



Council Meeting Agenda

MAY 13, 2020
VIDEO CONFERENCE
6:00 P.M. Regular Session
201 N. Broadway, Escondido, CA 92025

MAYOR	Paul McNamara
DEPUTY MAYOR	Consuelo Martinez
COUNCIL MEMBERS	Olga Diaz Michael Morasco
CITY MANAGER	Jeffrey Epp
CITY CLERK	Zack Beck
CITY ATTORNEY	Michael McGuinness
DIRECTOR OF COMMUNITY DEVELOPMENT	Mike Strong
DIRECTOR OF ENGINEERING SERVICES	Julie Procopio

COVID-19 PUBLIC SERVICE ANNOUNCEMENT

Pursuant to Governor Newsom's Executive Orders, including N-25-20 and N-29-20: Certain Brown Act requirements for the holding of a public meeting have been temporarily suspended and members of the Escondido City Council and staff will participate in this meeting via teleconference. In the interest of reducing the spread of COVID-19, members of the public are encouraged to submit their agenda and non-agenda comments online at the following link: <https://www.escondido.org/agenda-position.aspx>. Council Chambers will be closed.

Public Comment: To submit comments in writing, please do so at the following link: <https://www.escondido.org/agenda-position.aspx>. If you would like to have the comment read out loud at the meeting (not to exceed three minutes), please write "Read Out Loud" in the subject line. All comments received from the public will be made a part of the record of the meeting.

The meeting will be available for viewing via public television on Cox Communications Channel 19 (Escondido only). The meeting will also be live streamed online at the following link: <https://www.escondido.org/meeting-broadcasts.aspx>

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

**May 13, 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, Morasco, McNamara

ORAL COMMUNICATIONS

The public may address the Council on any item that is not on the agenda and that is within the subject matter jurisdiction of the legislative body. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.) NOTE: Depending on the number of requests, comments may be reduced to less than 3 minutes per speaker and limited to a total of 15 minutes. Any remaining speakers will be heard during Oral Communications at the end of the meeting.

CONSENT CALENDAR

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

1. AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/RRB)

2. [APPROVAL OF WARRANT REGISTER \(Council\)](#)

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

- 341564 – 341735 dated April 29, 2020

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

3. APPROVAL OF MINUTES: None Scheduled

4. **FINAL MAP FOR ESCONDIDO TRACT SUB 16-0009A, THE VILLAGES PROJECT - PHASE I -**
Request the City Council approve the Final Map for Tract SUB 16-0009A, The Villages Project - Phase I. This phase includes a 112-Lot Subdivision located at 1800 Country Club Lane.

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

5. **CONSULTING AGREEMENT FOR DESIGN PROFESSIONALS AND BUDGET ADJUSTMENT FOR THE WEST 7TH AVENUE AND SOUTH BROADWAY WATER MAIN REPLACEMENT PROJECT -**

Request the City Council approve authorizing the Mayor and City Clerk to execute a Consulting Agreement for Design Professionals with Kennedy/Jenks Consultants, Inc. in the amount of \$329,146 for the design of the West 7th Avenue and South Broadway Water Main Replacement Project, and approve a budget adjustment in the amount of \$420,000.

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

RESOLUTION NO. 2020-48

6. **LABOR COMPLIANCE PROGRAM RELATED TO CALIFORNIA PROPOSITION 84 FUNDING FOR THE MEMBRANE FILTRATION REVERSE OSMOSIS FACILITY -**

Request the City Council approve a Labor Compliance Program and authorize the Director of Utilities to execute and submit the Labor Compliance Program application for approval by the California Department of Industrial Relations.

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

RESOLUTION NO. 2020-59

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.)

PUBLIC HEARINGS

7. **RESOLUTION OF FORMATION FOR COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE CITY OF ESCONDIDO (SERVICES) AND COMMUNITY FACILITIES DISTRICT NO. 2020-2 (THE VILLAGES) -**

Request the City Council hold two Public Hearings, and adopt Resolution No. 2020-44 establishing Community Facilities District ("CFD") 2020-1 (Services), Resolution No. 2020-45 establishing CFD 2020-2 (The Villages), and Resolution No. 2020-46 determining the necessity to incur bond indebtedness. The adoption of Resolution No. 2020-54 and Resolution No. 2020-55 certifying election results, and Resolution No. 2020-53 for reimbursement of costs is also recommended. Finally, it is requested that Ordinance No. 2020-10 and Ordinance No. 2020-11, authorizing levy of special taxes, be introduced for first reading.

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

- A) RESOLUTION NO. 2020-44 B) RESOLUTION NO. 2020-45 C) RESOLUTION NO. 2020-46
D) RESOLUTION NO. 2020-54 E) RESOLUTION NO. 2020-55 F) RESOLUTION NO. 2020-53
G) ORDINANCE NOS. 2020-10 and 2020-11 (First Readings and Introduction)

CURRENT BUSINESS

8. [A COVID-19 EMERGENCY BUSINESS RECOVERY STRATEGY -](#)

Request the City Council approve a local Business Recovery Strategy implementing temporary regulatory and non-regulatory measures to assist business economic recovery efforts arising out of the Local Emergency related to the COVID-19 pandemic outbreak; provide input and direction to staff on additional measures to support local business in their economic recovery efforts; and direct staff to bring forth an Urgency Ordinance on May 20, 2020 adopting recommended regulatory relief measures.

Staff Recommendation: **Approval (City Manager's Office: Jay Petrek, Community Development Department: Mike Strong, Economic Development Department: Amber Tarrac)**

WORKSHOP

9. [FISCAL YEAR 2020/21 PRELIMINARY OPERATING BUDGET STATUS -](#)

Request the City Council review the proposed Fiscal Year 2020/21 General Fund Preliminary Operating Budget status; provide policy concurrence or alternative direction on the recommendations for closing the structural budget gap; and authorize staff to return with the Fiscal Year 2020/21 General Fund Operating Budget on June 10, 2020.

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

10. [FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND FISCAL YEAR 2020/21 CAPITAL IMPROVEMENT PROGRAM BUDGET STATUS -](#)

Request the City Council review the proposed Fiscal Year 2020/21 Five-Year Capital Improvement Program and Budget status, and authorize staff to return with the final 2020/21 Capital Improvement Program and Budget on June 10, 2020.

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

FUTURE AGENDA

11. [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

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

ADJOURNMENT

UPCOMING MEETING SCHEDULE				
Date	Day	Time	Meeting Type	Location
May 20	Wednesday	5:00 & 6:00 p.m.	Regular Meeting	Council Chambers
May 27	-	-	No Meeting	-
June 3	Wednesday	5:00 & 6:00 p.m.	Regular Meeting	Council Chambers
June 10	Wednesday	5:00 & 6:00 p.m.	Regular Meeting	Council Chambers

TO ADDRESS THE COUNCIL

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

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

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

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

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

- Online at <http://www.escondido.org/meeting-agendas.aspx>
- In the City Clerk's Office at City Hall
- 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

May 13, 2020

File No. 0400-40

SUBJECT: Approval of Warrants

DEPARTMENT: Finance Department

RECOMMENDATION:

Request approval for City Council and Housing Successor Agency warrant numbers 341564 – 341735 dated April 29, 2020.

FISCAL ANALYSIS:

The total amount of the warrants for the period of April 23 – April 29, 2020, is \$572,089.08.

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

May 13, 2020

APPROVAL

OF

MINUTES

CITY COUNCIL STAFF REPORT

Consent Item No. 4

May 13, 2020

File No. 0800-10

SUBJECT: Final Map for Escondido Tract SUB16-0009A, The Villages Project – Phase I

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is requested that the City Council approve the Final Map for Tract SUB16-0009A, The Villages Project - Phase I. This phase includes a 112-Lot Subdivision located at 1800 Country Club Lane.

FISCAL ANALYSIS:

The cost for review of the Final Map is paid for by the developer, Lennar Homes (“Developer”) of California Inc., a California Corporation, in accordance with the adopted fee schedule.

PREVIOUS ACTION:

The Planning Commission recommended approval of the Project on October 24, 2017, as Resolution No. 6105, and subsequently the City Council approved the Tentative Map and the Country Club Lane, Specific Alignment Plan on November 15, 2017, as Resolution No. 2017-153R.

BACKGROUND:

