	680,000.00	AA+	Aaa	7/19/2019	7/23/2019	686,454.69	1.86	7,114.13	684,604.93	686,242.40
US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	470,000.00	AA+	Aaa	7/26/2019	7/30/2019	475,875.00	1.91	1,593.03	474,512.64	476,462.50
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	245,000.00	AA+	Aaa	7/23/2019	7/23/2019	242,894.53	1.85	294.54	243,391.95	244,253.49
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	250,000.00	AA+	Aaa	7/23/2019	7/24/2019	247,861.33	1.85	300.55	248,364.25	249,238.25
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	955,000.00	AA+	Aaa	8/26/2019	8/28/2019	946,979.49	1.53	2,729.97	948,287.31	947,315.12
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	240,000.00	AA+	Aaa	8/8/2019	8/13/2019	246,346.88	1.63	1,470.49	245,238.65	245,381.28
US TREASURY NOTES DTD 03/31/2015 1.750% 03/31/2022	912828J76	245,000.00	AA+	Aaa	6/18/2019	6/20/2019	244,846.88	1.77	1,089.45	244,877.58	245,918.75
UNITED STATES TREASURY NOTES DTD 04/15/2019 2.250% 04/15/2022	9128286M7	380,000.00	AA+	Aaa	10/7/2019	10/8/2019	387,718.75	1.43	1,822.13	387,017.86	385,581.44
UNITED STATES TREASURY NOTES DTD 04/15/2019 2.250% 04/15/2022	9128286M7	245,000.00	AA+	Aaa	10/28/2019	10/30/2019	248,397.46	1.67	1,174.80	248,163.85	248,598.56
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	425,000.00	AA+	Aaa	6/4/2019	6/5/2019	424,916.99	1.88	1,357.31	424,935.39	427,755.70
US TREASURY NOTES DTD 08/31/2017 1.625% 08/31/2022	9128282S8	1,495,000.00	AA+	Aaa	12/12/2019	12/16/2019	1,492,605.67	1.69	8,209.15	1,492,646.18	1,496,225.90
US TREASURY N/B NOTES DTD 10/31/2017 2.000% 10/31/2022	9128283C2	250,000.00	AA+	Aaa	8/30/2019	9/6/2019	254,238.28	1.45	851.65	253,817.83	252,744.25
US TREASURY N/B NOTES DTD 05/02/2016 1.625% 04/30/2023	912828R28	250,000.00	AA+	Aaa	6/17/2019	6/18/2019	248,085.94	1.83	691.96	248,345.65	249,980.50
US TREASURY N/B DTD 04/30/2018 2.750% 04/30/2023	9128284L1	1,000,000.00	AA+	Aaa	6/3/2019	6/5/2019	1,033,046.88	1.87	4,684.07	1,028,351.51	1,036,211.00
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	1,195,000.00	AA+	Aaa	4/23/2019	4/26/2019	1,161,203.91	2.35	1,697.81	1,166,632.04	1,195,046.61

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 06/30/2016 1.375% 06/30/2023	912828S35	975,000.00	AA+	Aaa	5/8/2019	5/9/2019	940,417.97	2.28	36.83	945,608.14	966,506.78
US TREASURY NOTES DTD 07/31/2018 2.750% 07/31/2023	912828Y61	940,000.00	AA+	Aaa	9/3/2019	9/5/2019	989,643.75	1.36	10,817.66	985,665.10	976,131.72
US TREASURY N/B DTD 10/31/2018 2.875% 10/31/2023	912828K2	890,000.00	AA+	Aaa	8/2/2019	8/5/2019	933,491.80	1.67	4,358.31	929,455.58	930,223.55
US TREASURY NOTES DTD 11/30/2016 2.125% 11/30/2023	912828U57	300,000.00	AA+	Aaa	8/1/2019	8/5/2019	303,796.88	1.82	557.38	303,454.33	305,343.60
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	600,000.00	AA+	Aaa	4/29/2019	4/30/2019	598,218.75	2.32	37.09	598,470.73	613,663.80
US TREASURY N/B NOTES DTD 01/31/2017 2.250% 01/31/2024	912828V80	1,600,000.00	AA+	Aaa	5/8/2019	5/9/2019	1,596,937.50	2.29	15,065.22	1,597,360.10	1,637,062.40
US TREASURY N/B NOTES DTD 02/28/2017 2.125% 02/29/2024	912828W48	1,050,000.00	AA+	Aaa	4/29/2019	5/1/2019	1,040,689.45	2.32	7,539.66	1,041,932.03	1,069,482.75
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	1,655,000.00	AA+	Aaa	6/4/2019	6/5/2019	1,660,365.82	1.93	5,637.91	1,659,775.44	1,677,691.71
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	1,500,000.00	AA+	Aaa	7/1/2019	7/3/2019	1,516,113.28	1.77	82.42	1,514,580.36	1,520,800.50
UNITED STATES TREASURY NOTES DTD 07/31/2019 1.750% 07/31/2024	912828Y87	1,100,000.00	AA+	Aaa	12/2/2019	12/4/2019	1,103,824.22	1.67	8,055.71	1,103,768.09	1,103,523.30
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	575,000.00	AA+	Aaa	10/25/2019	10/28/2019	595,282.23	1.61	5,158.20	594,565.96	592,609.38
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	912828Y5	795,000.00	AA+	Aaa	12/2/2019	12/4/2019	811,334.77	1.68	4,292.67	811,087.06	810,900.00
Security Type Sub-Total		20,305,000.00					20,431,589.10	1.88	96,720.10	20,424,910.54	20,590,895.24
Supra-National Agency Bond / Note											
INTL BK RECON & DEVELOP SN NOTE DTD 05/29/2019 2.125% 07/01/2022	459058GU1	880,000.00	AAA	Aaa	5/21/2019	5/29/2019	876,770.40	2.25	9,350.00	877,362.82	889,911.44

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVEL BANK DTD 09/14/2017 1.750% 09/14/2022	4581X0CZ9	1,000,000.00	AAA	Aaa	11/3/2017	11/7/2017	983,100.00	2.12	5,201.39	990,382.38	1,002,340.00
INTER-AMERICAN DEVEL BANK DTD 09/14/2017 1.750% 09/14/2022	4581X0CZ9	365,000.00	AAA	Aaa	11/2/2017	11/6/2017	358,795.00	2.12	1,898.51	361,470.61	365,854.10
Security Type Sub-Total		2,245,000.00					2,218,665.40	2.17	16,449.90	2,229,215.81	2,258,105.54
Municipal Bond / Note											
SAN FRAN COMM FAC DIST, CA TXBL REV BNDS DTD 11/09/2017 2.500% 09/01/2022	79772EAE9	380,000.00	NR	NR	10/27/2017	11/9/2017	377,362.80	2.66	3,166.67	378,493.28	384,791.80
SAN FRAN COMM FAC DIST, CA TXBL REV BNDS DTD 11/09/2017 2.500% 09/01/2022	79772EAX7	350,000.00	NR	NR	10/27/2017	11/9/2017	348,355.00	2.61	2,916.67	349,059.47	354,413.50
LONG BEACH CCD, CA TXBL GO BONDS DTD 10/23/2019 1.743% 08/01/2023	542411NH2	350,000.00	AA	Aa2	10/9/2019	10/23/2019	350,000.00	1.74	1,152.32	350,000.00	346,255.00
VENTURA CNTY CCD, CA TXBL GO BONDS DTD 10/31/2019 1.750% 08/01/2023	923040GT0	350,000.00	AA+	Aa1	10/3/2019	10/31/2019	350,000.00	1.75	1,037.85	350,000.00	347,536.00
TAMALPAIS UHSD, CA TXBL GO BONDS DTD 10/09/2019 1.971% 08/01/2023	874857KJ3	615,000.00	NR	Aaa	9/20/2019	10/9/2019	615,000.00	1.97	2,761.04	615,000.00	615,553.50
SAN DIEGO CCD, CA TXBL GO BONDS DTD 10/16/2019 2.046% 08/01/2024	797272QP9	245,000.00	AAA	Aaa	9/18/2019	10/16/2019	245,000.00	2.05	1,044.31	245,000.00	244,737.85
VENTURA CNTY CCD, CA TXBL GO BONDS DTD 10/31/2019 1.800% 08/01/2024	923040GU7	490,000.00	AA+	Aa1	10/3/2019	10/31/2019	490,000.00	1.80	1,494.50	490,000.00	484,663.90
Security Type Sub-Total		2,780,000.00					2,775,717.80	2.07	13,573.36	2,777,552.75	2,777,951.55
Federal Agency Collateralized Mortgage Obligation											

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Collateralized Mortgage Obligation											
FHLMC MULTIFAMILY STRUCTURED P DTD 05/01/2015 2.791% 01/25/2022	3137BHXY8	845,000.00	AA+	Aaa	5/16/2019	5/21/2019	850,281.25	2.20	1,965.33	848,915.43	855,848.45
FNA 2013-M7 A2 DTD 05/01/2013 2.280% 12/25/2022	3136AEGQ4	356,665.29	AA+	Aaa	9/4/2019	9/9/2019	361,337.97	1.42	677.66	360,898.40	358,309.77
FANNIEMAE-ACES DTD 04/01/2014 3.346% 03/25/2024	3136AJB54	650,000.00	AA+	Aaa	12/13/2019	12/18/2019	681,585.94	1.04	1,812.33	681,585.94	677,619.87
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	314,504.88	AA+	Aaa	11/20/2019	11/26/2019	314,497.33	2.03	548.29	314,497.33	313,152.19
Security Type Sub-Total		2,166,170.17					2,207,702.49	1.69	5,003.61	2,205,897.10	2,204,930.28
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 08/21/2012 1.550% 08/21/2020	3134G3D64	120,000.00	AA+	Aaa	5/25/2016	5/26/2016	120,835.68	1.38	671.67	120,129.23	119,948.40
FEDERAL HOME LOAN BANKS BONDS DTD 05/26/2017 1.610% 08/26/2020	3130ABD94	1,100,000.00	AA+	Aaa	9/21/2017	9/25/2017	1,098,306.00	1.66	1,721.81	1,099,621.39	1,098,826.30
FEDERAL FARM CREDIT BANKS NOTES DTD 08/30/2005 4.810% 09/01/2020	31331S4M2	310,000.00	AA+	Aaa	6/30/2016	6/30/2016	357,011.50	1.08	4,970.33	317,656.67	316,724.52
FHLB NOTES DTD 09/01/2005 4.625% 09/11/2020	3133XD4P3	2,350,000.00	AA+	Aaa	5/24/2016	5/25/2016	2,663,701.50	1.41	33,210.07	2,401,996.19	2,398,499.30
FEDERAL FARM CREDIT BANKS NOTES DTD 10/28/2015 1.460% 10/28/2020	3133EFLZ8	1,000,000.00	AA+	Aaa	10/21/2015	10/28/2015	1,000,000.00	1.46	2,555.00	1,000,000.00	999,633.00
FREDDIE MAC (EX-CALLABLE) NOTES DTD 01/29/2013 1.650% 01/29/2021	3134G34D9	2,410,000.00	AA+	Aaa	7/11/2016	7/13/2016	2,466,109.62	1.12	16,789.67	2,423,565.41	2,408,713.06
FHLB NOTES DTD 02/18/2016 1.375% 02/18/2021	3130A7CV5	2,000,000.00	AA+	Aaa	6/23/2016	6/24/2016	2,008,540.00	1.28	10,159.72	2,002,124.90	1,995,072.00
FHLB NOTES DTD 03/15/2013 1.750% 03/12/2021	313382K69	1,000,000.00	AA+	Aaa	4/26/2016	4/27/2016	1,011,700.00	1.50	5,298.61	1,002,953.24	1,001,818.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FNMA BENCHMARK NOTE DTD 05/16/2016 1.250% 05/06/2021	3135G0K69	1,000,000.00	AA+	Aaa	5/18/2016	5/19/2016	987,848.00	1.51	1,909.72	996,612.73	995,285.00
FHLB NOTES DTD 06/05/2012 1.875% 06/11/2021	313379RB7	2,000,000.00	AA+	Aaa	6/23/2016	6/24/2016	2,050,240.00	1.35	2,083.33	2,014,966.64	2,006,424.00
FHLMC REFERNCE NOTE DTD 08/12/2016 1.125% 08/12/2021	3137EAEC9	2,165,000.00	AA+	Aaa	8/16/2016	8/17/2016	2,145,311.49	1.31	9,404.22	2,158,487.53	2,149,028.80
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	1,710,000.00	AA+	Aaa	10/7/2016	10/11/2016	1,696,414.05	1.42	7,956.25	1,705,339.36	1,700,966.07
FREDDIE MAC (EX-CALLABLE) NOTES DTD 08/17/2016 1.875% 08/17/2021	3134G92Y2	2,000,000.00	AA+	Aaa	5/8/2017	5/9/2017	1,997,934.00	1.90	13,958.33	1,999,201.88	2,007,562.00
FEDERAL FARM CREDIT BANKS NOTES DTD 09/20/2017 1.660% 09/20/2021	3133EHZA4	2,000,000.00	AA+	Aaa	10/5/2017	10/11/2017	1,986,364.00	1.84	9,314.44	1,993,935.88	2,003,286.00
FEDERAL FARM CREDIT BANKS NOTES DTD 10/14/2016 1.400% 10/14/2021	3133EGYQ2	2,000,000.00	AA+	Aaa	10/26/2016	10/27/2016	1,994,260.00	1.46	5,988.89	1,997,888.50	1,994,212.00
FHLB NOTES DTD 11/30/2016 1.875% 11/29/2021	3130AABG2	2,000,000.00	AA+	Aaa	12/14/2016	12/16/2016	1,978,920.00	2.10	3,333.33	1,991,611.12	2,010,730.00
FREDDIE MAC GLOBAL NOTES DTD 01/13/2012 2.375% 01/13/2022	3137EADB2	240,000.00	AA+	Aaa	8/27/2019	8/30/2019	244,548.00	1.56	2,660.00	243,914.46	243,699.60
FHLB NOTES DTD 02/17/2012 2.250% 03/11/2022	313378CR0	2,000,000.00	AA+	Aaa	5/8/2017	5/9/2017	2,022,926.00	2.00	13,750.00	2,010,679.48	2,026,042.00
FANNIE MAE (EX-CALLABLE) NOTES DTD 11/26/2012 2.000% 08/26/2022	3136G05L1	2,000,000.00	AA+	Aaa	9/27/2017	9/28/2017	2,003,700.00	1.96	13,888.89	2,002,050.02	2,018,304.00
FANNIE MAE AGENCY NOTES DTD 10/06/2017 2.000% 10/05/2022	3135G0T78	1,310,000.00	AA+	Aaa	10/5/2017	10/11/2017	1,309,986.90	2.00	6,258.89	1,309,993.37	1,324,087.74
Security Type Sub-Total		30,715,000.00					31,144,656.74	1.59	165,883.17	30,792,728.00	30,818,861.79