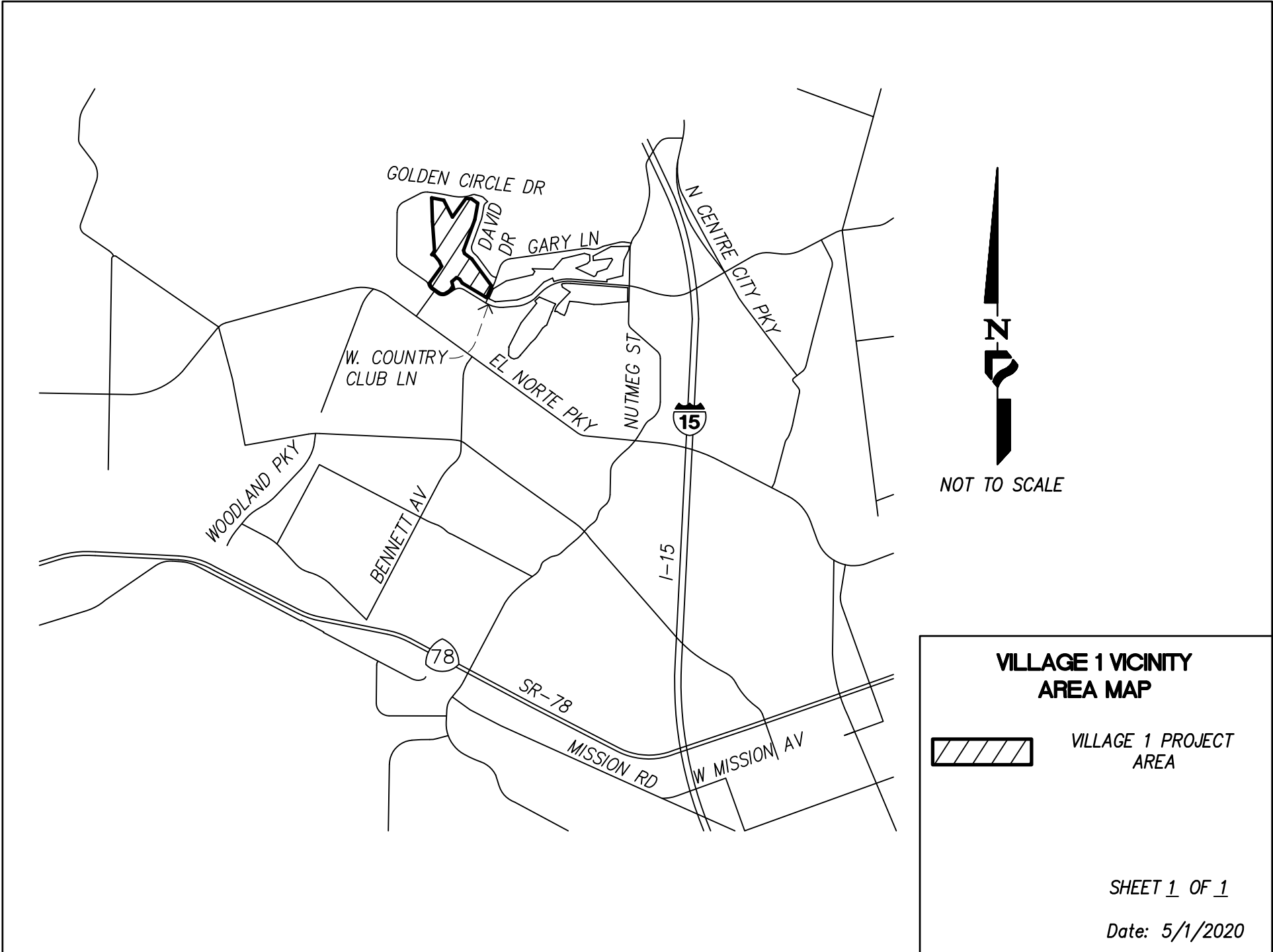
The Final Map for Tract SUB 16-0009A, located as shown on Attachment 1, includes 106 single family residential lots and 45 residential condominium units within six (6) residential lots. This is the first of three (3) Final Maps that together make up Tract SUB16-0009 - The Villages Project, a redevelopment of the previous Country Club Golf Course property. Staff has examined this Final Map and found it to be mathematically correct and in substantial conformance to the approved Tentative Map, and is subject to the conditions of approval. This Final Map conforms to the provisions of the Subdivision Map Act and any local ordinances applicable at the time of approval. The Planning Department has reviewed and approved this Final Map.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
5/6/20 4:52 p.m.


ATTACHMENTS:

1. Attachment 1 – Site Location Map



NOT TO SCALE

**VILLAGE 1 VICINITY
AREA MAP**

 VILLAGE 1 PROJECT
AREA

SHEET 1 OF 1
Date: 5/1/2020

CITY COUNCIL STAFF REPORT

Consent Item No. 5

May 13, 2020

File No. 0430-80, 0600-10, A-3331

SUBJECT: Consulting Agreement for Design Professionals and Budget Adjustment for the West 7th Avenue and South Broadway Water Main Replacement Project

DEPARTMENT: Utilities Department, Construction and Engineering Division

RECOMMENDATION:

It is requested that the City Council:

1. Adopt Resolution No. 2020-48, authorizing the Mayor and City Clerk to execute a Consulting Agreement for Design Professionals with Kennedy/Jenks Consultants, Inc. in the amount of \$329,146 for the design of the West 7th Avenue and South Broadway Water Main Replacement Project; and
2. Approve a budget adjustment (see Attachment 1) in the amount of \$420,000.

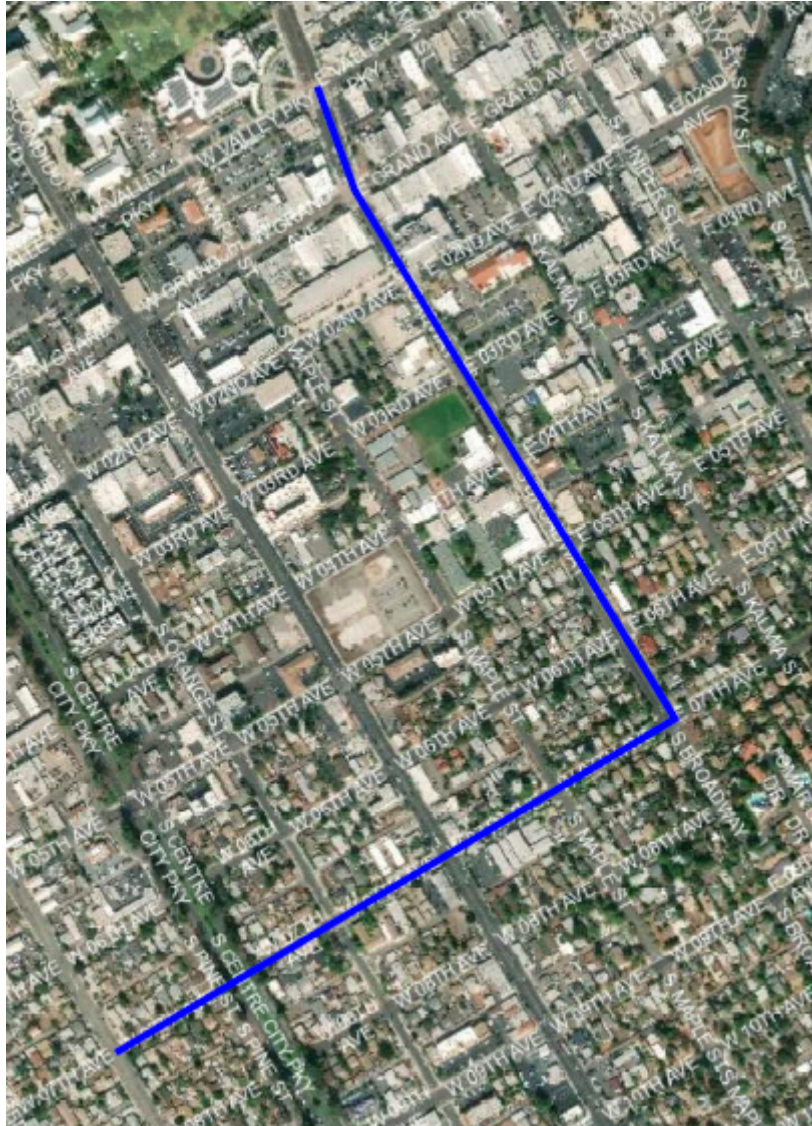
FISCAL ANALYSIS:

The proposed budget adjustment creates a new Capital Improvement Program (“CIP”) Project and transfers \$420,000 into the new CIP Project from the Water CIP Reserves. This budget adjustment includes funds for the engineering design consulting agreement, contingency for the agreement, staff time, and other small low dollar value agreements for the project that do not require Council approval.

BACKGROUND:

The City of Escondido’s (“City”) existing 10-inch and 12-inch cast iron water mains in West 7th Avenue and in South Broadway were constructed in the early 1950’s and are in need of replacement. These water mains help serve residences and businesses in the City’s downtown. In September 2019, a section of the existing 12-inch water main failed in West 7th Avenue between Quince Street and Centre City Parkway. Although City crews repaired the damaged portion of water main, damage caused by the break and the history of main breaks along this line make it clear that the pipeline needs replacing.

This Project includes replacing approximately 2,500 lineal feet of pipe along West 7th Avenue, and approximately 2,800 lineal feet of pipe along South Broadway. One challenge of constructing this project is the high traffic along both the West 7th Avenue and South Broadway alignments. The map below shows the existing water mains to be replaced. The pipeline alignment is located within the public right-of-way. The project will be designed with the objective to minimize impacts to the community during construction, with a primary objective to maintain water service to all customers via “highlines” except for brief service shutdowns that will be necessary.



The consulting agreement scope of work includes:

- an engineering survey;
- geotechnical investigations;
- potholing;
- environmental documentation;
- a highline plan to maintain water service during construction;
- development of detailed engineering plans and specifications; and
- engineering support during the bid phase.

Consulting Agreement for Design Professionals and Budget Adjustment for West 7th Avenue and South Broadway Water Main Replacement Project

May 13, 2020

Page 3

Staff sent a Request for Proposal (“RFP”) to five engineering firms specializing in design of water and wastewater projects. Three firms submitted proposals for review by City staff for:

- responsiveness;
- understanding of the work;
- proposed project approach;
- scope of work;
- relevant experience;
- project team;
- schedule; and
- proposed fee.

Staff recommend awarding the contract to Kennedy/Jenks Consultants, Inc. based on their extensive experience on similar projects, proposed project approach, and fee.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities

5/6/20 5:19 p.m.

ATTACHMENTS:

1. Attachment 1 - Budget Adjustment
2. Resolution No. 2020-48
3. Resolution No. 2020-48 – Exhibit “A” – Consulting Agreement for Design Professionals

RESOLUTION NO. 2020-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A CONSULTING AGREEMENT FOR DESIGN PROFESSIONALS WITH KENNEDY/JENKS CONSULTANTS, INC. FOR DESIGN PROFESSIONAL SERVICES FOR THE WEST 7TH AVENUE AND SOUTH BROADWAY WATER MAIN REPLACEMENT PROJECT

WHEREAS, the City of Escondido ("City") desires to design the West 7th Avenue and South Broadway Water Main Replacement Project ("Project"); and

WHEREAS, City staff solicited proposals from engineering firms specializing in design of water and wastewater projects; and

WHEREAS, City staff thoroughly evaluated and ranked the three proposals received using weighted criteria to determine the best value proposal; and

WHEREAS, the proposal from Kennedy/Jenks Consultants, Inc. was determined to be the best value proposal; and

WHEREAS, City staff have completed negotiations with Kennedy/Jenks Consultants, Inc. and the Director of Utilities recommends that the Consulting Agreement for Design Professionals ("Agreement") be approved; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve said Agreement in an amount not to exceed \$329,146.

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

1. That the above recitations are true.
2. That the City Council accepts the recommendation of the Director of Utilities to award the Consulting Agreement for Design Professionals to Kennedy/Jenks Consultants, Inc.
3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, an Agreement with Kennedy/Jenks Consultants, Inc. A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.