Corporate Note

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BOEING CO DTD 07/31/2019 2.300% 08/01/2021	097023CL7	270,000.00	A-	A3	7/29/2019	7/31/2019	269,989.20	2.30	2,604.75	269,991.48	271,527.93
CITIGROUP INC CORP (CALLABLE) NOTES DTD 04/25/2017 2.750% 04/25/2022	172967LG4	800,000.00	BBB+	A3	9/21/2017	9/25/2017	803,432.00	2.65	4,033.33	801,763.54	812,818.40
GOLDMAN SACHS GROUP INC (CALLABLE) NOTE DTD 01/26/2017 3.000% 04/26/2022	38141GWC4	800,000.00	BBB+	A3	9/18/2017	9/20/2017	810,848.00	2.68	4,333.33	804,096.03	810,104.00
AMERICAN HONDA FINANCE DTD 06/27/2019 2.200% 06/27/2022	02665WCY5	845,000.00	A	A2	6/24/2019	6/27/2019	844,222.60	2.23	206.56	844,351.43	851,572.41
APPLE INC CORP (CALLABLE) NOTES DTD 09/12/2017 2.100% 09/12/2022	037833DC1	950,000.00	AA+	Aa1	11/15/2017	11/16/2017	933,802.50	2.48	6,040.42	940,714.40	959,575.05
JPMORGAN CHASE & CO CORP NOTES DTD 09/24/2012 3.250% 09/23/2022	46625HJE1	600,000.00	A-	A2	11/29/2017	12/1/2017	614,778.00	2.70	5,308.33	608,618.50	620,787.60
ORACLE CORP NOTES DTD 10/25/2012 2.500% 10/15/2022	68389XAP0	250,000.00	A+	A1	11/15/2017	11/16/2017	249,387.50	2.55	1,319.44	249,644.77	254,638.00
TOYOTA MOTOR CREDIT CORP DTD 01/11/2018 2.700% 01/11/2023	89236TEL5	1,090,000.00	AA-	Aa3	4/29/2019	5/1/2019	1,089,705.70	2.71	13,897.50	1,089,776.12	1,112,305.76
AMAZON.COM INC BONDS DTD 06/06/2018 2.400% 02/22/2023	023135AW6	880,000.00	AA-	A3	5/14/2019	5/16/2019	873,523.20	2.61	7,568.00	874,570.05	895,649.92
BOEING CO CORP NOTES DTD 02/23/2018 2.800% 03/01/2023	097023BW4	250,000.00	A-	A3	8/8/2019	8/12/2019	254,725.00	2.24	2,333.33	254,230.30	255,114.75
JOHN DEERE CAPITAL CORP DTD 03/04/2016 2.800% 03/06/2023	24422ETG4	835,000.00	A	A2	5/16/2019	5/20/2019	838,724.10	2.68	7,468.61	838,161.91	856,895.37
UNITEDHEALTH GROUP INC CORP NOTES DTD 02/28/2013 2.875% 03/15/2023	91324PCC4	640,000.00	A+	A3	11/20/2019	11/22/2019	656,358.40	2.07	5,417.78	655,843.49	657,486.72
BANK OF NY MELLON CORP DTD 04/30/2018 3.500% 04/28/2023	06406RAG2	1,410,000.00	A	A1	4/24/2019	4/26/2019	1,445,376.90	2.83	8,636.25	1,439,638.62	1,479,301.50

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
AMERICAN EXPRESS CREDIT CORP NOTES DTD 08/03/2018 3.700% 08/03/2023	025816BW8	800,000.00	BBB+	A3	4/23/2019	4/26/2019	821,480.00	3.02	12,168.89	818,258.54	841,116.80
CATERPILLAR FINANCIAL SERVICES CORP NOTE DTD 11/26/2013 3.750% 11/24/2023	14912L5X5	790,000.00	A	A3	5/8/2019	5/10/2019	823,243.20	2.76	3,044.79	818,792.96	843,283.13
ABBOTT LABORATORIES CORP NOTES DTD 11/22/2016 3.400% 11/30/2023	002824BE9	825,000.00	A-	A3	5/10/2019	5/14/2019	846,441.75	2.79	2,415.42	843,517.41	867,392.63
BB&T CORPORATION DTD 12/06/2018 3.750% 12/06/2023	05531FBF9	800,000.00	A-	A3	4/23/2019	4/25/2019	824,928.00	3.02	2,083.33	821,464.77	848,662.40
BANK OF AMERICA CORP NOTE DTD 01/21/2014 4.125% 01/22/2024	06051GFB0	1,395,000.00	A-	A2	4/23/2019	4/25/2019	1,456,477.65	3.12	25,415.16	1,448,207.39	1,499,537.12
CHARLES SCHWAB CORP NOTES DTD 10/31/2018 3.550% 02/01/2024	808513AY1	815,000.00	A	A2	4/25/2019	4/29/2019	843,321.25	2.76	12,055.21	839,557.56	859,969.26
BLACKROCK INC CORP NOTES DTD 03/18/2014 3.500% 03/18/2024	09247XAL5	1,420,000.00	AA-	Aa3	4/22/2019	4/24/2019	1,464,588.00	2.81	14,219.72	1,458,722.19	1,510,777.76
MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	745,000.00	BBB+	A3	7/19/2019	7/23/2019	788,604.85	2.56	4,971.84	784,822.06	791,993.11
US BANCORP DTD 07/29/2019 2.400% 07/30/2024	91159HHX1	845,000.00	A+	A1	7/30/2019	8/1/2019	844,247.95	2.42	8,562.67	844,308.08	856,762.40
WALT DISNEY COMPANY/THE DTD 09/06/2019 1.750% 08/30/2024	254687FK7	845,000.00	A	A2	9/3/2019	9/6/2019	841,552.40	1.84	4,723.78	841,763.79	838,588.14
PNC BANK NA CORP NOTES DTD 11/01/2019 2.200% 11/01/2024	693475AY1	600,000.00	A-	A3	11/5/2019	11/8/2019	599,802.00	2.21	2,200.00	599,807.95	602,230.20
Security Type Sub-Total		19,500,000.00					19,839,560.15	2.65	161,028.44	19,790,623.34	20,198,090.36
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 09/25/2019 0.000% 04/06/2020	62479LD69	375,000.00	A-1	P-1	10/8/2019	10/9/2019	371,343.75	1.97	0.00	373,050.00	373,115.63

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		375,000.00					371,343.75	1.97	0.00	373,050.00	373,115.63
Certificate of Deposit - FDIC Insured											
WEX BK MIDVALE UTAH CD DTD 06/02/2017 1.800% 06/02/2020	92937CFS2	245,000.00	NR	NR	5/25/2017	6/2/2017	245,000.00	1.76	362.47	245,000.00	245,144.80
MERCANTILE BK MICH GRAND RAPIDS CD DTD 06/07/2017 1.800% 06/08/2020	58740XZJ2	245,000.00	NR	NR	5/25/2017	6/7/2017	245,000.00	1.76	289.97	245,000.00	245,151.66
ALLY BANK CD DTD 06/22/2017 1.900% 06/22/2020	02006L3N1	245,000.00	NR	NR	6/13/2017	6/22/2017	245,000.00	1.86	127.53	245,000.00	245,282.24
SYNCHRONY BANK CD DTD 07/17/2015 2.250% 07/17/2020	87165HKM1	247,000.00	NR	NR	7/17/2015	7/17/2015	247,000.00	2.15	2,557.97	247,000.00	247,780.77
COMENITY CAPITAL BANK LT CD DTD 09/29/2015 2.000% 10/13/2020	20033AND4	249,000.00	NR	NR	10/13/2015	10/13/2015	249,000.00	1.73	259.23	249,000.00	250,168.56
FIRST BANK OF RICHMOND CD DTD 10/18/2017 1.900% 10/19/2020	319267GK0	245,000.00	NR	NR	10/4/2017	10/18/2017	245,000.00	1.86	943.75	245,000.00	245,485.10
UNITY BANK CD DTD 10/30/2015 1.650% 10/30/2020	91330ABC0	249,000.00	NR	NR	10/21/2015	10/30/2015	249,000.00	1.59	22.51	249,000.00	250,239.27
MEDALLION BANK UTAH CD DTD 06/28/2017 2.050% 06/28/2021	58403B6Y7	245,000.00	NR	NR	6/16/2017	6/28/2017	245,000.00	1.98	55.04	245,000.00	246,316.88
CAPITAL ONE BANK USA NA CD DTD 06/01/2017 2.400% 06/01/2022	1404203C2	245,000.00	NR	NR	5/25/2017	6/1/2017	245,000.00	2.28	499.40	245,000.00	248,708.57
GOLDMAN SACHS GROUP INC CD DTD 06/21/2017 2.350% 06/21/2022	38148PKX4	245,000.00	NR	NR	6/13/2017	6/21/2017	245,000.00	2.23	173.51	245,000.00	248,458.91
BENEFICIAL BANK CD DTD 10/18/2017 2.150% 10/18/2022	08173QBX3	245,000.00	NR	NR	9/27/2017	10/18/2017	245,000.00	2.05	1,082.36	245,000.00	247,307.17
FOCUS BANK CD DTD 11/24/2017 2.200% 11/24/2022	34415LAP6	245,000.00	NR	NR	11/14/2017	11/24/2017	245,000.00	2.10	561.15	245,000.00	247,651.64
Security Type Sub-Total		2,950,000.00					2,950,000.00	1.95	6,934.89	2,950,000.00	2,967,695.57
Certificate of Deposit											

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
NORDEA BANK ABP NEW YORK CERT DEPOS DTD 08/29/2019 1.850% 08/26/2022	65558TLL7	1,000,000.00	AA-	Aa3	8/27/2019	8/29/2019	1,000,000.00	1.87	6,423.61	1,000,000.00	1,001,629.00
SKANDINAV ENSKILDA BANK LT CD DTD 09/03/2019 1.860% 08/26/2022	83050PDR7	1,000,000.00	A+	Aa2	8/29/2019	9/3/2019	1,000,000.00	1.88	6,200.00	1,000,000.00	1,001,891.00
DNB BANK ASA/NY LT CD DTD 12/04/2019 2.040% 12/02/2022	23341VZT1	635,000.00	AA-	Aa2	12/4/2019	12/6/2019	635,000.00	2.04	971.55	635,000.00	634,318.01
Security Type Sub-Total		2,635,000.00					2,635,000.00	1.92	13,595.16	2,635,000.00	2,637,838.01
Managed Account Sub Total		83,671,170.17					84,574,235.43	1.97	479,188.63	84,178,977.54	84,827,483.97
Securities Sub-Total		\$83,671,170.17					\$84,574,235.43	1.97%	\$479,188.63	\$84,178,977.54	\$84,827,483.97
Accrued Interest											\$479,188.63
Total Investments											\$85,306,672.60

Bolded items are forward settling trades.

Appendix

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

CITY COUNCIL STAFF REPORT

Current Business Item No. 5

February 12, 2020

File No. 0430-30, 0430-80

SUBJECT: Financial Status Report for the FY2019/20 Second Quarter Ending December 31, 2019, and a Budget Adjustment

DEPARTMENT: Finance

RECOMMENDATION:

It is requested that the City Council receive and file the Second Quarter Financial Report for Fiscal Year 2019/20 (Attachment 1), and approve the attached budget adjustment (Attachment 2).

FISCAL ANALYSIS:

The City Council Budget and Financial Policies require that the City present quarterly financial reports each fiscal year. The purpose of this report is to provide City Council and the public a financial update of selected funds of the City. The report provides an analysis of unaudited revenue and expenditure for Fiscal Year 2019/20 in comparison to Fiscal Year 2018/19 for the General Fund, the Reidy Creek Municipal Golf Course Fund and the Water and Wastewater Funds. The financial highlights for each of these funds are summarized below.

The adopted Fiscal Year 2019/20 General Fund Operating Budget was a balanced budget without the use of reserves. The General Fund's financial condition is basically unchanged after the second quarter. Expenditures are projected to be within the amended budget level after approval of the below budget adjustments and revenues are expected to be slightly higher by about \$1,655,000 mainly due to one-time revenue that is discussed in the attached second quarter financial report. Actual revenue received to date for property taxes, other taxes, and charges for services is up over the prior year by about \$939,000 but this amount is offset by a decline in sales tax over the prior year of \$570,000 or 4%. We will be monitoring sales tax closely over the remainder of the fiscal year. The proposed amendments to the General Fund operating budget have no effect on the General Fund Reserves as all the adjustments have identified funding sources.

Proposed Budget Adjustments:

- Approve an increase to the Fire Department operating budget of \$1,235,885. This increase is needed to cover increased overtime costs of \$845,785 resulting from extra staffing in the City during extreme wind/fire danger events, Fire Department Strike Team deployments assisting other parts of the state, and maintain constant staffing of our fire stations. In addition, \$280,100 is needed to cover a new mandatory Quality Assurance Fee ("QAF") program that is paid to the State by ambulance providers. The QAF program, however, provides an increased reimbursement on Medi-Cal paramedic transports in return for paying this QAF Fee. The City is estimating paramedic transport revenue to increase this year by \$612,000 due to this increased reimbursement on Medi-Cal transports. This budget adjustment also requests additional funding

Financial Status Report for the FY2019/20 Second Quarter Ending December 31, 2019, and a Budget Adjustment

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of \$110,000 to purchase 23 mobile data computers (“MDC”) for Fire Department vehicles. The new MDCs will replace 5+ year old computers currently in use that are at the end of their serviceable lifespan and add the technology to Brush Engines. These computers are mounted inside the fire engines, fire trucks, ambulances and command units and provide a direct connection to the Dispatch Center’s Computer Aided Dispatch (“CAD”) system. The MDCs provide GPS location data of the vehicles to the Dispatch Center so that the actual closest unit is routed to the location of the emergency. This data connection also provides incident information and mapping to the first responders while they are en route. These increases to the Fire Department operating budget will be covered by increased revenue from the QAF program of \$612,000, Fire Assistance revenue of \$320,000, increased Ground Emergency Medical Transportation (“GEMT”) program revenue of \$54,000, and Redevelopment Property Tax Trust Fund Revenue of \$249,885.

- Approve an increase to the General Fund Non-Departmental operating budget of \$50,000 to provide additional funding for a community survey and additional consultation support in gauging resident satisfaction of municipal services in anticipation for a possible revenue measure. This increase will be offset by earmarking a portion of increased property tax revenue towards this endeavor.
- Approve an increase to the American Disabilities Act capital project in the amount of \$25,500. This increase will be used to purchase software that will make the City’s website more accessible to people with disabilities. This increase will also be used to purchase one Audible Pedestrian signal. Funding for this increase will come from CaSp funds which were approved by Senate Bill 1186 that require that the City collect a \$4 fee from any applicant of a local business license. The purpose of this fee is to increase disability access and compliance with construction related accessibility requirements at businesses and facilities that are open to the public.
- Approve an amendment to the operating budgets of the General Fund and the Successor Agency Housing Fund to change how the General Fund accounts for the twenty percent Successor Agency loan repayment that must be deposited into the City’s Successor Agency Housing Fund. On April 26, 2017, the California Department of Finance recognized the City Loan as an enforceable obligation of the Successor Agency and the General Fund began receiving repayment on this loan in Fiscal Year 2018/19 with twenty percent of this loan repayment going to the Housing Fund. This proposed change will replace the current General Fund budgeted expenditure account with a Transfer Out of \$664,465 and replace the Housing Fund budgeted revenue account with a Transfer In of \$664,465 in Fiscal Year 2019/20. This change was proposed by the City’s auditors and will have no financial impact on either fund.
- Approve an increase to the After School Education and Safety (ASES) State Grant program budget in the amount of \$52,870. On June 27, 2019, the California State Legislature passed legislation that provided for additional funding for the ASES Programs within the state. This bill was subsequently signed by Governor Newsom. The City of Escondido will receive an increase

Financial Status Report for the FY2019/20 Second Quarter Ending December 31, 2019, and a Budget Adjustment

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in funding as distributed by the County Office of Education and Escondido Union School District increasing the original grant amount of \$554,210 to \$607,080. There is no financial impact to the General Fund.

Financial highlights for the other funds are listed below:

The Water Funds net operating income through second quarter 2019/20 is \$10.7 million or an increase of \$700,000 over the prior year. This increase is due to increased operating revenue of \$200,000 and decreased operating expenses of about \$500,000 compared to the prior year due to decreased purchased water costs.

The Wastewater Funds net operating income through second quarter 2019/20 is \$5.7 million or a decrease of \$4.3 million compared to the prior year. This decrease is mainly due to decreased operating revenue due to a timing difference in revenue collected from the City of San Diego for wastewater treatment charges.

The Reidy Creek Golf Course Fund is projected to end the year with a loss of about \$35,000 more than budgeted. The FY 2019/20 operating budget for the golf course was balanced with a transfer from the General Fund of \$95,890. Based on revenue and expenditure projections through year end, additional funding may be required.

Update on Future Year Budget Deficits:

Although the Fiscal Year 2019/20 Operating Budget was approved by City Council as a balanced budget without the use of reserves the General Fund Multi-Year Financial Plan forecasts that projected growth will not keep up with projected expenditure growth and the City is potentially facing a budget deficit of \$10 million by Fiscal Year 2021/22. The assumptions used in reaching the forecast are generally very accurate and thus, the forecast is reliable. Indeed, the updated operating revenue results described in the Second Quarter Financial Report (Attachment 1) validates the assumptions used in determining the forecast. In order for the City to continue to provide the same level of service and quality of life which are basic to our community, it is imperative that the City secure a reliable, locally controlled source of revenue. Currently, staff recommendations to accomplish this have been to encourage considering a voter-approved local sales tax Measure.

PREVIOUS ACTION:

On October 23, 2019, the City Council received the Fiscal Year 2018/19 Fourth Quarter Financial Report. The City Council approved the use of General Fund surplus of \$1,499,000 to fund specific department funding requests totaling \$751,000 and to transfer \$748,000 to the Section 115 Irrevocable Pension Trust.