CITY OF ESCONDIDO
CONSULTING AGREEMENT FOR DESIGN PROFESSIONALS

(ONLY for licensed architects, landscape architects, professional engineers, and professional land surveyors who are performing design services for the City)

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

Between: CITY OF ESCONDIDO
a Municipal Corporation
Utilities Department
201 N. Broadway
Escondido, California 92025
Attn: Stephanie Roman Phillips
760-839-6290 x 7035
("CITY")

And: Kennedy/Jenks Consultants, Inc.
38977 Sky Canyon Drive, Suite 100
Murrieta, California 92563
Attn: Ryan Huston
951-375-5570
("CONSULTANT")

Witness that whereas:

- A. It has been determined to be in the CITY's best interest to retain the professional services of a consultant to provide detailed design including preparation of construction drawings and specifications for the W 7th Ave and S Broadway Water Main Replacement Project; and
- B. The CONSULTANT is considered competent to perform the necessary professional services for CITY;

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

- 1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
- 2. Compensation. The CITY will pay the CONSULTANT in accordance with the conditions specified in "Attachment A," in an amount not to exceed \$329,146. Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it.
- 3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.

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

Acknowledged by CONSULTANT _____

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

- (3) Both the General Liability and the Automotive Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The CITY includes its officials, employees, and volunteers. The endorsement must be ISO Form CG2010 11/85 edition or its equivalent for General Liability endorsements and CA 20-01 for Automobile Liability endorsements.
 - (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work including its ongoing operations and products-completed operations hazard.
 - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
 - d. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.
9. Indemnification. CONSULTANT (which in this paragraph 9 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any claim of liability arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of CONSULTANT in the performance of this Agreement. However, CONSULTANT's responsibility for defense costs shall not exceed the percentage of CONSULTANT's fault.
 10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void.
 11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.
 12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
 13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
 14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.
 15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
 16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.

17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.
21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.
22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.
23. Prevailing Wages. If applicable, pursuant to Section 1770 et seq. of the Labor Code, CONTRACTOR agrees that a prevailing rate and scale of wages, in accordance with applicable State and Federal Law, will be paid in the carrying out of this Agreement. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules pertaining to the payment of prevailing wages. The prevailing rate and scale to be paid shall be the same as the 'General Prevailing Wage Rates' approved by the Department of Industrial Relations as of the date of the execution of this Agreement. Said rates and scales are herein referred to and adopted in this Agreement as though fully and completely set forth herein, and said scale as adopted by the Department is made a part of this Agreement by reference. Copies of the prevailing rate of per diem wages are available on the Intranet at (<http://www.dir.ca.gov/DLSR>). Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONTRACTOR to comply with this section.
24. Department of Industrial Relations Compliance. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post any job site notices required by regulation. CONTRACTOR, as well as any subcontractors, shall be registered pursuant to Cal. Lab. Code § 1725.5 to be qualified to bid on, be listed in a bid proposal, (subject to the requirements of Section 4104 of the Public

Contract Code) or engage in the performance of any public work contract that is subject to the requirements of Chapter 1, Part 7, Division 2 of the California Labor Code. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONTRACTOR to comply with this section.

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

CITY OF ESCONDIDO

Date: _____

Paul McNamara
Mayor

Date: _____

Zack Beck
City Clerk

Date: _____

Kenney/Jenks Consultants, 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.

A. GENERAL

Kennedy/Jenks Consultants, Inc. ("KJ" or "Consultant") will prepare construction drawings and specifications for the replacement of portions of the City of Escondido's ("City") water main.

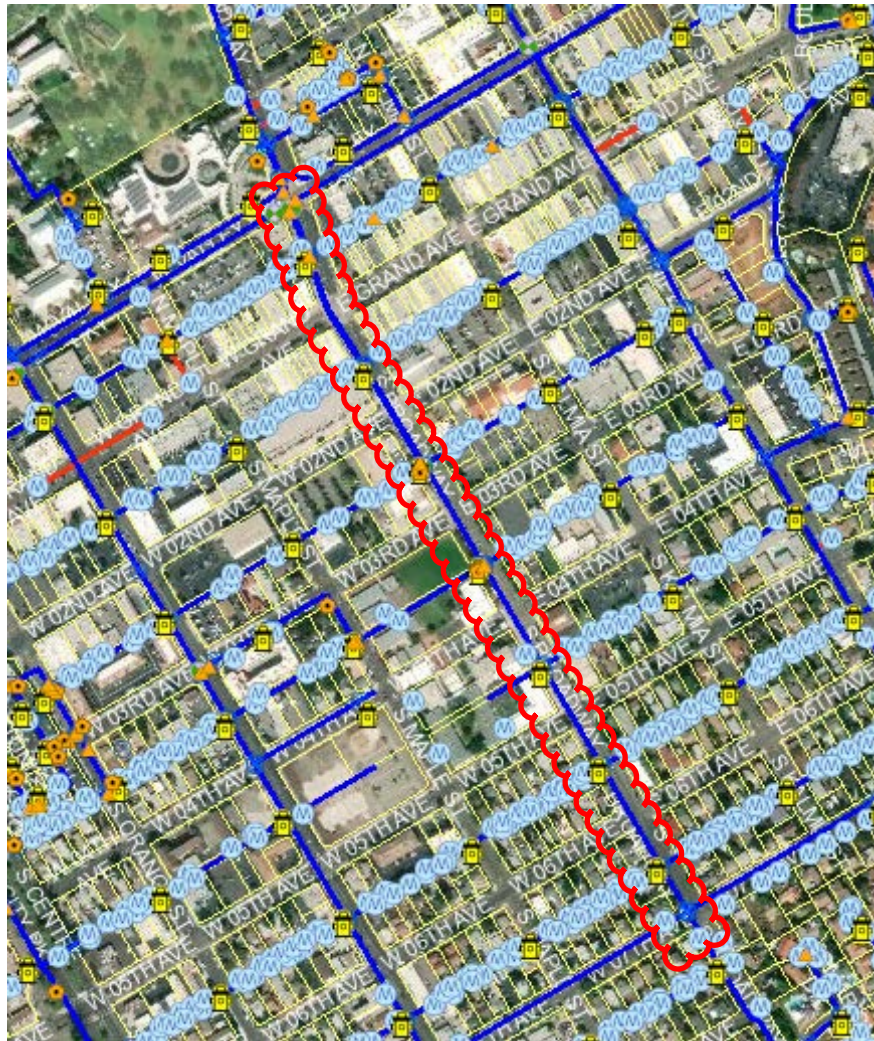
B. LOCATIONS

The water main is located between West 7th Avenue (between Quince Street and South Broadway) and South Broadway (between West 7th Avenue and Valley Parkway) as shown in Figures A and B below.

Figure A – Limits of Water Main Replacement in W 7th Ave



Figure B – Limits of Water Main Replacement in S Broadway



C. SERVICES

Consultant shall provide the follows tasks:

Task 1 – Project Management

1.1 Kick-off Meeting

The project kick-off meeting will be scheduled immediately after receipt of a notice-to-proceed. At this kickoff meeting, project reporting/communication protocols will be established, a project schedule will be provided, and key technical issues will be discussed to establish the project guidelines.

1.2 Meetings

KJ will attend three (3) progress meetings/workshops with the City throughout the project. Meetings will include the following:

- 1) Pre-50% design meeting
- 2) 50% design review workshop
- 3) 90% design review workshop

1.3 Project Updates

KJ will prepare bi-weekly project updates consisting of an email report to the City. Updates will identify and discuss project issues, coordination efforts, action items, schedule, budget, and other items of concern.

1.4 Quality Assurance/Quality Control (QA/QC)

KJ will provide quality assurance and quality control (QA/QC) reviews throughout the course of project. Specific QA/QC efforts on this project will include:

- Development of a Quality Assurance Plan, which will outline how QA/QC reviews, will take place during the course of the work. The Plan will also outline specific technical protocols, methods, and checklists for KJ to use in preparing work products.
- Concept and Criteria Review of the project design at the 10% design stage.
- Review of all notes and design calculations, along with design drawings and specifications, by an appropriate reviewer independent of the project design team prior to each design submittal.
- Constructability and operational review of the design submittals.

1.5 Management

This task addresses the management responsibilities associated with project setup, proper scheduling, budget control, invoice preparation and coordination with the City's and the KJ project team.

- **Deliverables** – KJ will submit all meeting agendas/presentations to the City a minimum of three (3) working days prior to each meeting, and all meeting minutes within five (5) working days following the meeting. City's comments will be incorporated, and final minutes will be submitted.

Task 2 – Investigations

2.1 Utility Research and Review

KJ will contact Underground Service Alert to determine the utility owners within the project limits and send formal requests to each utility owner requesting record drawings and any future utility plans.

2.2 Survey

BHA, as a subconsultant to KJ, will provide surveying and aerial mapping for the project. BHA's scope of services includes the following:

- **Research/Coordination:** Investigate public records, obtain copies of record maps and any documents pertinent to the project. Determine location of control monuments and benchmarks necessary to establish survey control.
- **Survey and Aerial Mapping Control:** Project control will be based on the California Coordinate System of 1983 (CCS83), Zone 6, by utilizing the City of Escondido Survey Control Network. Vertical control will be based on NAVD88 benchmarks. A field survey will be performed within the mapping areas. Control points will be established in areas to minimize their destruction and at a spacing to maintain survey quality throughout the project. Aerial targets will be set as determined by Inland Aerial.
- **Boundary and Right-of-Way Survey:** Provide a field survey that will locate and tie any recovered monuments shown on maps of record, along with any non-record monuments discovered during the course of the field survey, sufficient to establish a procedure for determining street centerlines and rights-of-way. Office calculations will be performed to reduce the field data, as necessary.
- **Aerial Mapping:** Provide, through Inland Surveys Inc., aerial mapping coverage for each area prepared at a scale 1" = 40', with one-foot (1') contour intervals in AutoCAD format.
- **Topographic/As-Built Survey:** Conduct a field survey along the project alignments locating visible utilities, i.e., sewer manholes, storm drain structures, water valves, fire hydrants, water meters, vaults, transformers, pull boxes, hand holes, gas valves, telephone and cable pedestals, etc. In addition, any utility mark-outs will be located during the survey.
- **Base Map:** Prepare a drawing file, in AutoCAD format, outlining the street centerlines, property lines, rights-of-way, easements, aerial mapping and items located during the field topography survey. The drawing will contain a basis of bearing and benchmark statement, together with the labeling of found monuments, course bearings and distances. A table listing the coordinates and elevations of all monuments found or set during the course of the surveys will be included.
- **Pothole Locations:** Provide field surveying for the horizontal and vertical location for the excavated utilities. For scope purposes, it is assumed that 30 potholed utilities will be surveyed.