Financial Status Report for the FY2019/20 Second Quarter Ending December 31, 2019, and a Budget Adjustment

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BACKGROUND:

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

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Joan Ryan, Director of Finance

2/5/20 4:47 p.m.

ATTACHMENTS:

1. Attachment 1: Second Quarter Financial Report for December 31, 2019
2. Attachment 2: Budget Adjustment Request



2nd Quarter Financial Report

OVERVIEW

This report summarizes the City's financial position for the fiscal year through the second quarter ending December 31, 2019 for the General Fund, Water and Wastewater Funds, and the Reidy Creek Municipal Golf Course. The purpose of the report is to provide City Council, City Management, and the Escondido community an update on the City's fiscal status based on the most recent financial information available. The revenue projections and budget information include adjustments for encumbrances, carryovers, and any other supplemental appropriations approved by the City Council as of December 31, 2019.

This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting principles (GAAP).

GENERAL FUND

At the end of the second quarter, the General Fund appears to be tracking as expected. The Projected Results as of December 31, 2019 shown below are based on past history of the timing of revenues collected and expenditure activity.

General Fund revenues are at 34% of the amended budget, while expenditures are at 46%. Due to one-time revenue received through December, actual revenues are higher than revenue projected by about \$3.3 million. Expenditures are in line with budgeted activity and projected amounts.

**General Fund
Comparison of Projected Budget to Actuals
As of December 31, 2019**

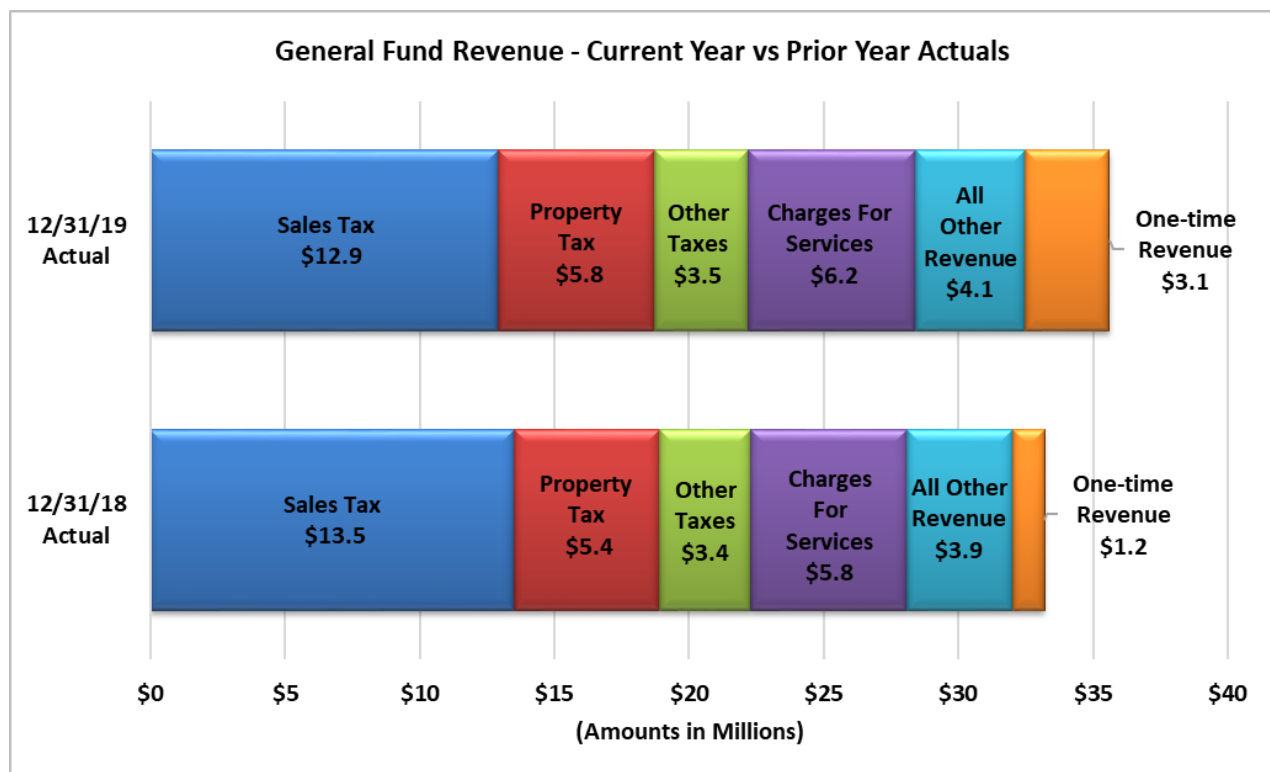
	ANNUAL AMENDED BUDGET	PROJECTED RESULTS as of 12/31/19	ACTUAL RESULTS as of 12/31/19	VARIANCE OVER/(UNDER)
Total Revenue	\$105,388,885	\$34,008,948	\$35,663,736	\$1,654,788
Total Expenditures	107,185,375	50,375,997	49,289,541	103,533
Other Sources (Uses) – Note 1	1,436,060	1,436,060	1,436,060	-
Total Sources over (Uses)	(360,430)	-	-	-

Note 1: Other Sources (Uses) include transfers in and advances from other funds less transfers out and advance repayments. In addition, Council approved the use of General Fund surplus during the year-end report to Council on October 23, 2019.

General Fund Revenue: General Fund operating revenue was up compared to the prior year by 1.6% or about \$506,000 excluding one-time revenue. Although property tax, other tax revenue, and charges for services reported increases over the prior year, sales tax revenues have declined. Details of the General Fund revenue sources are outlined below.

	FISCAL YEAR 2019/2020 BUDGET	ACTUAL REVENUE AS OF 12/31/2019	ACTUAL REVENUE AS OF 12/31/2018	PRIOR YEAR VS CURRENT YEAR VARIANCE OVER/(UNDER)
Sales Tax	\$38,947,000	\$12,912,751	\$13,483,413	(\$570,662)
Property Tax	29,226,000	5,867,661	5,437,934	429,727
Other Taxes	13,383,000	3,540,481	3,385,292	155,189
Charges For Services	11,314,400	6,151,902	5,797,391	354,511
Intergovernmental	3,063,000	1,570,983	1,310,389	260,594
Fines and Forfeitures	1,226,000	494,551	544,020	(49,469)
Permits and Licenses	944,500	483,935	467,034	16,901
Investment and Other Revenue	5,065,000	1,563,476	1,653,869	(90,393)
TOTAL OPERATING REVENUE	\$103,168,900	\$32,585,740	\$32,079,342	\$506,398
One-time Revenue	2,219,985	3,077,996	1,206,491	1,871,505
TOTAL REVENUE	\$105,388,885	\$35,663,736	\$33,285,833	\$2,377,903

Sales tax is the largest General Fund revenue source at 37% of total revenue followed by property tax, other taxes, and charges for services. The chart below shows the major categories of revenue that have been collected through December 31, 2019 compared to the revenue collected in the prior year through December 31, 2018.



Sales Tax: Sales Tax revenues were \$570,000 lower than the previous year or down about 4%. Sales tax revenues distributed to the City as of December 2019 represent sales that occurred between July and October 2019 as well as continued clean up payments from previous activity. In late Fiscal Year 2018, the California Department of Tax and Fee Administration implemented a new sales tax reporting software system. The state is still transitioning from their legacy system to a new system, and they have changed the timing in which they remit sales tax revenues to the city. Until they have been operating their new remittance program for a full year, it will be challenging to compare sales tax revenues by quarter, as there are ongoing timing differences of sales tax distributions to all Cities.

Sales occurring in the second calendar quarter of 2019 (the most recent data available) show a total economic sales tax gain of 0.7% over the prior year with gains in Transportation of 0.6%, Construction of 4.2%, and Food Products of 0.4%. During the same period, declines were seen in General Retail of (3.4%) predominantly from department store sales.

Property Tax: Property Tax revenue is up \$430,000 or about 7.0% compared to this time in the prior year. The largest portions of property tax revenue is distributed by the County in December and April each year and supplemental property tax in lieu of VLF revenue is distributed in January and May. The FY2019/2020 Operating Budget projected property tax growth of 3%, the City is on target to reach this amount.

Other Taxes: Other Taxes have increased by \$155,000 compared to the prior year. In June 2019, City Council approved an amended franchise tax agreement with Escondido Disposal Incorporated (EDI) that went into effect July 1, 2019. The amended agreement included an increase in the Host Fee imposed by the City on EDI for materials accepted at the Escondido Resource Recovery facility on W. Mission Avenue from refuse generators located outside the City of Escondido. This revenue has increased by \$103,000 compared to the prior year. Transient Occupancy Tax and Business License Tax also increased by about \$25,000 each compared to the prior year.

Charges for Services: Charges for services have increased over the prior year by about \$355,000. This is due to an increase in revenues collected from Community Development including engineering and planning fees. Paramedic billing payments for emergency medical services have also increased from the prior year. In early 2019, the Department of Health Care Services (DHCS) established the Ground Emergency Medical Transport (GEMT) Quality Assurance Fee (QAF) program to provide supplemental Medi-Cal payments to GEMT providers. Using data collected from GEMT providers, DHCS calculates an annual GEMT QAF rate that will be imposed on each emergency medical transport provided by each GEMT providers subject to QAF. The QAF collected will be used to increase reimbursement to GEMT providers by application of an add-on to the fee-for-services (FFS) fee schedule rate for the affected emergency medical transport billing codes.

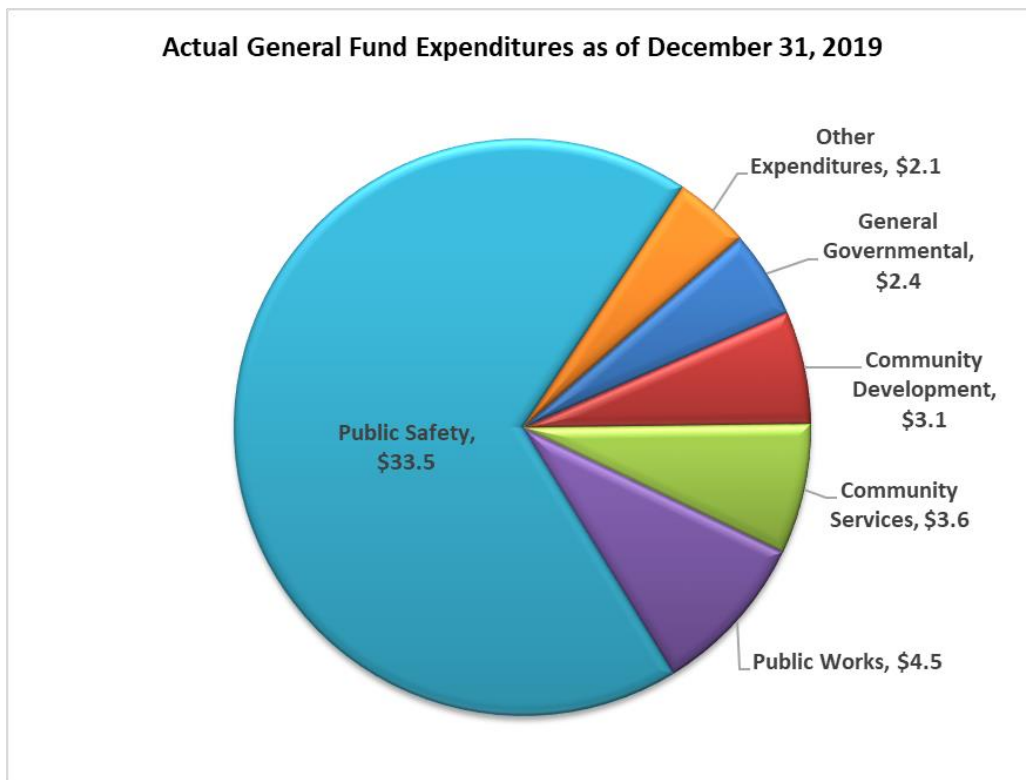
Intergovernmental: Intergovernmental revenue includes the Rincon fire services agreement, state mandated cost claims, and various grants, and increased \$260,000 compared to the prior year primarily due to the timing of various grant reimbursements. In addition, the amount of state mandated cost claim reimbursements received from the State increased by \$40,000 compared to the prior year.

Investment and Other Revenue: Investment and Other Revenue includes rental income, interest earned from investing activities, and other miscellaneous receipts. This category of revenue is down slightly compared to the prior year primarily from a decrease in rental revenue due to vacant city owned property.

One-Time Revenue: The FY2019-2020 operating budget included the use of one-time resources of unclaimed deposits as transitional funding to cover the structural budget gap until an additional recurring revenue source has been approved. The one-time revenue of \$3 million reported at December 2019 includes \$1.2 million of unclaimed deposits that became the property of the General Fund in July 2019 after a public notification was performed. In addition, \$1.1 million has been received as part of the property sale at 1600 West Ninth Avenue commonly known as Windsor Gardens approved by City Council in August 2019. The remaining \$2.5 million from the property sale is to be received by the City before the end of the fiscal year. The remaining one-time revenue is due to reimbursements from outside agencies for various services performed by the City as well as fire assistance reimbursements.

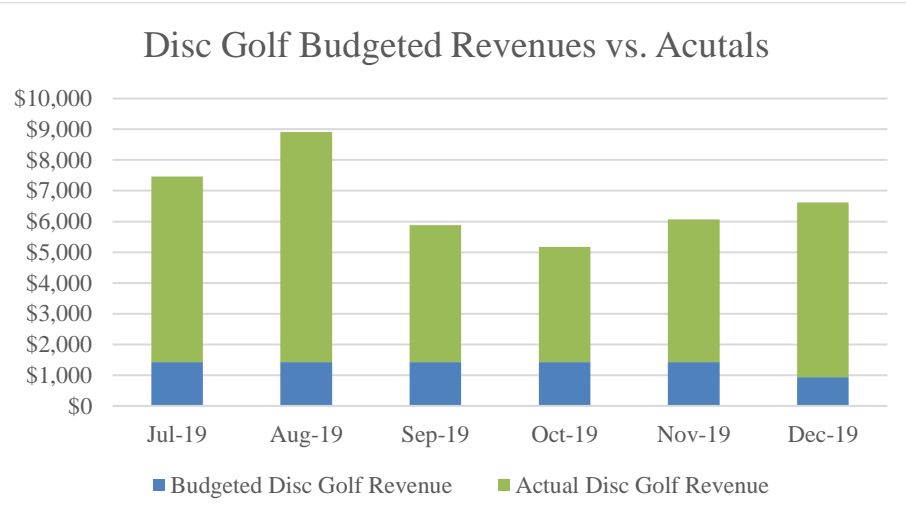
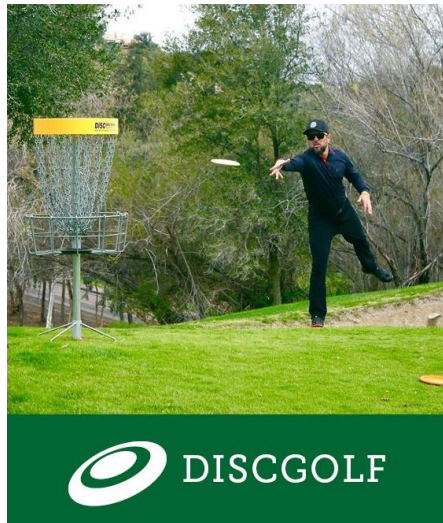
General Fund Expenditures: General Fund total expenditures are up 2.3% compared to the prior Fiscal Year or about \$1.1 million. The FY2019-20 General Fund Operating Budget increased by approximately \$4 million or 4% compared to the Fiscal Year 2018-19 revised Operating Budget so the General Fund departments are on track to meet this target.