2.3 Geotechnical Investigation

Leighton, as a subconsultant to KJ, will perform a geotechnical investigation for the project. Based on Leighton's site visit and literature review, the pipeline alignment is generally underlain by minor amounts of fill materials associated with the construction of West 7th Avenue and South Broadway. Where majority of the proposed water alignment is underlain by Old Alluvium and small portion underlain by Granitic Rock, groundwater is anticipated in portions of the alignment in South Broadway. Geologic considerations for the proposed alignment consist of elevated groundwater conditions at a depth of 8 feet or greater, potential caving conditions in unconsolidated alluvium, and dense rock materials associated with the Granitic Rock.

Leighton scope of services consists of the following:

- Review available pertinent geotechnical literature and background materials, including geotechnical reports, geologic maps, topographic maps, groundwater data, and historical stereoscopic aerial photographs.
- Perform a geologic reconnaissance of the proposed pipeline alignment and adjacent area.
- Obtain a traffic control permit from the City and a County of San Diego DEH boring permit, as required.
- Provide traffic control to complete the subsurface exploration; it is assumed the City will waive permit fees.
- Perform a subsurface exploration along the pipeline alignment that will consist of the excavation of 7 to 10 exploratory borings at representative locations to a depth of approximately 10 to 15 feet. Specifically, 3 to 5 borings will be performed in West 7th Avenue and 4 to 5 borings in South Broadway. The borings will be excavated to plan depth, or to effective hollow-stem auger refusal, whichever comes first. Driven samples will be obtained at representative intervals with a standard penetration test and ring sampler and selected bulk samples will also be collected from the drill cuttings. Soil samples will be sealed and packaged in the field and then returned to our laboratory for testing.
- Conduct geotechnical laboratory testing on selected soil samples. Lab testing will consist of dry unit weights, moisture contents, sieve analyses, expansion, and corrosivity tests including minimum electrical resistivity, pH, and water-soluble sulfates and chlorides content tests.
- Prepare a draft and final geotechnical design report for the project.
- Review of project plans and specifications
- After completion of the soil borings, Leighton will replace the temporary boring patches with a 5' x 5' square hot mix asphalt patch in accordance with the City's Permanent Roadway Repair Standard Drawing No. G-4-E. The patch includes saw cutting the existing AC around (3'x3') the boring, excavating to an approximate depth of 12" and hauling excess material to the landfill. The existing subgrade

material and imported Class II aggregate base will be compacted to 95% relative compaction under observation of a soils technician from Leighton followed by placement and compaction of the base asphalt layer. Leighton will return after several weeks to perform a 1.5" mill and overlay. Leighton will provide traffic control at each AC patch area and secure the work area. Our scope is based on restoring ten (10) borings and assumes the subgrade material will be at or near optimum moisture content, and that our subcontractor will be able to leave equipment and patch material secured overnight.

2.4 Potholing

KJ will prepare a potholing plan based on the 50% design plans for the City's approval. Following the City's approval, Underground Solutions, as a subconsultant to KJ, will provide potholing services. For scope purposes, thirty (30) potholes will be performed with a maximum depth of 10 feet. A pothole report will be prepared documenting the potholed utility depth from ground surface to the bottom of pipe, pipe material and diameter. The pothole location will be marked in the field and will be surveyed to determine the coordinates of the pothole location. Underground Solutions will obtain an encroachment permit from the City. Underground Solutions will prepare detailed traffic control plans to be included with the permit application. It is assumed the City will pay permit fees if required.

Hot patch asphalt will be used for pavement restoration and based on the following conditions:

- For potholes performed in the final trench alignment, paving restoration will consist of a 6" overgrind with a base pave of ¾" asphalt to match existing thickness plus 1". For scope purposes, this will consist of 20 potholes.
- For potholes performed outside of the final trench alignment, paving restoration will be in accordance with the City's Standard Drawing G-4-E with a 5' x 5' grind overlay. For scope purposes, this will consist of 10 potholes.

2.5 Field Investigations

KJ will walk the alignment with City staff to perform a visual inspection of the alignment and identify constraints. The investigations will be performed prior to the 50% and 100% design submittals.

- **Deliverables** - KJ will submit an electronic copies (PDF) of the geotechnical and pothole reports

Task 3 – CEQA Compliance

3.1 CEQA Compliance

Based on a review of the pipeline replacement alignments, the proposed project appears to be exempt from requiring detailed analysis under CEQA. Specifically, the

proposed project is expected to qualify for a Class 2 Repair & Replacement Categorical Exemption because it consists of the replacement of existing utilities with no or negligible expansion of capacity. Where existing 10-inch-diameter pipeline would be replaced with 12-inch-diameter pipeline, this reflects conformance to modern fire flow and design standards and not a proposal to increase the capacity of the City’s water services. Depending on the final design length of the replacement project, it may also be statutorily exempt from CEQA as a pipeline of less than one mile in length in a public right-of-way.

For projects that are exempt from CEQA, there is no requirement to prepare and file a Notice of Exemption (NOE) form; however, filing such a form can shorten the period of time under which a legal challenge to the City’s CEQA determination can be filed.

HELIX Environmental Planning (HELIX), as a subconsultant to KJ, will prepare a CEQA NOE form that cites the relevant exemption(s) and briefly summarizes why the exemption(s) would be applicable to the proposed project. The NOE will be supported by a project location map and project site map(s) showing the replacement pipeline alignments on an aerial photo base. Following the City’s review, HELIX will finalize the NOE. After the City approves the project and signs the NOE, HELIX will file a copy with the San Diego County Clerk and provide a stamped copy to the City.

- **Deliverables** – Complete and stamped copy of final CEQA NOE

Task 4 – Contract Documents

4.1 Design Plans

KJ will prepare detailed design plans in accordance with the City’s Standards, DDW requirements, and local agency requirements. Design drawings will be prepared in AutoCAD Civil 3D utilizing the City’s standard title block. KJ will prepare 50%, 90%, 100% and Final Design plans. Design review workshops will be conducted with the City following 50% and 90% submittals in accordance with Task 1.2.

This scope is based on the understanding that 15 design drawings will be prepared per the table below. It is assumed that traffic control plans will be prepared by the Contractor in accordance with the Contract Specifications.

Sheet No.	Description
1	Title, Vicinity and Location Maps
2	Index Map, General Notes, Survey Control
3	Legend, Abbreviations, and Meter Schedule
4-6	West 7 th Avenue – Plan & Profile (3 sheets)
7-9	South Broadway – Plan & Profile (3 sheets)

10	Connection Details
11	Miscellaneous Details
12-13	West 7 th Avenue – Highline Plan (2 sheets)
14-15	South Broadway – Highline Plan (2 sheets)

4.2 Contract Specifications

KJ will provide a complete set of project specifications for the bidding and construction of the project and consisting of front-end, general provisions, and technical specifications in accordance with the City's requirements. It is assumed the City will provide their typical front-end specifications and general provisions with KJ modifying to reflect the specific project requirements. KJ will prepare technical specifications as required for the project. The specifications will include a detailed work sequence, which will include shutdown durations and sequencing for all connections to existing facilities.

4.3 Estimate of Probable Construction Cost

KJ will prepare an estimate of probable construction cost presented as an Excel spreadsheet, which will be provided with each design milestone submittal.

4.4 Construction Schedule

KJ will prepare a construction schedule for the project using Microsoft Project and will include any required project milestones.

4.5 Permitting Support

KJ will identify the permit requirements that will be required for the project. Anticipated permits that will be required includes the following:

- City of Escondido – Encroachment Permit
- Storm Water Pollution Prevention Plan (SWPPP)

KJ will prepare and submit the encroachment permit application to the City's permit department. It is assumed the City will pay the permit fee, if required. KJ will attend one (1) meeting with the City's permitting department to discuss the project and the permitting requirements. The permit will be included in the Contract Documents.

It is assumed that the SWPPP will be prepared by the Contractor. KJ will identify the requirements for the SWPPP in the specifications.

- **Deliverables** – KJ will submit three (3) sets of full-size plans (24" x 36"), half-size plans (11" x 17") and specifications, one (1) set of the construction cost estimate and construction schedule, and an electronic copy (PDF) at the 50%, 90%, and 100% design levels. Comments from the 100% design submittal will be incorporated into the final design submittal consisting of one set of mylar and

specifications signed and sealed by a licensed civil engineer in the State of California. One (1) set of the final cost estimate, calculations, and design and specification files will be provided electronically (PDF and original files) to the City. Each submittal will include a summary of how previous review comments were addressed and / or incorporated in the revised design.

Task 5 – Services During Bidding

5.1 Pre-bid Meeting

KJ will prepare the pre-bid meeting agenda, lead the technical discussion of the project, respond to questions as appropriate, and prepare meeting minutes.

5.2 Addenda

KJ will respond to questions and Requests for Information (RFIs) from potential bidders via addendum. KJ will revise the contract documents as necessary and prepare up to two (2) addenda as required. The addenda will be submitted to the City for review and distribution.

Task 6 – As Needed Services

This task covers additional services authorized by the City on an as needed basis. Such as needed services may include performing additional design services, additional potholing, etc. When preauthorized by the City in writing, KJ shall invoice for these additional services on a time and materials basis according to our hourly rate schedule enclosed with our fee proposal.

Task 7 – Engineering Services during Construction

This task is included to allow for a future amendment, at the sole option of the City, for engineering services during construction. The fee for these engineering services will be determined once the design has been completed and if the City determines to proceed with KJ for such services.

This task will include, but not be limited to, the following items: attend preconstruction meeting, attend construction field meetings, respond to contractor requests for information (RFI's), respond to design clarifications, review and approve submittals and shop drawings, assist with change order requests, review operations manuals, and prepare record drawings.

D. FEE

Services shall be charged on a time-and-materials basis in accordance with the attached rate schedule and fee proposal (see Exhibit '1' and Exhibit'2' which are attached hereto and incorporated by reference).

E. PAYMENT

The total contract price shall not exceed \$329,146. KJ shall invoice City monthly as work progresses. Payment will be made after the services have been performed and within 30 days of the receipt of invoice for those services.