	FISCAL YEAR 2019/2020 BUDGET	ACTUAL EXPENDITURES AS OF 12/31/2019	ACTUAL EXPENDITURES AS OF 12/31/2018
General Government	\$6,258,960	\$2,429,194	\$2,164,763
Community Development	7,542,350	3,118,431	3,012,264
Community Services	8,205,540	3,609,501	3,541,811
Public Works	10,288,145	4,515,861	4,669,805
Public Safety	70,674,425	33,477,033	32,886,408
Other Expenditures	4,215,955	2,139,521	1,890,019
TOTAL OPERATING EXPENDITURES	\$107,185,375	\$49,289,541	\$48,165,069



REIDY CREEK GOLF COURSE FUND

In Spring of 2019 Reidy Creek launched Disc Golf at the course and revenues from it are far exceeding budgeted projections. Overall revenues are up 9% compared to the prior year and Disc Golf revenues are coming in at almost triple what was projected. Operating expenditures however are up 8% from the prior year due to increased maintenance costs largely due to golf cart repairs needed on aging carts. Although Disc Golf revenues are up, overall revenues are not in line with projections and with the increased maintenance costs the course is projected to end the year with a loss greater than the \$95,890 that was budgeted for FY 2020. Clubhouse improvements for the “Creekside Tavern” have passed planning approval and construction should be expected soon. Funds for these improvements were previously budgeted in a capital project for Reidy Creek Clubhouse Improvements.



REIDY CREEK GOLF COURSE	FY 2020 BUDGET	FY 2020 ACTUAL	FY 2019 ACTUAL
Total Revenues	\$564,885	\$266,431	\$245,380
Total Expenditures	(660,775)	(350,281)	(323,251)
Other Sources (Uses) – Note 1	225,890	225,890	60,590
Total Sources over (Uses)	\$130,000	\$142,040	\$(17,281)

Note 1: Other Sources (Uses) include a transfer from the General Fund of \$95,890 to balance the budget for FY 2019/20 and a transfer to cover the prior year loss of \$130,000.

WATER FUND

Net operating income through December 2019 was \$10 million, an increase of about \$700,000 from prior year. Operating revenue increased slightly by about \$200,000 or 0.5% compared to the prior year. Operating expenses decreased by about \$500,000 or 2% compared to the prior year. Overall water usage was slightly down and in turn purchased water was also down.

WATER FUND	FY 2020 BUDGET	FY 2020 ACTUAL	FY 2019 ACTUAL
Operating Revenues	\$61,875,000	\$33,918,813	\$33,720,290
Operating Expenses	(54,232,245)	(23,164,910)	(23,672,529)
Operating Income	7,642,755	10,753,903	10,047,761
Non-Operating Revenue (Expenses)	(1,138,370)	492,712	698,265
Transfer to Capital Projects and Debt Service Payments	(2,184,540)	(1,358,991)	(1,305,940)
Total Sources over Uses	4,319,845	9,887,624	9,440,086

WASTEWATER FUND

Net operating income through December 2019 was \$5.7 million, a decrease of \$4.3 million or 42% from prior year. Operating revenue decreased by \$3.6 million or 17% compared to the prior year due to a timing difference in revenue collected for treatment charges from the City of San Diego. Operating expenditures increased by about \$710,000 or 6% due in large to a timing difference in payment of expenditures.

WASTEWATER FUND	FY 2020 BUDGET	FY 2020 ACTUAL	FY 2019 ACTUAL
Operating Revenues	\$38,400,000	\$17,039,639	\$20,633,902
Operating Expenses	(27,051,750)	(11,304,027)	(10,594,324)
Operating Income	11,348,250	5,734,612	10,039,578
Non-Operating Revenue (Expenses)	(1,686,775)	(864,803)	515,889
Transfer to Capital Projects and Debt Service Payments	(6,108,905)	(1,715,000)	(1,750,573)
Total Sources over Uses	3,552,570	3,154,809	9,440,086

FOR MORE INFORMATION

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



CITY COUNCIL STAFF REPORT

Current Business Item No. 6

February 12, 2020

File No. 0740-30

SUBJECT: Library Partnership Between the City of Escondido and the Palomar Community College District

DEPARTMENT: Communications and Community Services

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-17 authorizing a Memorandum of Understanding ("MOU") between the City of Escondido ("City") and the Palomar Community College District to promote library services available to the general public at Palomar Community College's Ernest J. Allen Library located at the Escondido Education Center.

FISCAL ANALYSIS:

\$25,000 is being provided by the Escondido Library Foundation contingent upon execution of the MOU for improving the comfort and usability of furniture at the Ernest J. Allen Library.

PREVIOUS ACTION:

None

BACKGROUND:

Palomar Community College is a publicly funded institution meaning that the Ernest J. Allen Library located at the Escondido Education Center is open and available for use by the public. Community members 18 years and older may register for a free "Community Patron" card to check out library materials such as fiction, non-fiction, DVDs, children's picture books and easy readers, etc. Community members 18 years and older may also use the computers, printers, and wi-fi; access quiet study spaces; and receive assistance with general research and technology questions from professional library staff. The Ernest J. Allen Library is open Monday – Thursday from 7:30 a.m. – 6:00 p.m.

The City and the Palomar Community College District recognized a need to better educate the community on the existence of this resource in order to improve access to library materials and resources – particularly for community members living on the east side of Escondido. The proposed MOU (See Resolution No. 2020-17 Exhibit "1") and an upcoming social media campaign, should draw positive attention to the resources available to the general community at Palomar Community College's Ernest J. Allen Library.

Execution of the MOU also will trigger a funding commitment from the Escondido Library Foundation, which will be dedicated towards new furniture to improve the comfort and usability of the Ernest J.

Allen Library. Additional improvements that Palomar Community College will make include a redesigned layout of shelving and service desks to improve functionality of the library space, improved wi-fi capabilities, new wayfinding signage at Palomar Community College's Escondido Education Center directing people on how to locate the library, and the dedication of five parking spots for library users.

The proposed MOU also sets the stage for ongoing discussions between the City and the Palomar Community College District regarding future improvements that are not provided in the current MOU.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Joanna Axelrod, Director of Communications and Community Services
2/5/20 5:43 p.m.

ATTACHMENTS:

1. Resolution No. 2020-17
2. Resolution No. 2020-17 Exhibit "1" - MOU Between Palomar Community College District and the City

RESOLUTION NO. 2020-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE, ON BEHALF OF THE CITY, A MEMORANDUM OF UNDERSTANDING (“MOU”) WITH THE PALOMAR COMMUNITY COLLEGE DISTRICT TO PROMOTE LIBRARY SERVICES AVAILABLE TO THE PUBLIC AT PALOMAR’S ERNEST J. ALLEN LIBRARY

WHEREAS, the City of Escondido (“City”) desires to provide more localized and convenient facilities, and opportunities for library services to the citizens of the City, and in particular, residents who live in the East Valley area of the City; and

WHEREAS, the City and Palomar Community College (the “Parties”) have a common interest and goal to make comprehensive library services available to the greatest number of persons; and

WHEREAS, the Parties wish to establish a cooperative working relationship to better educate the community about the availability of free public library services through the Ernest J. Allen Library located at the Palomar Community College Education Center in Escondido.

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

1. That the above recitations are true.
2. That the City Council authorizes the City Manager to execute an MOU between the Palomar Community College District and the City of Escondido, which is attached as Exhibit “1” and incorporated by this reference.



MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made this 13th day of November, 2019, between the City of Escondido, a California general law city ("City"), and the Palomar Community College District ("Palomar College"), at times referred to herein as the "Parties."

RECITALS

WHEREAS, the City is a general law city which owns and runs the Escondido Public Library; and

WHEREAS, Palomar College is a community college which owns and runs the Ernest J. Allen Library (EJA) located at 1951 East Valley Parkway, Escondido, California; and

WHEREAS, the City desires to provide more localized and convenient facilities and opportunities for library services to the citizens of the City of Escondido and, in particular, residents who live in the East Valley area of the City; and

WHEREAS, the Parties have a common interest and goal to make comprehensive library services available to the greatest number of persons; and

WHEREAS, the Parties wish to establish a cooperative working relationship wherein they may pool and share library resources and better educate the community about the availability of free public library services through the EJA located on the campus of the Escondido Branch of Palomar College.

NOW THEREFORE, it is mutually agreed by and between the Parties as follows:

TERMS

1. Palomar College will make available the current services to the general public:

A. Borrowing Privileges:

- (1) Make available borrowing privileges to community members 18 years or older at no cost with valid photo ID and proof of current mailing address.
- (2) Palomar College will issue a physical library card with a unique account number.
- (3) The borrowing privilege includes access to circulating books and media items (e.g. DVD's, CDs, etc.).

These borrowing privileges do not include textbook reserves, interlibrary loan, or off-campus online databases.



B. Staff Assistance:

- (1) General information and research help by reference librarians.
- (2) Assistance with locating materials.
- (3) Limited computer/technology use assistance.

C. Collections

- (1) Limited browsing collection including popular fiction, non-fiction, magazines, newspapers, DVDs, picture books, and easy readers.

D. Computers

- (1) Make opportunities available for public to use computers

In addition to the above-listed services, Palomar College will explore the expansion of programming available to the general public as an element of existing coursework such as story times, book clubs, and makerspace programming at their discretion. Prior to the implementation of any further expansion of programming, this MOU must be amended pursuant to Paragraph 4 to address the policies, process and procedures for that new programming.

2. The City agrees to perform the following actions:

- A. Market the availability of public library services from Palomar College through the City's website, newsletters, social media channels, Recreation Guide, and at City facilities.
- B. Facilitate communication with Escondido Public Library support groups to encourage partnership in the support of the provision of public library services at Palomar College through financial contributions to modernize the furnishings and collections to the benefit of both the general public and Palomar College students.
- C. Partner with Palomar College to provide meeting space within City facilities for lifelong learning/non-credit programming.
- D. Investigate the ability to provide reciprocal access for EJA Library cardholders to Escondido Public Library online resources and databases without the need for a separate Escondido Public Library card.



- E. Support the advancement of grant applications that support the mutually beneficial provision of library services the Parties.
 - F. Obtain monetary donations from the Escondido Library Foundation and/or other sources to fund agreed upon improvements to Palomar College library facilities to be used for the programs and services related to this MOU.
3. The terms of this MOU shall become effective on November 13, 2019 and shall remain in effect unless or until terminated pursuant to Paragraph 5 of this MOU.
 4. The terms of this MOU may only be amended by a writing executed by both Parties.
 5. This MOU may be terminated as follows:
 - A. By either party in the event the City is unable to secure not less than \$25,000 for improvements to Palomar College library facilities to be used for the programs and services related to this MOU;
 - B. By either Party upon a material breach of its terms by the other Party; or
 - C. By either Party for any reason and upon ninety (90) days advance written notice.
 6. The Parties agree to defend, indemnify and hold each other harmless from any claims, losses or damages caused by the negligent or wrongful acts of the employees, agents, or contractors of each indemnifying Party arising solely out of their performance of the Terms of this MOU. The City shall have no liability, or obligation to defend, indemnify or hold Palomar College harmless, for claims arising out of or related to the EJA Library facility itself including, but not limited to, claims for accessibility under state and federal law and dangerous condition of public property. This indemnity provision shall survive the termination or expiration of this MOU.
 7. The Parties shall secure and maintain during the term of this MOU a commercial general liability insurance policy in the amount of not less than one million dollars (\$1,000,000) to insure against the losses or liabilities provided for and undertaken by the Parties in this MOU naming the other Party as an additional insured. Evidence of such coverage shall be provided to the other Party within thirty (30) days of the effective date of this MOU.

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IN WITNESS WHEREOF, the Parties below agree to the Terms contained in this MOU and are authorized to execute on behalf of their respective organizations:

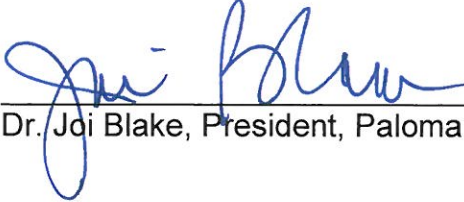
CITY OF ESCONDIDO:

Date: _____

Jeffrey R. Epp, City Manager

PALOMAR COMMUNITY COLLEGE DISTRICT:

Date: 11/18/19



Dr. Joi Blake, President, Palomar College

APPROVED BY
GOVERNING BOARD
PALOMAR COLLEGE

NOV 1 2 2019

CITY COUNCIL STAFF REPORT

Current Business Item No. 7

February 12, 2020

File No. 0600-10, A-3326

SUBJECT: Consulting Agreement with True North Research, Inc. for Phase II Community Survey Efforts and the Formation of an Ad Hoc City Council Subcommittee

DEPARTMENT: City Manager's Office

RECOMMENDATION:

It is recommended that the City Council: 1) adopt Resolution No. 2020-19 authorizing the City Manager to execute a Consulting Agreement with True North Research, Inc. to prepare a resident satisfaction survey for an amount not to exceed \$31,500; and 2) establish an ad hoc City Council subcommittee of two members to work with staff and the consultant in developing the survey questions.

FISCAL ANALYSIS:

During the 2019-2020 City Budget adoption process, the City Council established a \$50,000 budget to conduct a community survey, which was completed in November 2019 at a cost of \$32,750. Subject to City Council approval of a requested budget adjustment on the February 12, 2020 agenda, additional funding will be available to finance the proposed survey.

BACKGROUND:

On August 21, 2019, the City Council approved a Consulting Agreement with True North Research, Inc. to prepare and conduct a survey gauging support of a one-cent sales tax measure for possible consideration on the November 2020 election ballot. An ad hoc City Council subcommittee, including Councilmembers Diaz and Masson, worked with staff and the consultant to prepare the survey questions. The survey involved a sample size of 1,084 registered voters. The results presented to the City Council on November 20, 2019, indicated 65% support for such a measure with a +/-2.95 percent margin of error.

As a separate "Phase II" effort, the City Council has expressed ongoing interest in conducting a community survey to solicit resident satisfaction regarding the services and facilities provided by the City. The community survey was listed as a strategy in the prior City Council Action Plan. The survey will provide the City Council and staff opportunity to gauge community support and satisfaction with existing services, and provide guidance for focusing resources that best meet community needs and desires.

DISCUSSION / RECOMMENDATION:

The City Council has been informed that future budget years will experience dramatic increases in expenditures that far exceed anticipated revenues. The community satisfaction survey, however, would *not* include questions pertaining to a possible local revenue measure previously surveyed. Instead, the community survey will focus on the level of satisfaction with the services currently being provided, and identify opportunities for prioritizing resources when making necessary adjustments in City services within the budget. Given the direct connection between available revenues and the services provided by the City, the survey will examine the public's interest in reducing or eliminating certain services, or some combination of both.

A statistically significant sample size (up to 600 surveys) among a randomly selected group of Escondido adult residents will be important to provide a high degree of reliability. The consultant will also work with the City in developing a shorter series of questions geared toward surveying the interests of Escondido youth. Staff proposes to partner with Escondido Education COMPACT who would make the survey available to youth and young adults in the variety of programs they oversee.

The City Council has expressed ongoing interest in participating in the survey preparation. Staff recommends appointing a two-member ad hoc City Council subcommittee to work with staff and the consultant in developing the survey questions. The entire City Council would be kept informed through regular updates.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jay Petrek, Assistant City Manager
2/5/20 6:44 p.m.

ATTACHMENTS:

1. Resolution No. 2020-19
2. Resolution No. 2020-19 - Exhibit 1: Consulting Agreement with True North Research, Inc.

RESOLUTION NO. 2020-19

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE CITY MANAGER TO
EXECUTE, ON BEHALF OF THE CITY, A
CONSULTING AGREEMENT WITH TRUE
NORTH RESEARCH, INC. TO CONDUCT A
COMMUNITY SATISFACTION SURVEY

WHEREAS, on August 21, 2019, the City Council approved a Consulting Agreement with True North Research, Inc. to prepare and conduct a survey regarding voter support for a potential revenue measure; and

WHEREAS, the City Council has expressed interest in conducting Phase II of the City of Escondido's ("City") community survey efforts involving soliciting resident satisfaction regarding the services and facilities provided by the City; and

WHEREAS, the City Council has allocated funding for a community survey in the 2019-2020 operating budget; and

WHEREAS, the City Manager recommends the execution of a Consulting Agreement ("Agreement") with True North Research, Inc., to conduct Phase II of the survey involving gauging resident support and satisfaction with existing services, and to provide guidance for focusing resources that best meet community needs and desires; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve said Agreement with True North Research, Inc.

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

1. That the above recitations are true.
2. That the City Council accepts the recommendation of the City Manager.
3. That the City Manager is authorized to execute, on behalf of the City, an Agreement with True North Research, Inc. in an amount not to exceed \$31,500 to provide resident satisfaction polling consulting services. A copy of the Consulting Agreement is attached as Exhibit "1" and is incorporated herein by this reference as though fully set forth.



CITY OF ESCONDIDO
CONSULTING AGREEMENT

This Agreement is made this [redacted] day of February, 2020.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: Jay Petrek, Assistant City Manager
760-839-4541
("CITY")

And: True North Research, Inc.
1592 N. Coast Highway 101
Encinitas, CA 92024
Attn: Timothy McLarney, Ph.D.
960-632-9900
("CONSULTANT")

Witness that whereas:

- A. It has been determined to be in the CITY's best interest to continue to retain the professional services of a consultant to conduct the CITY's community opinion research efforts; and
- B. The CONSULTANT was retained to provide Phase I consulting services regarding voter opinion of a potential revenue measure, and is considered competent to perform the necessary professional services for the CITY involving Phase II community polling on resident satisfaction of services being provided by the CITY;

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

- 1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
- 2. Compensation. The CITY will pay the CONSULTANT in accordance with the conditions specified in "Attachment A," in the sum not to exceed \$31,500. Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it. If this Agreement is amended at any time, additional compensation of CONSULTANT contained in subsequent amendment(s) shall not exceed a cumulative total of twenty-five percent (25%) of the maximum payment provided for in this Section 2.

3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.
4. Duties. CONSULTANT will be responsible for the professional quality, technical accuracy, timely completion, and coordination of all reports and other services furnished by the CONSULTANT under this Agreement, except that the CONSULTANT will not be responsible for the accuracy of information supplied by the CITY.
5. Personnel. The performance of services under this Agreement by certain professionals is significant to the CITY. CONSULTANT will assign the persons listed on "Attachment B," which is attached and incorporated by this reference, to perform the Services described in Paragraph 1, and will not add or remove persons from the list without the prior written consent of the CITY. If no designation is made, then CONSULTANT may not assign services without obtaining the advance written consent of the CITY. CONSULTANT will not subcontract any tasks under this Agreement without obtaining the advance written consent of the CITY.
6. Termination. Either CONSULTANT or the CITY may terminate this Agreement with thirty (30) days advance written notice.
7. City Property. All original documents, drawings, electronic media, and other material prepared by CONSULTANT under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONSULTANT for any other purpose without prior written consent of the CITY.
8. Insurance.
 - a. The CONSULTANT shall secure and maintain at its own cost, for all operations, the following insurance coverage, unless reduced by the City Attorney:
 - (1) General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
 - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
 - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
 - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
 - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONSULTANT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the CONSULTANT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by CONSULTANT _____

Waiver appropriate by CITY _____

- c. Each insurance policy required above must be acceptable to the City Attorney.
 - (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
 - (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
 - (3) Both the General Liability and the Automobile Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The CITY includes its officials, employees, and volunteers. The endorsement must be ISO Form CG 20 10 11 85 edition or its equivalent for General Liability endorsements and CA 20 01 for Automobile Liability endorsements.
 - (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work, including its on-going operations and products-completed operations hazard.
 - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
 - d. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.
9. Indemnification. CONSULTANT (which in this paragraph 9 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:
- a. Any claim of liability arising out of the negligence or any acts or omissions of CONSULTANT in the performance of this Agreement;
 - b. Any personal injuries, property damage or death that CONSULTANT may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by the CITY, or from any dangerous condition of property; or
 - c. Any injury or death which results or increases by any action taken to medically treat CONSULTANT.
10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void. Unless CONSULTANT assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY'S written consent, CONSULTANT shall be the sole payee under this Agreement. Any and all payments made pursuant to the terms of this Agreement are otherwise not assignable.
11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.

12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.
15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.
17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.
21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.

22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

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

CITY OF ESCONDIDO

Date: _____

Jeffrey R. Epp
City Manager

Date: _____

True North Research, Inc.

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
True North Research, Inc.
Scope of Work
Page 1 of 2

The scope of services that True North will perform for the City of Escondido regarding its Phase II survey efforts includes all tasks associated with designing, conducting and analyzing the survey, as well as presenting the results. The scope of services includes:

1. Meet with the City to thoroughly discuss the research objectives and methodology for the study, as well as discuss potential challenges, concerns, and issues that may surround the study.
2. Develop a random sample of adults who reside in the City of Escondido.
3. Develop a draft questionnaire for the City's review and make revisions as needed until all parties approve of the instrument.
4. Develop a separate shorter draft questionnaire to survey Escondido youth for City staff to partner with appropriate organization(s) to conduct a separate youth-oriented survey independent of True North's survey efforts.
5. Pre-test the survey instrument to ensure its integrity.

Deliverable:

a) One (1) single sided, unbound hard copy + electronic version of Draft Questionnaire, and results from pre-test ensuring survey integrity.

Payment: \$7,000

6. CATI (Computer Assisted Telephone Interviewing) program the finalized survey instrument to ensure accurate and reliable data collection using live telephone interviewers.
7. Web program the same survey instrument to allow for secure, password-protected online data collection to compliment the telephone data collection.
8. Professionally translate the invitation and survey questionnaire into Spanish to allow for data collection in English or Spanish according to a respondent's preference.

Deliverables:

a) English and Spanish finalized survey instrument in CATI and Web Program.

b) One (1) single sided, unbound hard copy + electronic version of English and Spanish final survey instrument.

Payment: \$2,000

ATTACHMENT A
True North Research, Inc.
Scope of Work
Page 2 of 2

9. Recruit participation in the survey using a combination of telephone calls, email invitations and mailed invitations.
10. Collect at least 600 quality interviews according to the sampling plan and a strict interviewing protocol. Interviewers will be professional, high quality interviewers. It is expected that the average interview will last up to 17 minutes.
11. Process the data, which includes conducting validity checks, cleaning, recoding, coding open-end responses, and adjusting for strategic oversampling (if used) through a statistical procedure known as 'weighting'.
12. Prepare an initial topline report which presents the overall findings of the survey.
13. Prepare a thorough report on the findings, including a detailed question-by-question analysis, description of the methodology, an executive summary of the key findings and conclusions/recommendations.
14. Prepare an electronic copy of the final report to allow the City to reproduce the report as needed.

Deliverables:

a) One (1) single sided, unbound, hard copy + electronic version of Initial topline report.

b) One (1) single sided, unbound, hard copy + electronic version of detailed report on survey findings, question-by-question analysis, methodology, executive summary of key findings, conclusions and recommendations.

Payment: \$22,000

15. Prepare a PowerPoint presentation of the results and present the results to City staff and Council.

Deliverable:

a) One (1) electronic version of PowerPoint presentation

Payment: \$500

16. Be available to assist and provide advice to the City after the survey is complete.

ATTACHMENT B
True North Research, Inc.
Assigned Staff
Page 1 of 1

1. Timothy McLarney, Ph.D., True North Research, Inc. President & Principal
2. Richard Sarles, M.S. Principal Researcher
3. Dameon Travis, B.S. Dynata Director of Data Collection
4. 10-15 trained interviewers with Dynata



FUTURE CITY COUNCIL AGENDA ITEMS

Updated February 6, 2020

AGENDA ITEMS AND CITY COUNCIL MEETING DATES ARE SUBJECT TO CHANGE.
CHECK WITH THE CITY CLERK'S OFFICE AT (760) 839-4617

February 19, 2020
NO MEETING (President's Day)

February 26, 2020
8:00 a.m.
State of the City – California Center for the Arts, Escondido

March 4, 2020
6:00 p.m.

CONSENT CALENDAR	
	<p>Adoption of Proposed Changes to Community Services Department Fee Schedule (J. Axelrod)</p> <p><i>The Community Services Department has reviewed the existing fee schedule and are proposing new fees and fee changes, designed to recoup costs associated with the services being delivered, as well as deleting fees for services that are no longer used.</i></p>
	<p>Final Map Escondido Tract 951 at 640 Oakwood Creek Glen (J. Procopio)</p> <p><i>This project was approved by the Planning Commission on November 13, 2007 as Resolution No. 5796. The State legislative action automatically extended the expiration of the Tentative Map until November 27, 2017. The Planning Commission subsequently approved an additional three-year extension of the map on September 12, 2017 as Resolution No. 6103. This Final Map is in substantial conformance with the approved Tentative Map, and subject to the Conditions of Approval.</i></p>
PUBLIC HEARINGS	
	<p>Amendment to Chapters 16 and 22A of the Escondido Municipal Code to Regulate Tobacco Product Sales and to Supplement Existing Smoke-Free Air Laws by Regulating Where Smoking is Allowed in the City. (M. Strong)</p> <p><i>The proposed amendment greatly expands local tobacco control policies, which includes electronic smoking devices and use. No development project is proposed.</i></p>

March 4, 2020

Continued

CURRENT BUSINESS

SB2 Grant Funding and Anticipated Scope of Work for Preparing a Housing Element Update and Implementation Projects

(M. Strong)

The City recently was awarded \$310,000 in grant funds (SB2) to prepare an updated housing element, a sector feasibility study, and create a new specific plan just east of the old hospital in the downtown area.

FY 20/21 Budget Process Update

(J. Ryan)

Staff will provide an update on the outreach efforts being taken to engage the community in the FY 20/21 budget process.

City Council Redistricting Process

(Z. Beck)

At the January 15, 2020 City Council Meeting, Councilmember Diaz requested an overview of the City Council Redistricting process that will take place following the 2020 Census.

Census Update

(B. Martin)

Staff will provide an overview of the steps being taken to conduct the Census in the City of Escondido.

Review of Campaign Contribution Limits

(M. McGuinness)

Request the City Council to approve Ordinance No. 2019-22 amending the City Municipal Election Campaign Control Ordinance to lower the maximum personal contributions from \$4,300 to \$250 for city council candidates and from \$4,300 to \$800 for mayoral candidates. Council may further consider changes to the acceptance and/or disclosures of contributions from persons having business before the City. (This item was continued from the December 18, 2019 City Council Meeting)

FUTURE AGENDA ITEMS

Weekly Activity Report



February 6, 2020

Love Your Heart

February is here and it is time for the annual “Love Your Heart” event. Each year FREE blood pressure clinics are hosted at various sites throughout Escondido by Live Well San Diego in partnership with the Escondido Fire Department. The goal of Love Your Heart is to activate San Diegans to “know their numbers” and take charge of their own heart health. The event will take place on Valentine’s Day, Friday, February 14 throughout the entire county including at the following locations in Escondido:

- The Park Senior Center from 9:00 a.m. to 2:00 p.m.
- Northgate Market 9:00 a.m. to 3:00 p.m.
- Silvercrest Residences 9:30 a.m. to 2:00 p.m.
- The Escondido Library 10:00 a.m. to 2:00 p.m.



For more information about all of the Love Your Heart FREE blood pressure screening locations please visit <http://www.livewellsd.org/love-your-heart/>

Escondido Disposal is on the Road to Zero Waste

Escondido Disposal is working hard to reduce their footprint and help achieve California’s “Zero Waste Goals.” EDI is investing in a new state of the art facility that will power their fleet of trucks with renewable gas; as well as process anaerobic digestion of waste that is dropped off at the site. Since this new process will be automated, the facility can operate around the clock, 7 days a week. Check out the [video](#) below highlighting the process as well as tips on how we can all reduce our waste. Great job EDI!



EDI AD Facility Video
Unlisted

153 views • Aug 29, 2019

LIKE DISLIKE SHARE SAVE ...

Nominate a Hero for the 2020 Fair

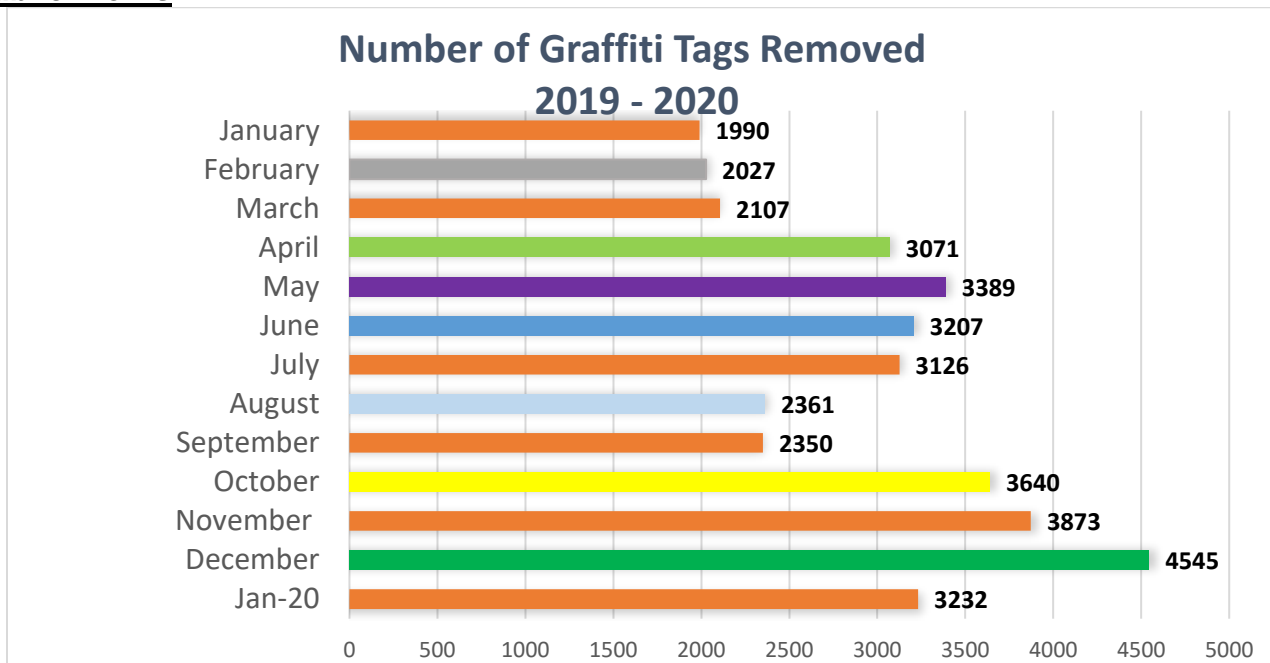
The theme of the 2020 San Diego County Fair is “Hero’s Unite” and they are looking for help identifying individuals who improve the lives of others in San Diego County.