F. TERM

The project duration is approximately seven (7) months. Work will commence upon 1) the City's receipt of a fully executed contract; and 2) the City providing notice to the Consultant to commence work.

Proposal Fee Estimate

Kennedy/Jenks Consultants

CLIENT Name: City of Escondido
PROJECT Description: Water Main Replacement Project
Proposal/Job Number: _____ Date: 2/20/2020

Classification:	Eng-Sci-8	Eng-Sci-7	Eng-Sci-6	Eng-Sci-5	Eng-Sci-3	Sr CAD Tech	Project Administrator	Total	KJ Labor	Sub Fees	KJ Sub-Markup	KJ ODCs	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses
Hourly Rate:	\$280	\$265	\$240	\$215	\$180	\$130	\$125	Hours	Fees	Fees	5%	Fees				Fees
Task 1 - Project Management																
1.1 Kick-off Meeting	2		4		4			10	\$2,240		\$0	\$100	\$2,240	\$0	\$100	\$2,340
1.2 Meetings (3)	3		18		9			30	\$6,780		\$0	\$300	\$6,780	\$0	\$300	\$7,080
1.3 Project Updates (14)	7							7	\$1,960		\$0		\$1,960	\$0	\$0	\$1,960
1.4 QA/QC	24							24	\$6,720		\$0		\$6,720	\$0	\$0	\$6,720
1.5 Management (7 months)	28						4	32	\$8,340		\$0		\$8,340	\$0	\$0	\$8,340
Task 1 - Subtotal	64	0	22	0	13	0	4	103	\$26,040	\$0	\$0	\$400	\$26,040	\$0	\$400	\$26,440
Task 2 - Investigations																
2.1 Utility Research & Review			2		16		2	20	\$3,610		\$0	\$300	\$3,610	\$0	\$300	\$3,910
2.2 Survey			1		4		1	6	\$1,085	\$31,470	\$1,574		\$1,085	\$33,044	\$0	\$34,129
2.3 Geotechnical Investigation			4		4		1	9	\$1,805	\$56,800	\$2,840		\$1,805	\$59,640	\$0	\$61,445
2.4 Potholing (30)	1		4		30		1	36	\$6,765	\$44,488	\$2,224		\$6,765	\$46,712	\$0	\$53,477
2.5 Field Investigation (2)				12				24	\$5,040		\$0	\$200	\$5,040	\$0	\$200	\$5,240
Task 2 - Subtotal	1	0	23	0	66	0	5	95	\$18,305	\$132,758	\$6,638	\$500	\$18,305	\$139,396	\$500	\$158,201
Task 3 - CEQA Compliance																
3.1 CEQA Compliance			1		2			3	\$600	\$800	\$40		\$600	\$840	\$0	\$1,440
Task 3 - Subtotal	0	0	1	0	2	0	0	3	\$600	\$800	\$40	\$0	\$600	\$840	\$0	\$1,440
Task 4 - Contract Documents																
4.1 Design Plans (50%, 90%, 100%, Final)	16		110		72	352		550	\$89,600		\$0	\$1,200	\$89,600	\$0	\$1,200	\$90,800
4.2 Contract Specifications	8		24		40		8	80	\$16,200		\$0		\$16,200	\$0	\$0	\$16,200
4.3 Cost Opinion	1		8	8	20			37	\$7,520		\$0		\$7,520	\$0	\$0	\$7,520
4.4 Costruction Schedule	1		4		8			13	\$2,680		\$0		\$2,680	\$0	\$0	\$2,680
4.5 Permitting Support	1		8		16		1	26	\$5,205		\$0	\$200	\$5,205	\$0	\$200	\$5,405
Task 4 - Subtotal	27	0	154	8	156	352	9	706	\$121,205	\$0	\$0	\$1,400	\$121,205	\$0	\$1,400	\$122,605
Task 5 - Servies During Bidding																
5.1 Pre-Bid Meeting			4		8			12	\$2,400		\$0	\$200	\$2,400	\$0	\$200	\$2,600
5.2 Addenda (2)	1		8		16	6		31	\$5,860		\$0		\$5,860	\$0	\$0	\$5,860
Task 5 - Subtotal	1	0	12	0	24	6	0	43	\$8,260	\$0	\$0	\$200	\$8,260	\$0	\$200	\$8,460
Tasks (1-5) Total	93	0	212	8	261	358	18	950	\$174,410	\$133,558	\$6,678	\$2,500	\$174,410	\$140,236	\$2,500	\$317,146
Task 6 - Additional Services																
Additional Services								0	\$12,000		\$0		\$12,000	\$0	\$0	\$12,000
All Tasks Total	93	0	212	8	261	358	18	950	\$186,410	\$133,558	\$6,678	\$2,500	\$186,410	\$140,236	\$2,500	\$329,146



Client: City of Escondido

Contract/Proposal: West 7th Avenue & South Broadway Water Main Replacement

Schedule of Charges

Date: February 20, 2020

PERSONNEL COMPENSATION

Classification	Hourly Rate
Engineer-Scientist-Specialist 1	\$130
Engineer-Scientist-Specialist 2	\$160
Engineer-Scientist-Specialist 3	\$180
Engineer-Scientist-Specialist 4	\$195
Engineer-Scientist-Specialist 5	\$215
Engineer-Scientist-Specialist 6	\$240
Engineer-Scientist-Specialist 7	\$265
Engineer-Scientist-Specialist 8	\$280
Engineer-Scientist-Specialist 9	\$295
CAD-Technician	\$115
Senior CAD-Technician	\$130
CAD-Designer	\$150
Senior CAD-Designer	\$170
Project Administrator	\$125
Administrative Assistant	\$105
Aide.....	\$80

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work, will be at cost plus ten percent for items such as:

- a. Maps, photographs, 3rd party reproductions, 3rd party printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, contractors, and other outside services.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Project specific telecommunications and delivery charges.
- e. Special fees, insurance, permits, and licenses applicable to the work.
- f. Outside computer processing, computation, and proprietary programs purchased for the work.

Reimbursement for vehicles used in connection with the work will be at the federally approved mileage rates or at a negotiated monthly rate.

If prevailing wage rates apply, the above billing rates will be adjusted as appropriate.

Overtime for non-exempt employees will be billed at one and a half times the Hourly Rates specified above.

Rates for professional staff for legal proceedings or as expert witnesses will be at rates one and one-half times the Hourly Rates specified above.

Excise and gross receipts taxes, if any, will be added as a direct expense.

ATTACHMENT "B"

KJ Employees

Ryan Huston

Ray Lyons

Rachel Druffel-Rodriguez

Bill Yates

Harold Glaser

Andrew Webster

Calvin Sugg

Ron Stout

Megan Norman

Nikki Goodridge

CITY COUNCIL STAFF REPORT

Consent Item No. 6

May 13, 2020

File No. 0145-30

SUBJECT: Labor Compliance Program Related to California Proposition 84 Funding for the Membrane Filtration Reverse Osmosis Facility

DEPARTMENT: Utilities Department, Construction and Engineering Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-59, approving a Labor Compliance Program and authorizing the Director of Utilities to execute and submit the Labor Compliance Program application for approval by the California Department of Industrial Relations.

FISCAL ANALYSIS:

The \$2,500 cost to develop the Labor Compliance Program is funded from the Membrane Filtration Reverse Osmosis project CIP No. 801508.

PREVIOUS ACTION:

None

BACKGROUND:

California Proposition 84 is the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. A Proposition 84 grant of \$2,000,000 was awarded to the City OF Escondido ("City") through the Integrated Regional Water Management ("IRWM") program administered by the San Diego County Water Authority ("SDCWA"). These grant funds are included as part of the total funding for Phase 2, the construction phase, of the Membrane Filtration Reverse Osmosis ("MFRO") Facility. Proposition 84 funding requires agencies that use funds for public works projects to initiate and enforce a Labor Compliance Program ("LCP") approved by the California Department of Industrial Relations ("DIR"). An LCP is a formalized program to monitor and enforce compliance with state prevailing wage laws on public works projects. Once the LCP is adopted and approved, it may be used by the Utilities Department for any future projects with Proposition 84 funding.

The City has contracted with Golden State Labor Compliance to develop the Labor Compliance Program, to complete the application, and to submit the application to the DIR for approval. The action requested of the City Council will adopt a resolution approving the LCP. The adoption of a resolution by the governing body is an application requirement for submission to the Department of Industrial Relations.

Labor Compliance Program Related to California Proposition 84 Funding for the Membrane Filtration
Reverse Osmosis Facility
May 13, 2020
Page 2

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
5/6/20 5:19 p.m.

ATTACHMENTS:

1. Resolution No. 2020-59
2. Resolution No. 2020-59 Exhibit "1" - City of Escondido Utilities Department Labor Compliance Program

RESOLUTION NO. 2020-59

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING AND ADOPTING A LABOR
COMPLIANCE PROGRAM AND AUTHORIZING
THE DIRECTOR OF UTILITIES TO EXECUTE,
ON BEHALF OF THE CITY, THE LABOR
COMPLIANCE PROGRAM APPLICATION

WHEREAS, Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (“Prop 84”), requires Awarding Agencies using funds for public works projects derived from that Act, to initiate and enforce a labor compliance program (“LCP”) as described in subdivision (b) of Section 1771.5 of the Labor Code; and

WHEREAS, the City of Escondido Utilities Department intends to use funds derived from one or more such State Bond Acts for certain public works projects; and

WHEREAS, the City of Escondido Utilities Department wishes to make a written finding that it has initiated and shall enforce an LCP as described in subdivision (b) of Section 1771.5 of the Labor Code.

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

1. That the above recitations are true.
2. That the City Council hereby adopts, for implementation, the Department of Industrial Relations approved LCP which is attached and incorporated to this Resolution as Exhibit “1.”

3. That the City of Escondido shall contract with an approved third party provider to initiate and enforce the referenced LCP on behalf of the City of Escondido as required by Labor Code Section 1771.8.