These can be volunteers, veterans, mentors, first responders or anyone else who comes to mind. For more information and to nominate someone from your community visit: www.sdfair.com/heros

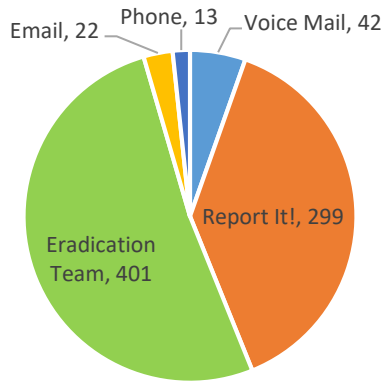


BY THE NUMBERS

Public Works

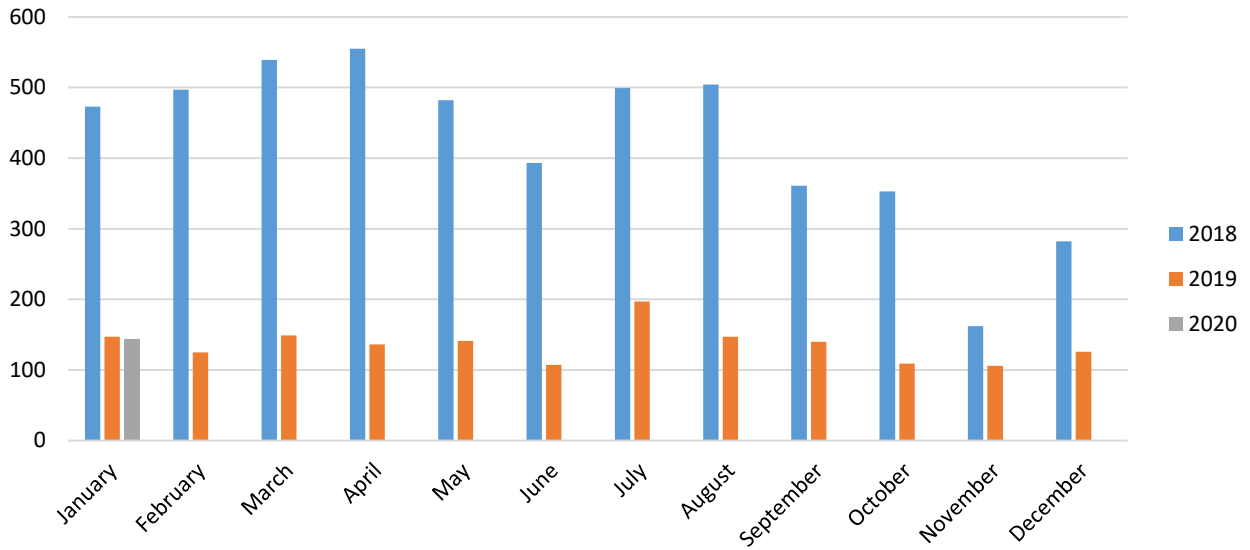


How Graffiti Was Reported - January 2020

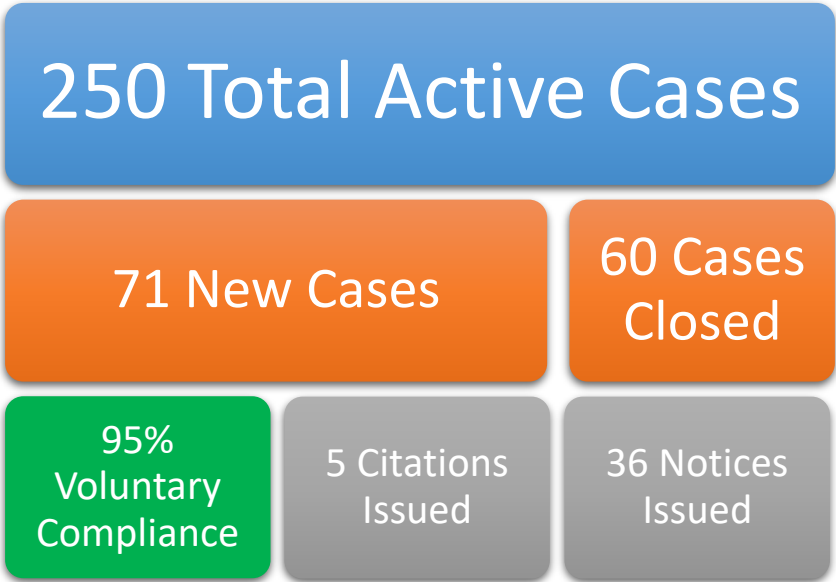


■ Voice Mail ■ Report It! ■ Eradication Team ■ Email ■ Phone

NUMBER OF SHOPPING CARTS REMOVED

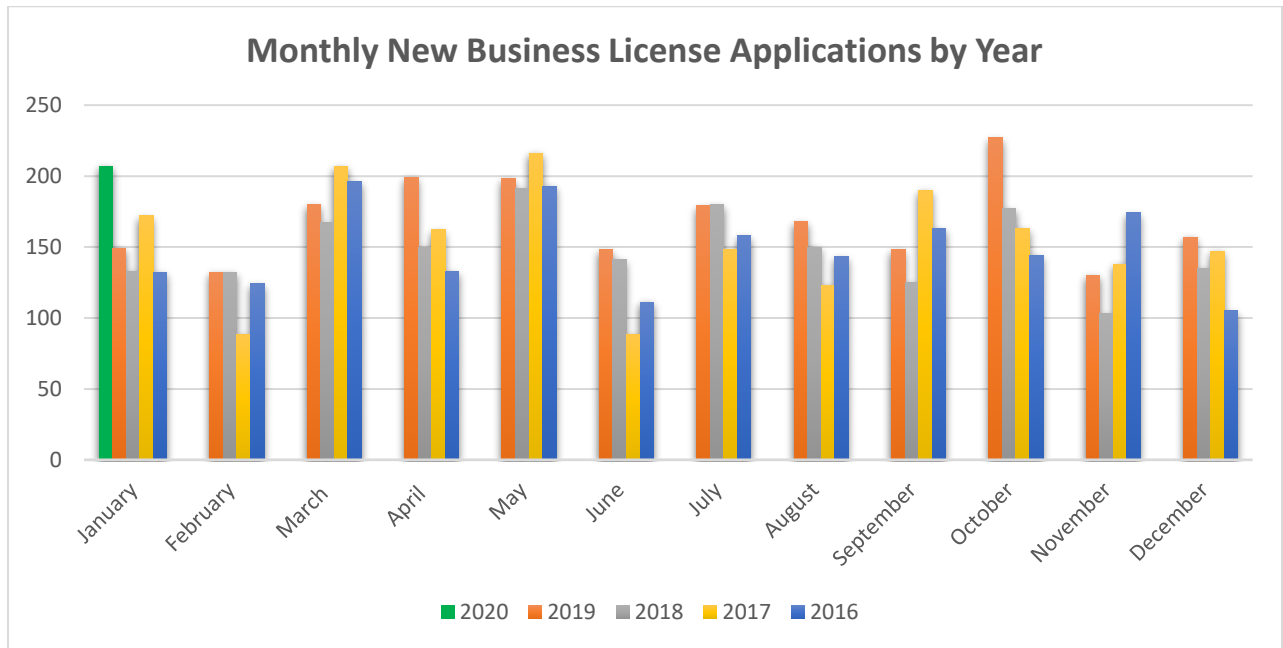


Code Enforcement



Total Code Cases (Year To Date)	206
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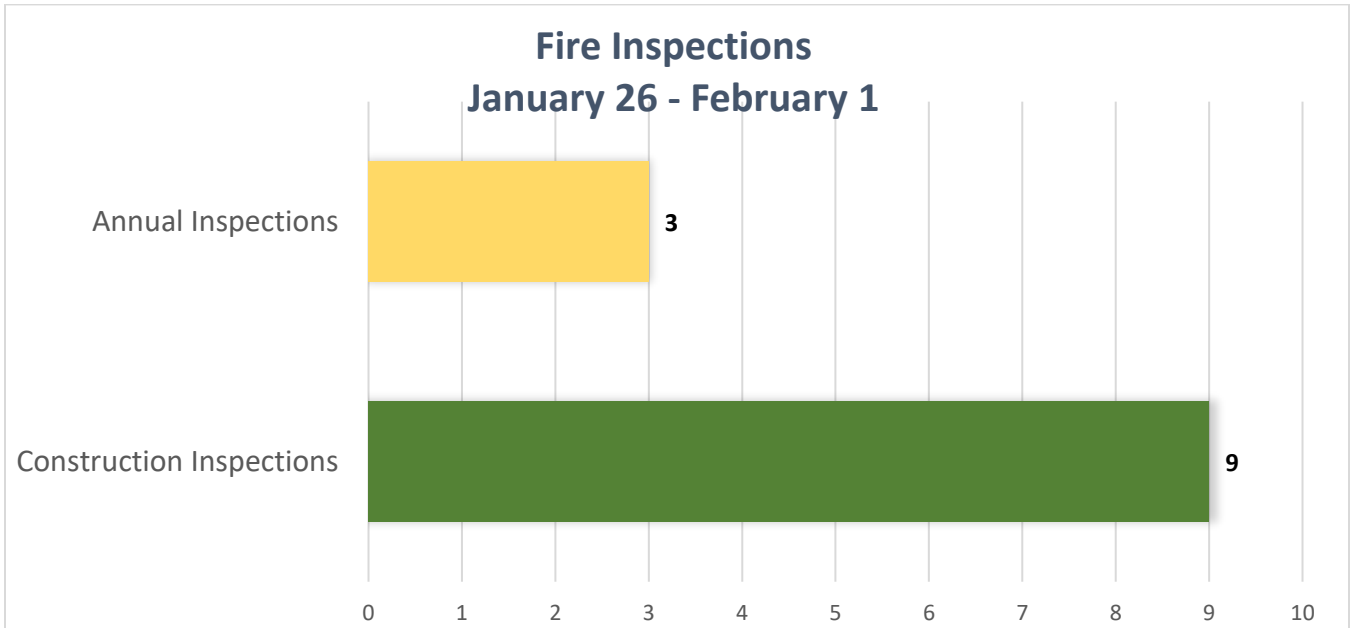
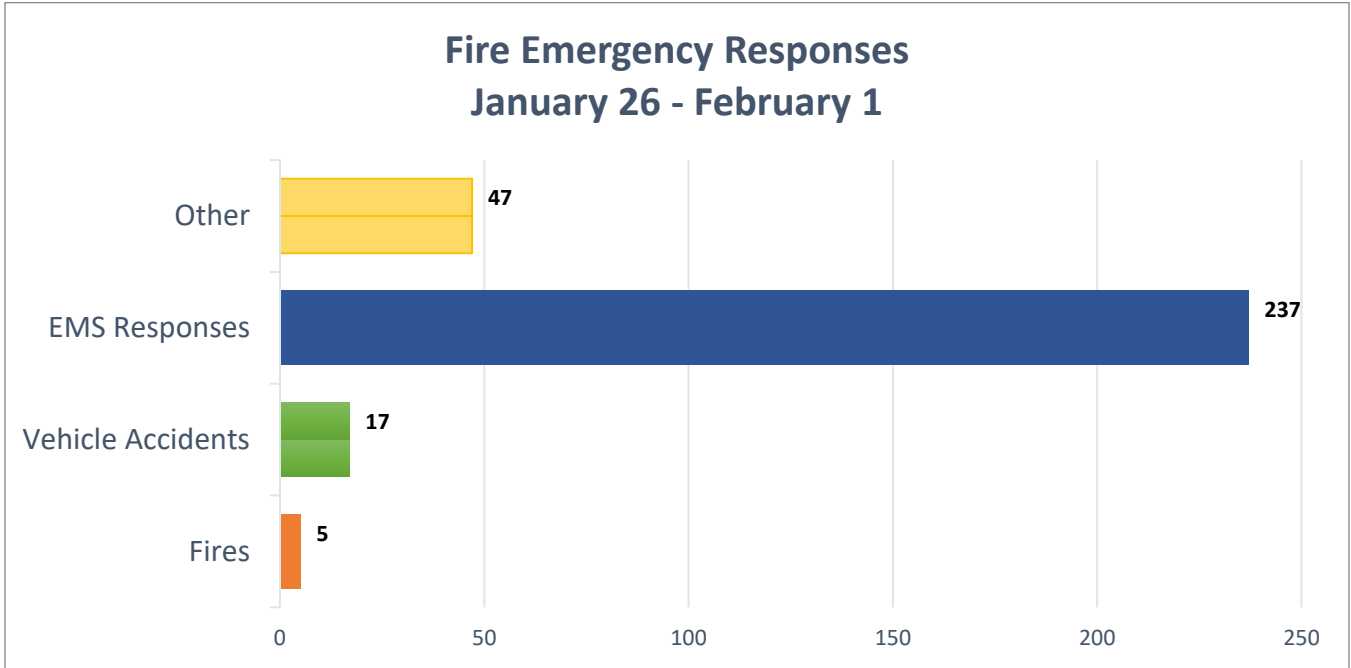
Business Licenses



Graffiti Restitution

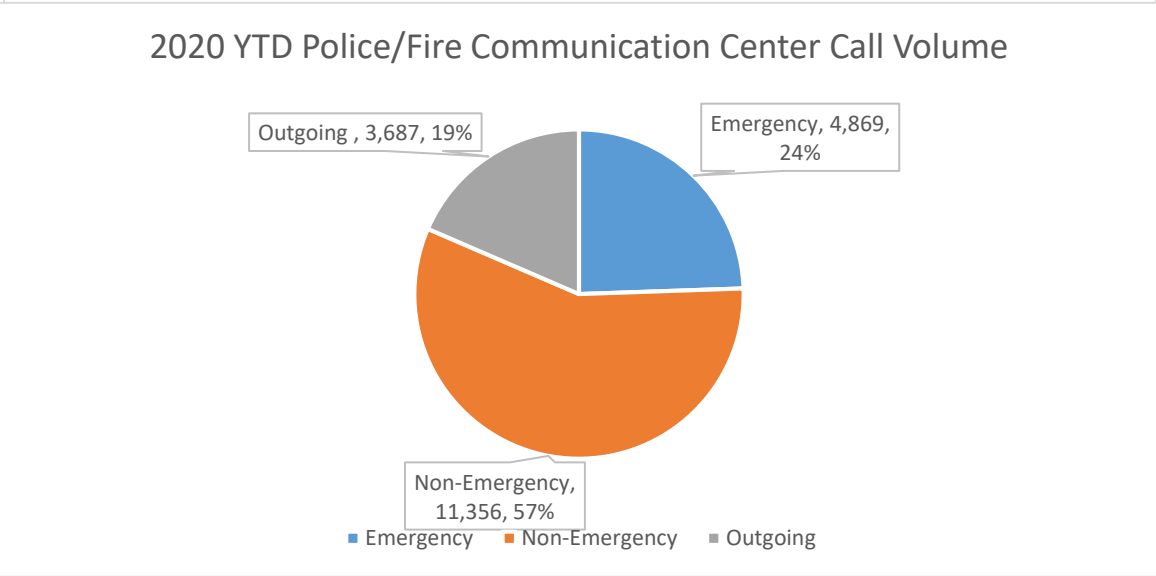
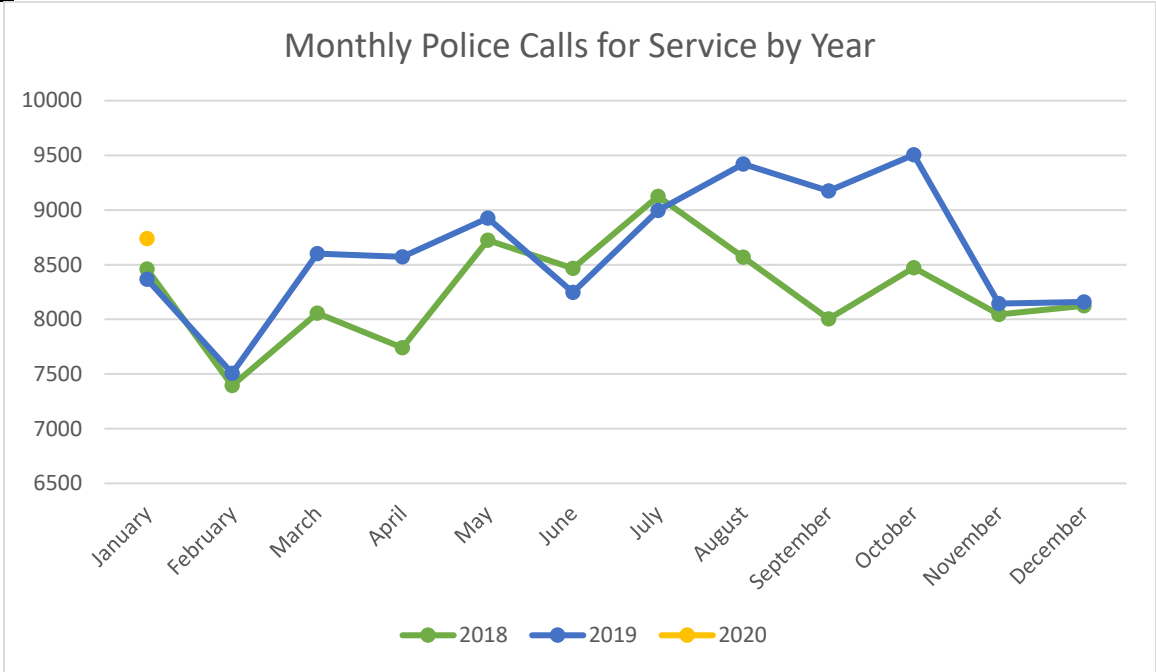
Collected Past Week	Collected Year to Date
\$130.45	\$2,394.52

Fire:

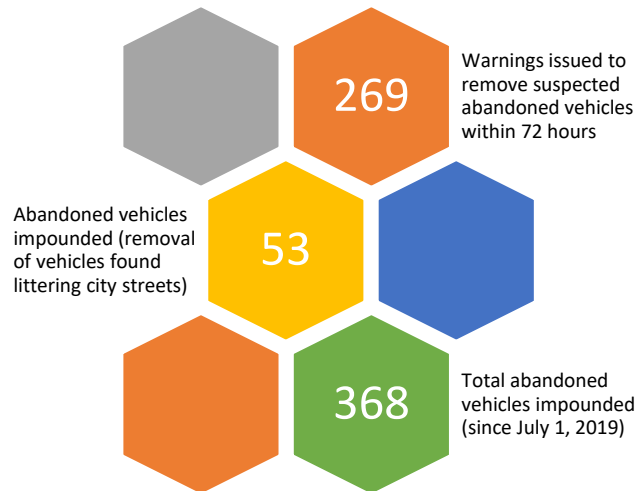


Total Emergency Responses (Year To Date)	1,383
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Police:

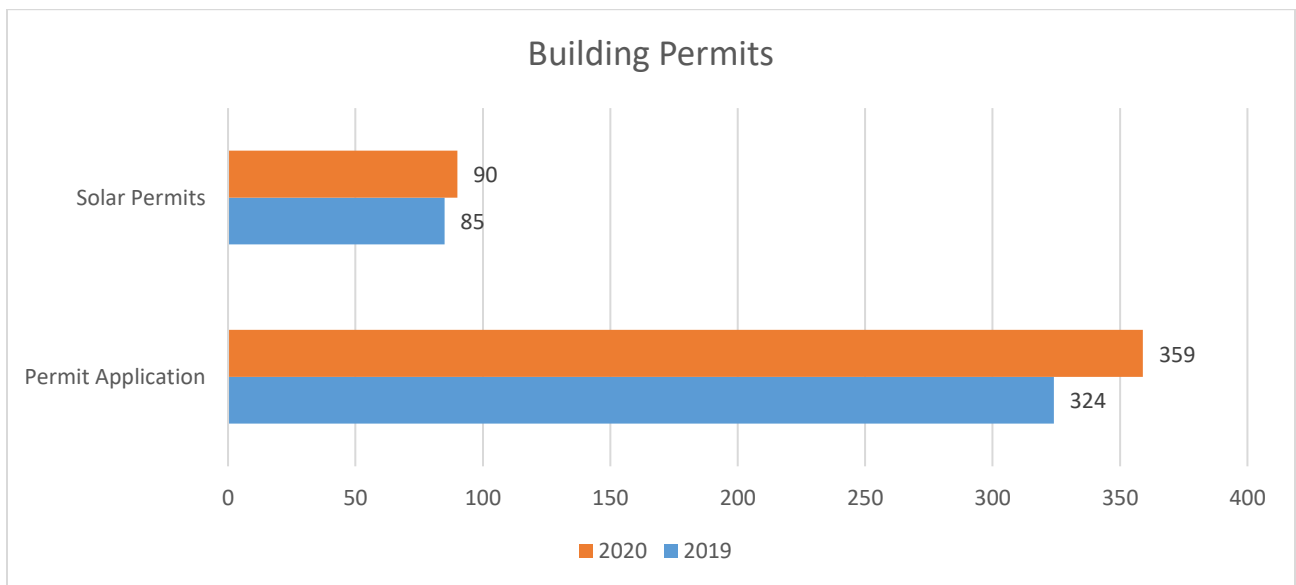
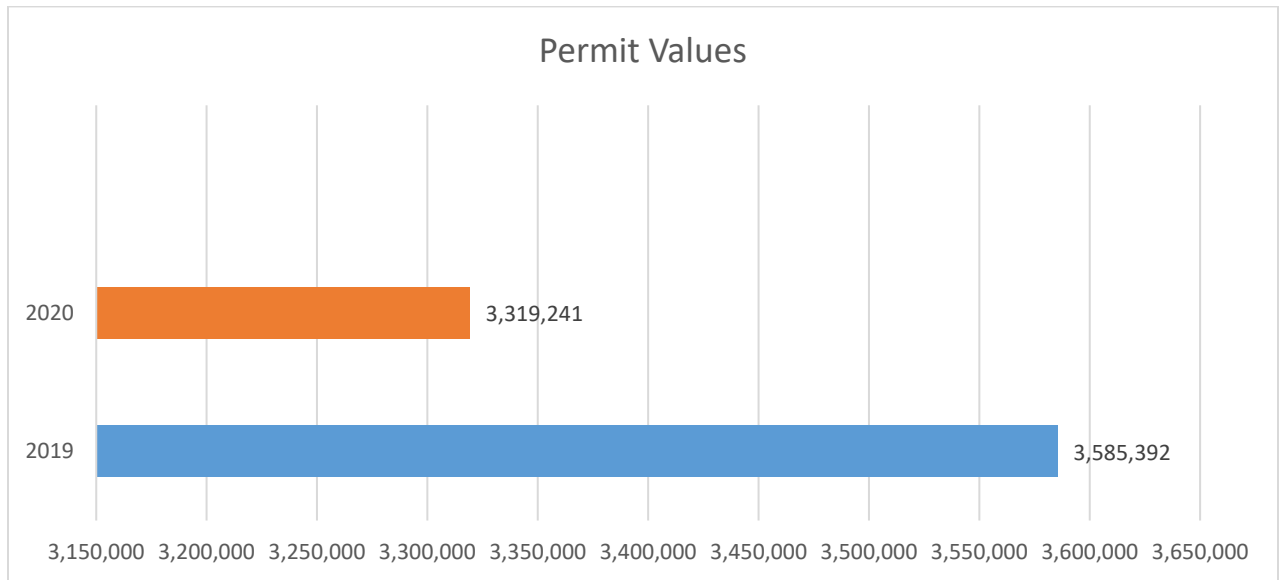


January Abandoned Vehicle Data



Building Division:

**Data reflects activity through February 1 of each year.*



VOLUNTEER PROGRAM



Get Involved:

If you would like to get involved with future projects and volunteer in Escondido, visit:
<https://volunteer.escondido.org/>

Past Events:

On Saturday, February 1 thirty-two volunteers were at Daley Ranch doing pre-race trail maintenance for the upcoming Daley Ranch 50k. Thank you to all volunteers for your hard work! There are more volunteer's opportunities associated with this event. Check out the volunteer HUB above for details.

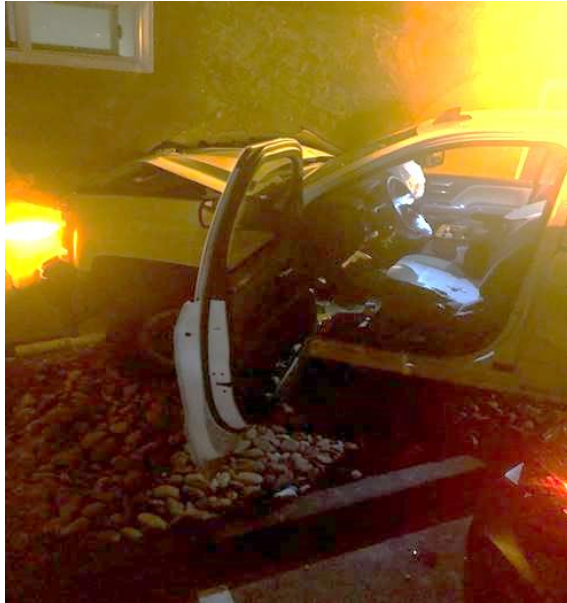


POLICE DEPARTMENT

Incidents:

Car Crashes into House

On January 29, a vehicle drove off the roadway and collided with a residence in the 300 block of N. Juniper St. The driver was believed to have been experiencing a medical emergency while driving causing him to veer off of the roadway. No one inside the apartment building was injured.



Shots Fired During Home Invasion Robbery

On January 31, two suspects entered a residence in the 1100 block of S. Tulip St. through a rear door. The suspects confronted the residents and demanded money. The suspects stole cash from the residents and fired two rounds from a handgun towards one of the residents. Fortunately, none of the rounds struck anyone and no one was injured during the incident.

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 arrests
- 10 citations
- 84 extra patrols/calls for service

Events:

Police Meet with Resident Leadership Academy Group

The Escondido Police Department has partnered with the Escondido Education COMPACT on a federal grant to combat crime and increase communication and cooperation between the public and the police focusing on the east side of Escondido. As part of our efforts, Resident Leadership Academy groups have been formed to train up local residents to be informal leaders within the community. On January 27, police managers and analysts met with the Manzanita RLA to provide data on crime in the area and police calls for service. The forum allowed for the RLA to express their concerns regarding public safety and helped to establish an ongoing

dialogue between residents and the police. Representatives from EPD and COMPACT will continue to meet with the RLAs and other community groups in an ongoing effort to connect with the Escondido community.

Tip of the Week:

Did you know that there are a number of ways you can contact the police to report suspected crime and you can always request to remain anonymous? Here are a few:

- In case of an emergency, dial 911 for an immediate response.
- If a police response is requested, but it's not an emergency, then call our non-emergency line at 760-839-4722 to speak with a police dispatcher.
- If you have an ongoing issue (for example: you suspect a neighbor of selling drugs), but do not need an officer to respond at the time, then you can call our tip line at 760-839-TIPS (8477) or report it on our website at www.police.escondido.org.

FIRE DEPARTMENT

News:

On Wednesday, January 29, the Fire Engine crew from Station # 3 (Nutmeg) including Captain Derek Chapman, Engineer Jeff Collins and Firefighter Paramedic Nick Sharp spent some time at the Park Avenue Community Center. The crew provided blood pressure screening checks and assisted in serving lunch. While the senior citizens in attendance really appreciated the firefighters coming to visit with them, the crew also enjoyed the opportunity to connect with them on a more personal level.



On Thursday, January 30, at 2:14 p.m., the Fire Department responded to a reported fire in the kitchen of a home on Saratoga Glen. The first arriving fire engine Captain found smoke and fire in the home, which firefighters were able to contain in about 15 minutes. However, the kitchen and adjacent rooms were damaged substantially from the smoke and fire. A resident of the home was evaluated by paramedics for smoke inhalation but fortunately he did not require transportation to the hospital. The cause of the fire is under investigation. Because of the damage to the home, the immediate needs of the residents were assisted with donated funds from the California Fire Foundation.



On Friday, January 31, 11:50 p.m., at the Fire Department responded to a reported fire in a home in the 300 block of West Lincoln Avenue. The first arriving engine Captain reported a single story, single-family residence with heavy fire and smoke coming from the garage as well as extending into the home. Firefighters were able to rescue two dogs and contain the fire in approximately 20 minutes. Crews were on scene for several hours performing salvage, overall and ensuring that the fire was completely extinguished. The homeowner suffered minor burns attempting to save other pets in the home. Unfortunately, two dogs and one cat perished. Six other residents escaped the fire without injury. The immediate needs of the family were assisted with donated funds from the California Fire Foundation. The cause of the fire is under investigation.

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. Raising Cane's Restaurant – (Developer: Ada Fermin, PM Design Group) 1280 W. Valley Parkway – Demolition of vacant, former Coco's restaurant building and construction of new 3,744 SF drive-through restaurant for Raising Cane's. A CUP application was filed on October 30, 2019. The applicant recently resubmitted plans showing additional drive-through stacking. The traffic study was submitted for review on December 18, 2019. Department comments on the traffic study were provided on January 10, 2020, and staff is still working out traffic issues with the applicant.
2. Mercedes Benz Expansion – (Developer: Jody Stout, Integrity Design and Construction) 1101 W. 9th Avenue – A Master and Precise Plan modification to demo the existing dealership showroom and construct a new two-story, 52,334 SF showroom, office, parts storage and service building with rooftop parking/display. The application was submitted on November 20, 2019. Staff comments were provided to the applicant the week of December 16, 2019. Staff is awaiting resubmittal of the plans.
3. 7-Eleven Gas and Convenience Store – (Developer: Golcheh Group) 900 W. Mission Ave. – A proposal to relocate a 7-Eleven from the northeastern corner of Mission/Rock Springs to the northwestern corner and add a gas station. The City Council initiated study of a General Plan Amendment (from Industrial to Commercial) for the proposal on May 15, 2019. An application for a GPA, Zone Change and CUP was filed on September 12, 2019. A comprehensive list of comments from all departments was sent to the applicant on October 11, 2019. The applicant submitted a traffic study on December 17, 2019, and revised plans are expected next week.

Industrial

1. 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 initially submitted on August 14, 2018, for a single tenant to use both buildings. The developer is now in discussions with new tenants regarding revisions to the development

plans and expects to submit revised plans soon. Two vacant residences on the site were demolished on October 4, 2019.

City Projects

1. Membrane-Filtration Reverse Osmosis/ MFRO (Developer: City of Escondido Utilities Department) SE corner Ash/Washington – On January 16, 2019, the City Council expressed continued support for the MFRO, but directed staff to investigate moving the facility from Ash/Washington to another location. A city-owned property located at 901 W. Washington Avenue has been selected as the new MFRO site. A Design Build Agreement was approved by the City Council on April 3, 2019. The Design Build Agreement with Filanc+BC Joint Venture provides for design and pre-construction services. The Design Build team met with Utilities and Planning on May 15, 2019 and June 5, 2019 to discuss design and timeline issues. City staff met with the Design Build team to review site plan comments on August 14, 2019, and again on September 3, 2019. A Plot Plan application was submitted for review on October 14, 2019. A comment letter was issued on November 6, 2019, and a follow-up meeting with Utilities occurred the next day. The first draft of the proposed Mitigated Negative Declaration (MND) was submitted for review on November 20, 2019, and Planning provided comments during the week following Christmas. A 60% design meeting occurred on December 9, 2019, and a follow-up meeting to discuss architecture occurred on January 30, 2020.
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. City staff prepared a revised assessment of potential biological impacts and met with the agencies to present the findings. Additional information requested by the agencies was prepared and submitted as requested. The agencies ultimately responded they do not concur with the alternative mitigation proposal and the issue remains unresolved. Utilities is currently discussing a potential legislative solution to extend the state 1E Grant Funding. On December 18, 2019, the City Council considered a proposed amendment to the design contract to provide additional engineering services to evaluate the feasibility of rehabilitating the existing Lake Wohlford Dam and associated structures to address seismic deficiencies in lieu of building a replacement dam.

Residential

1. Harvest Hills (aka Safari Highlands Ranch) (Developer: Jeb Hall, Concordia Homes) 550 lots east of Rancho San Pasqual – A Notice of Availability for the Draft EIR was issued on October 16, 2017 for public review and comment. The comment period ended on January 2, 2018. Staff transmitted all the comment letters and emails to the EIR consultant for review and to prepare a response to each comment. The Draft EIR and appendices have been posted on the City's website at the following link: <https://www.escondido.org/safari-highlands-ranch-specific-plan.aspx>

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. Engineering met with the project engineer and applicant on January 31, 2019, to discuss their comments on the revised tentative map. The applicant met with Traffic Engineering during the week of February 25th to discuss off-site improvements. Staff, applicant and biological consultant met with the wildlife agencies on April 23, 2019, to discuss the revisions to the project design mentioned above. The applicant and staff met on June 20, 2019, to refine the list of outstanding issues remaining to be resolved prior to advancing to public hearings for the project. The applicant met with Traffic Engineering staff on August 15, 2019, and agreement was reached on several of the off-site mitigation locations on October 28, 2019. Additional information regarding biological resources was submitted on August 29, 2019. A revised tentative map addressing previous staff comments was submitted on November 6, 2019. The revised tentative map and exhibits have been posted on-line at the link above. A third amendment to the EIR contract for additional consultant funding was approved by the City Council on November 20, 2019. The revised specific plan was submitted on January 14, 2019. A consultation with the San Pasqual Tribe occurred on January 21, 2020.

2. 18 lots at 701 San Pasqual Valley Rd (Developer: Bob Stewart) – A tentative map for ten single-family lots was approved by City Council on February 8, 2008. The applicant has been working to revise the map to develop more homes on the property. In response to follow-up discussions with the applicant about revising the map, comments were provided on April 29, 2019. Additional discussions between the applicant and the City to resolve project issues also occurred on June 20, 2019.
3. The Villages at Escondido Country Club (Builder: Lennar Homes) 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. A revised Certified Tentative Map for substantial conformance review was submitted on May 23, 2019 and included a proposal to relocate approximately 10 residential lots within the development. The revised Certified Tentative Map was approved on September 3, 2019. A rough grading permit for Village 1 was issued on September 16, 2019, and grading is underway. All remaining buildings in the village center area of Village 1 have been demolished. Final engineering for Villages 2 and 3 was resubmitted to staff on October 14, 2019. This includes rough grading plans, improvement plans, and the final map. Village 1 improvement plans were approved on November 8, 2019. A design review application for all residences was submitted on November 20, 2019. CC&Rs are also under review. Precise grading plans have been submitted for the model homes. Building permit applications for the model homes were submitted before the end of 2019. Comments on final engineering for

Villages 2 and 3 were sent to the project applicant on January 27, 2020. Country Club Drive improvement plans are nearing approval.