CITY OF ESCONDIDO UTILITIES DEPARTMENT



Labor Compliance Program

Program, Policies, and Procedures

City of Escondido Utilities Department
201 North Broadway
Escondido, CA 92025

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I. INTRODUCTION

- A. The City of Escondido Utilities Department issues this Labor Compliance Program (LCP) manual for the purpose of identifying its policy relative to the responsibilities and procedures applicable to the labor compliance provisions of State and Federally-funded construction contracts.
- B. California Labor Code Section 1770 et seq. and various other statutes require that building trade contractors on public works projects pay their workers based upon prevailing wage rates established and issued by the Department of Industrial Relations (DIR), Office of Policy Research and Legislation (OPRL).
- C. In establishing this LCP, City of Escondido Utilities Department adheres to the statutory requirements as outlined in Section 1771.5(b) of the Labor Code and the provisions contained in California Code of Regulations Section 16000 et seq.
- D. It is the intent of City of Escondido Utilities Department to actively enforce this LCP on all projects required by statute to enforce or contract to enforce a LCP that contains or meets the requirements of Labor Code Section 1771.5. Should any applicable Labor Code or Code of Regulations undergo revision or deletion, CITY OF ESCONDIDO will modify that portion of the program to comply with the modified or deleted sections.
- E. Questions regarding City of Escondido Utilities Department LCP Program should be directed to:

VICKI FERGUSON
201 North Broadway
Escondido, CA 92025
760-839-6290 x7032
vferguson@escondido.org

II. PUBLIC WORKS SUBJECT TO PREVAILING WAGE LAWS

- A. State prevailing wage rates apply to all public works contracts valued over \$1,000, as set forth in Labor Code Section 1771 et seq., including, but not limited to, such types of work as construction, alteration, demolition, installation or repair, work, as set forth in Labor Code Sections 1720 et seq. The Director of Industrial Relations determines, from time to time, the appropriate prevailing wage rates for particular construction trades and crafts by county and publishes those determinations through the Office of Policy Research and Legislation (OPRL).
- B. **Types of Contracts to Which Prevailing Wage Requirements Apply**

Whenever an Awarding Agency is required by statute to enforce or contract to enforce a Labor Compliance Program that contains or meets the requirements of Labor Code Section 1771.5, the Awarding Agency must have its own program that has been approved by the Director pursuant to Code of Regulations Section 16425.
- C. A list of statutes that require Awarding Agencies to have a Labor Compliance Program as a condition of project authorization, project funding, or use of specified contracting authority shall be maintained on the Department of Industrial Relations' website.

III. COMPETITIVE BIDDING ON PUBLIC WORKS CONTRACTS

Awarding Bodies publicly advertise upcoming public works projects to be awarded according to a competitive bidding process. All bid advertisements or bid invitations and all construction contracts shall contain appropriate language concerning the requirements of the Public Works chapter of the Labor Code, comprised of Labor Code Sections 1720- 1861.

IV. COMPOSITION, COMPONENTS AND RESPONSIBILITIES OF LABOR COMPLIANCE PROGRAM

- A. In accordance with the California Labor Code and California Code of Regulations, a Labor Compliance Program shall include, but not be limited to, the following requirements:
- (1) The Call for Bids, Design-Build Request, and the contract or purchase order shall contain appropriate language concerning the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code.
 - (2) A pre-job conference shall be conducted before commencement of the work with contractors and subcontractors listed in the bid or who are required to be identified or prequalified in a Design-Build Contract. At the pre-job conference applicable federal and state labor law requirements shall be discussed, and copies of suggested reporting forms furnished. A checklist, showing which federal and state labor law requirements were discussed, shall be kept for each conference. A checklist in the format of Appendix A presumptively meets this requirement.
 - (3) A requirement that certified payroll records be kept by the contractor in accordance with Labor Code Section 1776 and furnished to the Labor Compliance Program at times designated in the contract, which shall be at least monthly, or within 10 days of any request by the Awarding Body. Use of the current version of DIR's "Public Works Payroll Reporting Form" (A-1-131) and Statement of Employer Payments (PW26) constitute presumptive compliance with the requirement for certified payroll records kept in accordance with Labor Code Section 1776, provided the forms are filled out accurately and completely. These suggested forms are available from the Department of Industrial Relations.
 - (4) A program for orderly review of payroll records and, if necessary, for audits to verify compliance with the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code.
 - (5) A prescribed routine for withholding penalties, forfeitures, and underpayment of wages for violations of the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code.
 - (6) All contracts to which prevailing wage requirements apply shall include a provision that contract payments shall not be made when payroll records are delinquent or inadequate.
 - (7) The Labor Compliance Program shall review and, if appropriate, audit payroll records to verify compliance with the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code.
 - (8) The awarding body shall, with the approval of the Labor Commissioner, withhold contract payments equal to the amount of underpayment and applicable penalties when, after investigation, it is established that underpayment has occurred.
 - (9) The awarding body shall comply with any other prevailing wage monitoring and enforcement activities that are required to be conducted by labor compliance programs by the Department of Industrial Relations.

B. Duty of the Awarding Agency

The Awarding Agency, pursuant to its approved LCP, has a duty to the Director of the Department of Industrial Relations to ensure compliance of contractors and enforce the Public Works Chapter of the Labor Code and Title 8 of the Code of Regulations in a manner consistent with the practice of the Labor Commissioner. The LCPR for the Awarding Agency will maintain records relating to activities and relevant facts that pertain to each project that demonstrates that reasonable and sufficient efforts have been made to enforce prevailing wage requirements.

- C. Nothing in this section shall be construed as limiting the responsibility and authority of an Awarding Body to take cognizance of prevailing wage violations under Section 1726 of the Labor Code and take any appropriate action pursuant to and in accordance with that responsibility and authority.

- D. It is the responsibility of a Labor Compliance Program to enforce prevailing wage requirements, consistent with the policy of the state as expressed in Labor Code Section 90.5(a). A Labor Compliance Program shall take reasonable, vigorous, and prompt action to (1) determine whether violations exist, and (2) enforce compliance, including through imposition of appropriate penalties and formal enforcement action, when violations are found. A Labor Compliance Program shall neither avoid use of its enforcement authority based on cost considerations nor shall it use that authority in an unreasonable manner to gain leverage over a contractor or subcontractor. Unreasonable use of enforcement authority includes, but is not necessarily limited to, prolonged or excessive withholdings of contract payments without making a determination that a violation has occurred.
- E. For each public work project subject to a Labor Compliance Program's enforcement of prevailing wage requirements, a separate, written summary of labor compliance activities and relevant facts pertaining to that particular project shall be maintained. That summary shall demonstrate that reasonable and sufficient efforts have been made to enforce prevailing wage requirements consistent with the practice of the Labor Commissioner. Appendix C following this section provides a suggested format for tracking and monitoring enforcement activities. Compliance records for a project shall be retained until the later of (1) at least one year after the acceptance of the public work or five years after the cessation of all labor on a public work that has not been accepted, or (2) one year after a final decision or judgment in any litigation under Labor Code Section 1742. For purposes of this section, a written summary or report includes information maintained electronically, provided that the summary or report can be printed out in hard copy form or is in an electronic format that (1) can be transmitted by e-mail or compact disk and (2) would be acceptable for the filing of documents in a federal or state court of record within this state.
- F. The Labor Commissioner may provide, sponsor, or endorse training on how to enforce prevailing wage requirements, including but not necessarily limited to the subjects of (1) ascertaining prevailing wage requirements and rates from the Division of Labor Statistics and Research, (2) monitoring and investigation under section 16432 above, (3) enforcement responsibilities under this section and sections 16435-16439 below, and (4) procedural requirements and responsibilities as an enforcing agency under Labor Code sections 1741-1743 and 1771.6 and sections 17201-17270 of Title 8 of the California Code of Regulations.
- G. The failure of an Awarding Body or Labor Compliance Program to comply with any requirement imposed by this subchapter shall not of itself constitute a defense to the failure to pay prevailing wages or to comply with any other obligation imposed by Chapter 1 (commencing with Section 1720), Part 7, Division 2 of the Labor Code.
- H. **Filing of Statements of Economic Interest (FPPC Form 700) by Designated Employees and Consultants of Labor Compliance Program.**
- (1) An Awarding Body that operates either its own labor compliance program or that contracts with a third party to operate all or part of its labor compliance program shall determine and designate those employees and consultants of the program who participate in making governmental decisions for the Awarding Body within the meaning of Title 2, California Code of Regulations, sections 18700 - 18702.4. Those designated employees and consultants shall be required to file Statements of Economic Interest (FPPC Form 700) and to comply with other applicable requirements of the Political Reform Act (commencing with Section 87100 of the Government Code) in connection with work performed on behalf of the Awarding Body.
 - (2) Designated employees and consultants who operate or are employed by a third party labor compliance program shall file their Statements of Economic Interest (FPPC Form 700) with the filing officer of each Awarding Body with which the third party program contracts, unless the Department of Industrial Relations or the Fair Political Practices Commission specifies a different or alternative filing location.
- I. **Annual Report**
- (1) The Labor Compliance Program shall submit to the Director an annual report on its operation by no later than August 31 of each year. The annual report shall cover the twelve month period commencing on July

- 1 of the preceding calendar year and ending on June 30 of the year in which the report is due. For good cause, the Director may authorize a Labor Compliance Program to use a different reporting period and provide for the annual report to be due no later than 60 days following the close of that reporting period.
- (2) The annual report shall be made on the appropriate form [LCP-AR1, LCP-AR2, or LCP-AR3], for the type of Labor Compliance Program that is submitting the report, unless the Director has agreed to a different reporting format for a Program that has been granted extended authority under section 16427 above. A third party Labor Compliance Program that contracted with more than one Awarding Body or Joint Powers Authority during the annual reporting period shall separately report on Labor Code Section 1771.5(b) enforcement activities for each Awarding Body or Joint Powers Authority covered by the report.
 - (3) Information in the Annual Report shall be reported in sufficient detail to afford a basis for evaluating the scope and level of enforcement activity of the Labor Compliance Program. An annual report shall also include such additional information as the Labor Compliance Program may be required to report as a condition of its approval.