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>

4. 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. Engineering met with the applicant's engineer on January 31, 2019 to discuss drainage issues. A revised Certified TM was approved on March 14, 2019. Final engineering plans were resubmitted on March 21, 2019. The project engineer, Engineering and County Water Authority staff met on April 2, 2019, to discuss the street and utility crossings over the CWA aqueduct. The applicant's engineer submitted a revised design to address the CWA issues the week of June 3rd. Building plans for four model homes were submitted into plan check on July 15, 2019. The most recent comments by Planning on the building plans were sent on October 24, 2019. The Precise Development Plan was approved by the Planning Commission on August 13, 2019. Revised grading and improvement plans were resubmitted on October 25, 2019. Staff comments were provided on those plans and a follow-up meeting to discuss the comments took place on December 6, 2019. The applicant is working on storm water comments and a resubmittal of plans is expected this week. Engineering has provided comments on a proposed joint-use agreement with the County Water Authority.

5. 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. On April 5, 2019, the applicant provided a letter response with alternative compliance proposals to address some of the fire-related issues. On May 14, 2019 the applicant provided additional fire-related information requested by Fire and Planning. Fire, Planning, and Engineering staff met with the applicant team on May 29, 2019 to discuss the fire-related information. A financial feasibility study for the proposed resort was submitted on July 8, 2019.

A project webpage containing draft documents and plans has been added to the Planning Division's website at the following link:

<https://www.escondido.org/daley-ranch-resort-specific-plan.aspx>

6. 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 specific alignment plan for Nutmeg and 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. Initial comments from Planning, Fire, Engineering, Utilities and Traffic Engineering were provided to the applicant on July 13, 2018. A Notice of Availability for the Draft EIR was issued May 7, 2019, announcing a 45-day public review period from May 10, 2019 to June 24, 2019. Caltrans expressed a concern for having encroachment into their right of way. As a result, project revisions are necessary for the southern portion of the property to accommodate grading and fuel modification zone planning on-site. The applicant met with Planning and Engineering on August 14, 2019 to discuss potential changes to the project. The project applicant is splitting the project into northern and southern pieces. The GPA, Final EIR and northern piece were recommended for approval by the Planning Commission on October 22, 2019. The City Council approved the same part of the proposal on November 20, 2019. Staff is now awaiting resubmittal of the southern portion of the project.
7. Oak Creek (Builder: KB Homes) 65 single-family residential lots on approximately 44 acres at Felicita Road and Hamilton Lane – The Zoning Administrator approved a modification to the Precise Development Plan to revise the architecture on October 25, 2018. On-site remediation of hazardous materials has been completed and DTSC has issued a clearance letter. On-site improvement plans have been approved. The rough grading permit was issued on April 18, 2019, and grading has commenced on the site. The Precise Grading Plan for the model homes has been approved and building permits for two model homes were issued the week of July 8. A Model Home Permit was approved by Planning on July 10, 2019, for the sales office and temporary improvements. A second plan check submittal for the final map was received the week of May 13. Second plan check for the off-site improvement plans was received on June 3, 2019. Engineering comments have been returned and Engineering has approved all improvements, excepting those provided for on Felicita, which additional changes are expected. County of San Diego staff from the Parks and Public Works Divisions have met with the applicant to discuss ways to evaluate floodplain and drainage issues occurring at the Felicita Park. A follow up meeting with Engineering occurred on August 28, 2019. In response the applicant submitted a hydraulics study to DPW on September 9, 2019. The applicant is currently evaluating a drainage solution that minimizes or eliminates the need to construct drainage improvements in Felicita Park.
8. 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 Development Agreement will be required to reduce open space. A comment letter was issued on December 20, 2018. Planning, Fire and Engineering met with the applicant on June 10, 2019, to discuss revisions to the plans intended to address the previous comments. A revised project design was routed to all departments on August 23, 2019. Planning has notified the applicant the project design is not consistent with the South Centre City Specific Plan. Engineering and Utilities comments were provided to the applicant on October 2, 2019 and staff has engaged in several follow-up meetings with the applicant.

9. Palomar Heights (Developer: Ninia Hammond, Integral Communities) Demolition and redevelopment of the old Palomar Hospital site with 510 multi-family units with 10,000 SF of commercial – A proposed Tentative Map, Planned Development, Specific Plan Amendment and EIR to redevelop the 13.8-acre former hospital site. A partial project application was submitted on December 24, 2018. Engineering and Planning comments on the initial project submittal were sent to the applicant on February 12, 2019. A contract for a developer-funded planning consultant to work on this project as an extension of Planning staff was approved by the City Council on February 13, 2019. Planning Engineering and Fire met with the applicant team on February 27, 2019 and again on April 24, 2019 to go through proposed revisions to the site plan and building designs. A Notice of Preparation (NOP) for the Draft EIR was issued on May 3, 2019 and a public scoping meeting took place on May 20, 2019. The public comment period for the NOP closed on June 3, 2019, and approximately 28 comment letters and written forms from the scoping meeting were received. Resubmittal of the redesign package was filed on June 25, 2019. Design and site plan information was submitted on July 1, 2019 and a screen check EIR was submitted on July 29, 2019. City comments on the design package was transmitted on August 2, 2019. Comments on the screen check EIR were issued on August 27, 2019, and a second screen check of the EIR was submitted on December 5, 2019. The third revision to project plans was submitted to Planning on September 11, 2019. A Planning Commission work session focused on project design occurred on October 8, 2019. A City comment letter, including Planning Commission feedback on design review, was transmitted to the applicant on October 21, 2019. A fourth resubmittal of plans occurred on December 23, 2019. On January 8, 2020, the applicant met with staff from multiple departments to discuss permitting and logistics for the demolition of all existing structures on the site. City comments on the second screen check of the draft EIR were provided on January 10, 2019, and third screen check comments are expected to be issued this week. Staff comments on the revised plans are expected to be issued next week. Public review of the Draft EIR is expected to commence soon after receipt of the next round of traffic revisions.

The development proposal and other related information can be accessed on the City's website at the following link:

<https://www.escondido.org/palomarheights.aspx>

10. Henry Ranch (Builder: Joe Martin, Trumark Homes) An approved development of 97 single-family residential homes on 74.35 acres at the eastern terminus of Lincoln Avenue – The Tract 920 development proposal was originally approved in 2007 and an extension of the associated Development Agreement was approved in 2016. Final Map, grading plans and improvement plans were submitted for initial review on February 12, 2019. Architectural plans were submitted for Design Review on February 15, 2019, and comments were issued on March 14, 2019. The second submittal of final engineering was received on April 22, 2019, and several rounds of comments have been provided. Planning has provided comments on the 1st check for building plans and the model home complex. Fire met with the applicant on December 5, 2019, to discuss landscaping and fuel modification zones. The final map was resubmitted on December 6, 2019. The improvement plans were resubmitted the week of December 9, 2019. The site is currently being rough graded. The applicant submitted a precise grading plan for the entire site on January 3, 2020. Staff met with the applicant on January 22 to discuss the off-site drainage improvements.

11. Del Prado (Developer: Kerry Garza, Touchstone Communities) – An approved 113-unit townhome-style Planned Development located at the southwestern corner of Brotherton Road and the Centre City Parkway frontage road - The Del Prado project was approved by the City Council in May of 2016. The project site is separated into two parcels by an SDGE parcel. Engineering and Planning are reviewing third plan check for final map, grading and improvement plans for Del Prado South. Del Prado North is in second plan check for the same plans. No building plans have been submitted into plan check. Planning has provided comments for the North landscape plans. The applicant is attempting to resolve sewer issues with the Regional Water Quality Control Board because sewer lines are proposed to cross over water lines. Incomplete plans for North were submitted in mid-November and immediately returned to the engineer. Improvement plans for the North were resubmitted on December 27, 2019. Staff comments on the grading and improvement plans are expected to be issued next week. Staff is aware of easement issues regarding the SDG&E access easement and are still working with the applicant on that driveway design.
12. Hacienda De Vega Redevelopment – (Developer: Tony Cassolato) A proposed residential condominium development consisting of 42 three-story attached townhomes on 1.75 acres – The project would demolish the vacant restaurant building and redevelop the entire site with residential townhomes. An application for a tentative map, plot plan and condominium permit was submitted on October 8, 2019. Initial comments from all departments were provided to the applicant on November 7, 2019, and a follow-up meeting to discuss the comments occurred on November 13, 2019. Revised plans to address street improvement and open space issues were submitted by the applicant on December 23, 2019. Planning hosted a neighborhood meeting on January 7, 2020, to discuss the project and hear neighborhood concerns. The primary concern expressed by neighbors revolved around traffic in the area.
13. Casa Mercado Apartments (Developer: Paul Mayer, Pemcor) A four-story, 120-unit apartment complex on 2.31 acres – A proposed planned development and Specific Plan Amendment for a new residential development on Third Avenue between Quince Street and Pine Street in the Mercado District of the Downtown Specific Plan. A previous proposal for a 198-unit project was submitted on August 2, 2019. That project was withdrawn and the current project was submitted on January 21, 2020. Plans have been distributed to all departments for initial review.
14. Accessory Dwelling Units – Planning staff is currently working on sixteen (16) applications for accessory dwelling units. One (1) accessory dwelling unit has been approved in 2020. Thirty-seven (37) accessory dwelling units were approved in 2019. Twenty-four (24) accessory dwelling units were approved in 2018. Three (3) accessory dwelling units were approved in 2017.

Building Division:

1. The Building Division issued 90 permits (including 31 solar photovoltaic) with a total valuation of \$241,716.
2. Our building inspectors responded to 219 inspection requests. 178 customers visited the Building counter during the week.
3. *No change from the previous.* The Latitude 2 apartment project at 650 Center City Pkwy has received Building final approvals and Temporary Certificates of Occupancy for buildings 1-4. Field Engineering have released Building 6 for TCO. The Building Division has granted a

Temporary Certificate of Occupancy, with minor restrictions and is awaiting a request for Final inspection of Bldg. 6. Final Inspection pending the receipt of all final reports from the contractor.

4. The new two-story church sanctuary building at 1864 N. Broadway has received final inspection and a Certificate of Occupancy has been issued.
5. *No Change from the previous.* The new 105 room hotel at 200 La Terraza is currently operating on a Temporary Certificate of Occupancy, pending Engineering final approval. Traffic signal poles have been set in place and should be fully operational soon. An additional 30-day extension of the TCO has been granted pending completion of the traffic signal.
6. The Gateway Grand (now named "Rowan") 126-unit apartment project at 700 W. Grand Ave. has roof framing work ongoing in Buildings A & B in anticipation for a soon to be requested inspection. Drywall installation on-going in Building B on the 4th floor. Building B framing has been completed and approved. Drywall installation is on-going in Building B. Building A framing work is on-going. Partial Exterior lath installation is on-going at Building A.
7. The new 2 story 20,000 sf office building for Superior Ready Mix on 1564 W Mission has first and second floor approval for framing, mechanical, electrical, and plumbing.
8. *No change from the previous.* KB Homes, located at the Oak Creek development on Daisy Field Glen has completed the model home construction phase of the development. Plan revisions have been submitted and are currently under review. The number of homes in the first phase could total between 12-16 dwellings. Precise grading plans for Phases 1 & 2, totaling 12 SFD's, are currently in review.
9. The Starbucks "shell" building located at 350 W Valley Pkwy received final inspection on February 3rd. Framing of the interior tenant improvements has been approved. Temporary electrical and gas meters have been released.
10. The Medical office building located at 2130 Citracado Pkwy has received partial foundation inspection and partial underground electrical conduit. Foundation work, steel reinforcement on-going in preparation for future inspections. Underground plumbing and foundation work is on-going. Partial slab construction has been approved. Framing should commence soon. Structural steel being erected with special inspection.
11. Building staff has completed plan check fee estimates for the Villages project and are verifying correct addressing.
12. The new self-storage facility at 2319 Cranston Drive has approval for perimeter footings.

ENGINEERING DEPARTMENT

Capital Improvements:

1. El Norte Parkway Improvements –The contractor is continuing to work on the median islands including the installation of a new irrigation main line. Traffic signal poles delivery and standing of the poles is scheduled for this week. Work continues on the new traffic signal alignment. Construction of the trailhead sign begins this week. The project includes widening of El Norte Parkway at the flood control channel by the installation of a new bridge,

construction of new median islands from Valley Parkway to Washington Avenue, landscaping and a drip irrigation system, a bike/pedestrian signal at the flood control channel, along with roadway resurfacing. More information can be found at <https://www.escondido.org/el-norte-parkway-bridge-and-median-improvements-1.aspx>. Thirty-one (31) working days are remaining for project completion.

2. Transit Center Pedestrian Bridge Project –The contractor has completed building the masonry flood walls along with the storm drain manholes along Spruce Street. Twelve (12) working days remain on the contract.
3. 2019 Street Rehabilitation and Maintenance Project Rebid- The preconstruction meeting was held this week with a Notice to Proceed date of February 10, 2020. This year's project will resurface approximately 71-lane miles of pavement, replace 0.59- miles of sidewalk, and restripe 2.5- miles of bike lanes, install 51 pedestrian ramps, and replace 90 street trees that damaging concrete improvements. With the continued investment into our streets, the City has increased its Pavement Condition Index (PCI) from 55 to 61 points since 2013. This year's project is Maintenance Zone W, which is west of I-15 between State Route 78 and Felicita Avenue. Streets include Eucalyptus Avenue, Valley Parkway between Auto Parkway and 11th Avenue, Citracado Parkway East of Valley Parkway and 9th Avenue between Auto Parkway and Hale Avenue. Out of service area street is Valley Parkway between Fig Street and Grape Street. The contract has been signed and the project preconstruction meeting is scheduled for February 4, 2020, with a projected start shortly thereafter. More information can be found at <https://www.escondido.org/city-of-escondido-street-maintenance-program.aspx>

Private Development:

1. Tract 932 - Canyon Grove Shea Homes Community –*No changes from that reported last week.* The Project is currently in the punch list phase. The roadway connection between Vista Avenue and Vista Verde Way is scheduled to be opened to all traffic. This opening will connect El Norte Parkway to the South and Ash Street to the West.
2. Latitude II Condominiums: Washington Avenue @ Centre City Parkway – *No changes from that reported last week.* The project is working on punch list items.
3. Tract 934 – *No change from that reported last week.* The contractor has paved the in-track street. This is a 5 lot subdivision located at 1207 Gamble Street.
4. 1221 Gamble Street – *No changes from that noted last week.* The contractor has placed the curb and gutter along Gamble and Pear Blossom. This project is a 3 lot subdivision located adjacent to Tract 934.
5. KB Homes Oak Creek Project – *No changes from that reported last week.* The contractor is working on the onsite storm drain system.
6. North American Self Storage –Punch list items have been completed. The project is located at 852 Metcalf Street.
7. Pradera by Lennar –The contractor has started the Conway street restoration work. The water main work included the construction and installation of 779' of a 12" water main along Conway Drive, between Lehner Drive and Rincon Avenue. The installation is now complete. The contractor is tying the new line to the Cities potable water system.

8. Henry Ranch Tract 920 –*No changes from that reported last week.* Contractor is continuing with the in track pad grading. The project is located at the intersection of El Norte Parkway/Lincoln Avenue. When completed the contractor will have processed 433,000 cubic yards of material with 50,000 cubic yards of material being exported off site.
9. The Villages – *No changes from that reported last week.* Contractor is working on the in-tract sewer main, manholes and laterals. Village 1 grading is continuing this week. Village 1 is between Country Club Drive to the south, David Drive to the east and Golden Circle Drive to the north. A total of 111 homes are to be constructed in Village 1. “No Parking” signs are placed on Country Club Drive South of Country Club Lane. The work will be for the construction of storm drain pipe at Country Club Drive and Fairway Park.
10. SDG&E 16” Gas Main Replacement - A preconstruction meeting was held this week. The City has issued an Encroachment Permit for pot holing of utilities for a future gas main replacement project on Bear Valley Parkway between HWY 78/San Pasqual Valley Road interaction, then south to Beethoven Drive. Information is being gathered to aid in the development of the new gas main alignment. Potholing has begun. The construction phase is not expected until 2021.
11. Escondido Giving Arch - The contractor has completed the electrical underground for the Arch. Delivery and the start of the assembly of the Arch is scheduled February 18th. West bound Grand, west of Orange Ave will be closed for approximately 6 days during this assembly of the Arch. When completed, this arch will be 108 feet across and will span Grand Avenue at Centre City Parkway. The color and design will match the Downtown architecture.

GRANT APPLICATIONS

Applications:

- None this week.

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