V. JOB CONFERENCE MEETING

A. Agenda

A Pre-Job conference meeting shall be held prior to the start of construction with all contractors and subcontractors. At that meeting, the Labor Compliance Program Representative (LCPR) will discuss applicable State and Federal labor law requirements applicable to the contract and will provide the contractor and each attending subcontractor with a Checklist of Labor Law Requirements which addresses:

- (1) The contractor's and subcontractors' duty to pay prevailing wages under Labor Code Section 1770, et seq., should the project exceed the exemption amounts;
- (2) The contractors and subcontractor's duty to employ registered apprentices on public works projects under Labor Code Section 1777.5;
- (3) The penalties for failure to pay prevailing wages for nonexempt projects, failing to employ apprentices, and failing to submit Certified Payroll reports which include forfeitures and debarment (Labor Code Sections 1775, 1776, 1777, and 1813);
- (4) The requirement to maintain and submit copies of certified payroll reports records to the Awarding Agency's LCP Representative (Labor Code Section 1776) on a weekly basis and as stipulated in contract documents. This requirement includes and applies to all subcontractors performing work on agency projects even if their portion of the work is less than one-half of 1 percent of the total amount of the contract, and penalties for failure to do so (Labor Code Section 1776(h));
- (5) The prohibition against employment discrimination under Labor Code Sections 1735 and 1777.6; the Government Code; and Title VII of the Civil Rights Act of 1964, as amended;
- (6) The prohibition against accepting or extracting kickbacks from employee wages under Labor Code Section 1778;
- (7) The prohibition against accepting fees for registering any person for public works under Labor Code Section 1779 or for filling work orders on public works under Labor Code Section 1780;
- (8) The requirement to list all subcontractors under Public Contracts Code Section 4104;
- (9) The requirement to be properly licensed and to require all subcontractors to be properly licensed, and the penalty for employing workers while unlicensed under Labor Code Section 1021 and 1021.5, and under California Contractors License Law, found at Business and Professions Code Section 7000, et seq.;
- (10) The prohibition against unfair competition under Business and Professions Code Sections 17200-17208;
- (11) The requirement that the contractor and subcontractor be properly insured for Workers' Compensation under Labor Code Section 1861;
- (12) The requirement that the contractor abide by the Occupational Safety and Health laws and regulations that apply to the particular public works projects;
- (13) The Federal Prohibition against hiring undocumented workers and the requirement to secure proof of eligibility/citizenship from all workers;
- (14) The requirement to provide itemized wage statements to employees under Labor Code Section 226; and
- (15) The Contractor's & Subcontractor's requirement under Labor Code Section 1725.5, et seq. that a contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal,

subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

- B. The contractor(s) and subcontractor(s) present at the meeting will be given the opportunity to ask questions of the LCPR relative to any of the Labor Law Requirements Checklist. The Checklist of Labor Law Requirements will then be signed by the attending contractor and subcontractor representatives and submitted to the LCPR. At the Pre-job conference the LCPR will provide the General Contractor (GC), or in the case of multi-prime Construction Management (CM) project, the Construction Manager, with two (2) copies of applicable Prevailing Wage Rate Determinations. All attending contractors and subcontractors shall be provided with instructions, samples and blank certified payroll record forms, DAS-140 form, fringe benefit statements, State apprenticeship requirements, and appropriate reference materials regarding Labor Code authorities for program requirements. It will be the GC or CM's responsibility to provide copies of the LCP package to any substituted or non-attending contractor or subcontractor performing work on the Project.

VI. RESPONSIBILITY OF CONTRACTORS

A. Certified Payroll

(1) Certified Payroll Records Required

Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

- a. The information contained in the payroll record is true and correct.
 - b. The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.
- (2) Payroll records consist of, but are not limited to, time cards, front and back copies of canceled checks, records of cash receipts, trust fund forms, accounting ledgers, tax forms, Superintendent and foreman daily logs, employee sign in sheets and/or any other record maintained for the purpose of reporting payroll etc. during the course of the work and shall preserve them for a period of three (3) years thereafter for all trades workers working on the Awarding Agency's project sites. Such records shall include the name, address, and social security number of each worker, his or her classification, a general description of the work each employee performed each day, the rate of pay including rates of contributions for, or costs assumed to provide fringe benefit, daily and weekly number of hours worked, deductions made, and actual wages paid.

B. Furnishing of Certified Payroll Records

- (1) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision VI.(1)(a.).
- (2) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.
- (3) Except as provided in subdivision "d", below, any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the

subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

- (4) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided non-redacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.
- (5) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.
- (6) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.
- (7) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

C. Reporting Format

- (1) The format for reporting of payroll records requested pursuant to Labor Code Section 1776 shall be on a form provided by the public entity. Copies of the forms may be procured at any office of the Division of Labor Standards Enforcement (DLSE) throughout the state and/o Office of Policy Research and Legislation (OPRL) P.O. Box 603 San Francisco, CA 94101, ATTENTION: Prevailing Wage Unit.
- (2) Acceptance of any other format shall be conditioned upon the requirement that the alternate format contain all of the information required pursuant to Labor Code Section 1776. If, however, the contractor does not comply with the provisions of Labor Code Section 1776, the Labor Commissioner may require the use of DIR's suggested format, "Public Works Payroll Reporting Form" (Form A-1-131).
- (3) Words of Certification. The form of certification shall be as follows: I, _____ (Name-print) the undersigned, am _____ (position in business) with the authority to act for and on behalf of _____, (name of business and/or contractor) certify under penalty of perjury that the records or copies thereof submitted and consisting of _____ (description, no. of pages) are the originals or true, full and correct copies of the originals which depict the payroll record(s) of the actual disbursements by way of cash, check, or whatever form to the individual or individuals named.
Date: _____ Signature: _____
- (4) A public entity may require a more strict and/or more extensive form of certification.

D. Cost of Preparation of Records Requested (CCR 16402)

Where records are requested by other than the Awarding Agency and its LCPR, the Division of Labor Standards Enforcement (DLSE), the Division of Apprenticeship Standards or the worker, the cost of preparation to each contractor, subcontractor, or public entity when the request was made shall be provided in

advance by the person seeking the payroll record. Such cost shall be \$1 for the first page of the payroll record and 25 cents for each page thereafter, plus \$10 to the contractor or subcontractor for handling costs. Payment in the form of cash, check or certified money order shall be made prior to release of the documents to cover the actual costs of preparation.

E. Use of Electronic Reporting Forms (CCR 16404)

Certified payroll records required by Labor Code Section 1776 may be maintained and submitted electronically, subject to the following conditions:

- (1) Reports must contain all of the information required by Labor Code Section 1776;
- (2) Information must be organized in a manner that is similar or identical to the Department of Industrial Relations "Public Works Payroll Reporting Form" (Form A-1-131);
- (3) Reports shall be in a format and use software that is readily accessible and available to Contractors, Awarding Bodies, Labor Compliance Programs and the Department of Industrial Relations;
- (4) Reports must be in the form of a non-modifiable image or record; and
- (5) Reports must bear an electronic signature or include a copy of an original certification made on paper or printed out and submitted on paper with an original signature.
- (6) No contractor or subcontractor shall be mandated to submit or receive electronic reports when it otherwise lacks the resources or capacity to do so, nor shall any contractor or subcontractor be required to purchase or use proprietary software that is generally not available to the public.

F. Submission of Certified Payroll Records (CCR 16421(a)(3))

Certified payroll records shall be kept by the contractor in accordance with Labor Code Section 1776 and furnished to the Labor Compliance Program at times designated in the contract, which shall be at least monthly, or within 10 days of any request by the Awarding Body. Use of the current version of DIR's "Public Works Payroll Reporting Form" (A-1-131) and Statement of Employer Payments (PW26) constitute presumptive compliance with the requirement for certified payroll records kept in accordance with Labor Code Section 1776, provided the forms are filled out accurately and completely. These suggested forms are available from the Department of Industrial Relations.

G. Full Accountability

- (1) The name, address and social security number of every individual, laborer or craftsperson working at the project site must appear on the payroll. The basic concept is that the employer who pays the trade's worker must report that individual on its payroll. This includes individuals working as apprentices in an apprenticeable craft. Licensed Owner-operators under contract shall report their own wages as provided herein. Non-licensed Owner-Operators or those operating on a basis other than a formal contract shall be reported by the contractor employing them. Rental equipment operators are to be reported by the rental company paying the workers' wages.
- (2) Sole owners and partners who work on a contract must also submit a certified payroll record listing the days and hours worked, and the trade classification descriptive of the work actually done.
- (3) Contractors and subcontractors shall make the records required under this section available for inspection by the LCPR, an authorized representative of the Awarding Agency, or the DLSE and the Division of Apprenticeship Standards of the DIR, and shall permit such representatives to interview trades workers during working hours on the project site

H. Responsibility for Subcontractors

A contractor shall be responsible for ensuring adherence to labor standards provisions by its subcontractor(s) in accordance with Labor Code Sections 1725.5, 1771.4, 1774, 1775, 1776, 1777.5 and 1777.7.

I. Payment to Employees

Employees must be paid unconditionally, and not less often than once every two weeks, the full amounts that are due and payable for the period covered by the particular payday. An employer must, therefore, establish a fixed workweek (e.g., Sunday through Saturday) and an established payday such as every Friday or the preceding day should such payday fall on a holiday. On each and every payday, each worker must be paid all sums due as of the end of the preceding workweek and must be provided with an itemized wage statement.

J. Subcontractors

If an individual is called a subcontractor, when, in fact, he/she is merely a journey-level mechanic supplying only his/her labor, such an individual would not be deemed a bona fide subcontractor and must be reported on the payroll of the prime contractor who contracted for his or her services as a trade worker. Moreover, any person who does not hold a valid contractor's license cannot be a subcontractor, and anyone hired by that person is the worker or employee of the general contractor who contracted for his or her services for purposes of prevailing wage requirements, certified payroll reporting and workers' compensation laws.

K. Required Wage Rates and Overtime

A worker's rate for straight time hours must equal or exceed the rate specified in the contract by reference to the Prevailing Wage Rate Determinations for the class of work actually performed. Any work performed on Saturday, Sunday, and/or a holiday, or a portion thereof, must be paid the prevailing rate established for those days regardless of the fixed workweek. The hourly rate for hours worked in excess of 8 hours in a day or 40 hours in a workweek shall be premium pay. All work performed in excess of 8 hours per day, 40 hours per week, on Saturday, on Sunday, and on holidays shall be paid in accordance with the applicable Prevailing Wage Determination

L. Apprentices

- (1) Apprentices shall be permitted to work as such only when they are registered, individually, under a bona fide Apprenticeship program registered with a State apprenticeship agency that is recognized by the State Division of Apprenticeship Standards (DAS).
- (2) Pursuant to Labor Code Section 1777.5 and Code of Regulations (CCR) Section 1, apprentices on public works must be employed according to the ratio set by the apprenticeship standards under which each Joint Apprenticeship Committee operates, the ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates but in no case shall the ratio be less than one (1) apprentice hour to each five (5) journeyman hours.
- (3) Any worker listed on payroll records at an apprentice wage rate who is not a duly registered apprentice, works in excess of the stipulated ratios permitted under Labor Code section 1777.5(g), works outside of the scope of work for the craft/trade for which they are registered or perform work outside of the prescribed geographic area of the apprenticeship program is not qualified to receive the apprentice rate and shall be paid the journeyman level wage rate determined by the Department of Industrial Relations for the classification of and locality in which the work was actually performed.
- (4) If requested by the LCPR, the contractor shall furnish written evidence of the Apprenticeship Agreement, Statement of Registration of its training program and apprentices, as well as the ratios allowed and the wage rates required to be paid.
- (5) Pre-apprentice trainees, trainees in non-apprenticeable crafts, and others who are not duly registered will not be permitted on public works projects unless they are paid full prevailing wage rates as journeymen.
- (6) Compliance with California Labor Code Section 1777.5 requires all public works contractors and subcontractors to:
 - a. Provide specified contract award information to an applicable apprenticeship program for each applicable apprenticeable craft (Labor Code Section 1777.5 (e));

- b. All contractors must request dispatch of an apprentice from an apprenticeship program (for each apprenticeable craft or trade) by giving the program actual notice of at least 72 hours (business days only) before the date on which apprentices are required. If the apprenticeship committee from which apprentice dispatch are requested does not dispatch apprentices as requested, the contractor must request apprentice dispatch from another committee providing training in the applicable craft or trade in the geographic area of the site of the public work, and must request apprentice dispatch from each such committee, either consecutively or simultaneously, until the contractor has requested apprentice dispatches from each such committee in the geographic area.
 - c. Employ apprentices on public works projects in a ratio to journeypersons as stipulated in the Apprenticeship Standards under which each Joint Apprenticeship Committee operates, but in no case shall the ratio be less than one (1) apprentice to each five (5) journeyperson hours unless a Certificate of Exemption is provided to the LCPR for the Awarding Agency; and
 - d. Contribute to the training fund in the amount identified in the prevailing wage rate publication for journeypersons and apprentices. Where the trust fund administrators cannot accept the contributions, then payment shall be made to the California Apprenticeship Council, P. O. Box 511283, Los Angeles, California 90051-7838.
- (7) It should be noted that a prior approval for a separate project does not confirm approval to train on any project. The contractor/subcontractor must check with the applicable Joint Apprenticeship Committee to verify status.

VII. ENFORCEMENT

A. Duty of the Awarding Agency and LCP

- (1) The Awarding Agency, pursuant to its approved LCP, has a duty to the Director of the Department of Industrial Relations to ensure compliance of contractors and enforce the Public Works Chapter of the Labor Code and Title 8 of the Code of Regulations in a manner consistent with the practice of the Labor Commissioner. The LCPR for the Awarding Agency will maintain records relating to activities and relevant facts that pertain to each project that demonstrates that reasonable and sufficient efforts have been made to enforce prevailing wage requirements.
- (2) Nothing in this section shall be construed as limiting the responsibility and authority of an Awarding Body to take cognizance of prevailing wage violations under Section 1726 of the Labor Code and take any appropriate action pursuant to and in accordance with that responsibility and authority. The LCPR shall take reasonable, vigorous, and prompt action to (1) determine whether violations exist, and (2) enforce compliance, including through imposition of appropriate penalties and formal enforcement action, when violations are found. A Labor Compliance Program shall neither avoid use of its enforcement authority based on cost considerations nor shall it use that authority in an unreasonable manner to gain leverage over a contractor or subcontractor. Unreasonable use of enforcement authority includes, but is not necessarily limited to, prolonged or excessive withholdings of contract payments without making a determination that a violation has occurred.
- (3) [CCR 16432(a)] The primary function of the Labor Compliance Program is to ensure that public works contractors comply with the prevailing wage requirements found in the Public Works Chapter of the Labor Code. This regulation is intended to establish minimum requirements which all Labor Compliance Programs shall meet or exceed in carrying out that function. Definitions found throughout this regulation are intended to provide Labor Compliance Programs and representatives of the Department of Industrial Relations and the Division of Labor Standards Enforcement with common terminology as they each perform their respective roles in prevailing wage enforcement in furtherance of the Labor Code provisions establishing Labor Compliance Programs. This regulation is also intended to confirm that the proactive investigation methods, as described in detail herein, only comprise the minimum obligations required of Labor Compliance Programs to satisfy their duty to the Director to operate a Labor Compliance Program as specified in CCR Sections 16428 and 16434.

- (4) A Labor Compliance Program shall have a duty to the Director to enforce the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code and these regulations in a manner consistent with the practice of the Labor Commissioner. It is the practice of the Labor Commissioner to refer to the Director's ongoing advisory service of web-posted public works coverage determinations as a source of information and guidance in making enforcement decisions. It is also the practice of the Labor Commissioner to be represented by an attorney in prevailing wage hearings conducted pursuant to Labor Code Section 1742(b) and sections 17201-17270 of Title 8 of the California Code of Regulations. (CCR 16434(a)).
- (5) The failure of an Awarding Body or Labor Compliance Program to comply with any requirement imposed by this subchapter shall not of itself constitute a defense to the failure to pay prevailing wages or to comply with any other obligation imposed by Chapter 1 (commencing with Section 1720), Part 7, Division 2 of the Labor Code.

B. Request for Certified Payroll Records

- (1) Requests may be made by any person for certified copies of payroll records. Requests shall be made to any of the following:
 - a. the body awarding the contract, or
 - b. any office of the Division of Labor Standards Enforcement, or the Division of Apprenticeship Standards.
- (2) Requests for certified copies of payroll records pursuant to Section 1776 of the Labor Code may be made by any person. However, any such request shall be in writing and contain at least the following information:
 - a. The body awarding the contract;
 - b. The contract number and/or description;
 - c. The particular job location if more than one;
 - d. The name of the contractor;
 - e. The regular business address, if known.
- (3) Requests for records of more than one contractor or subcontractor must list the information regarding that contractor individually, even if all requests pertain to the same particular public works project. Blanket requests covering an entire public works project will not be accepted; unless contractor and subcontractor responsibilities regarding the project are not clearly defined.
- (4) Acknowledgment of Request. The public entity receiving a request for payroll records shall acknowledge receipt of such, and indicate the cost of providing the payroll records based on an estimate by the contractor, subcontractor or public entity. The acknowledgment of the receipt of said request for payroll records may be accomplished by the public entity's furnishing a copy of its written correspondence requesting certified copies of the payroll records sent to the specific contractor pursuant to Section 16400(d) below, to the person who requested said records.
- (5) Request to Contractor. The request for copies of payroll records by the requesting public entity shall be in any form and/or method which will assure and evidence receipt thereof. The request shall include the following:
 - a. Specify the records to be provided and the form upon which the information is to be provided;
 - b. Conspicuous notice of the following:
 - (i) that the person certifying the copies of the payroll records is, if not the contractor, considered as an agent acting on behalf of the contractor; and
 - (ii) that failure to provide certified copies of the records to the requesting public entity within 10 working days of the receipt of the request will subject the contractor to a penalty of one-hundred (\$100.00) dollars per calendar day or portion thereof for each worker until strict compliance is effectuated;
 - (iii) Cost of preparation as provided in Section 16402; and
 - (iv) Provide for inspection.

- (6) Inspection of Payroll Records. Inspection of the original payroll records at the office of the contractor(s) pursuant to subdivision (b) of Section 1776 of the Labor Code shall be limited to the public entities upon reasonable written or oral notice.
- (7) In the conduct of investigations reasonably required to undertake its responsibilities as set forth in CCR Section 16421, the LCPR shall request such additional records as may reasonably be required for that purpose, to include but not limited to those enumerated within CCR Section 16000.
- (8) The request for copies of payroll records by the LCPR shall be in any form and/or method which will assure and evidence receipt thereof. The request shall include the following: (i) Specify the records to be provided and the form upon which the information is to be provided; (ii) Conspicuous notice that the person certifying the copies of the payroll records is, if not the contractor, considered as an agent acting on behalf of the contractor; and; (iii) that failure to provide certified copies of the records to the requesting public entity within 10 working days of the receipt of the request will subject the contractor to a penalty of one hundred (\$100.00) dollars per calendar day or portion thereof for each worker until strict compliance is effectuated and; provide for inspection, where feasible.

C. Records Requested for Use by the Labor Compliance Program

Where records are requested from a contractor or subcontractor by the Awarding Agency's LCPR in the normal course of its duties, those records shall be provided to the LCPR un-redacted and without cost.

D. Privacy Considerations (CCR 16403)

- (1) Records received from the employing contractor shall be kept on file in the office or entity that processed the request for at least 6 months following completion and acceptance of the project. Thereafter, they may be destroyed unless administrative, judicial or other pending litigation, including arbitration, mediation or other methods of dispute resolution, are in process. Copies on file shall not be obliterated in the manner prescribed in subdivision (b) below;
- (2) Copies provided to the public upon written request shall be marked, obliterated or provided in such a manner that the name, address and Social Security number, and other private information pertaining to each employee cannot be identified. All other information including identification of the contractor shall not be obliterated;
- (3) the public entity may affirm or deny that a person(s) was or is employed on a public works contract (by a specific contractor) when asked, so long as the entity requires such information of an identifying nature which will reasonably preclude release of private or confidential information.

E. Withholding Contract Payments When Payroll Records are Delinquent or Inadequate (CCR § 16435)

- (1) "Withhold" means to cease payments by the Awarding Body, or others who pay on its behalf, or agents, to the general contractor. Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code Section 1729.
- (2) "Contracts." Except as otherwise provided by agreement, only contracts under a single master contract, including a Design-Build contract, or contracts entered into as stages of a single project, may be the subject of withholding.
- (3) "Delinquent payroll records" means those not submitted on the date set in the contract.
- (4) "Inadequate payroll records" are any one of the following:
 - a. A record lacking any of the information required by Labor Code Section 1776;

- b. A record which contains all of the required information but is not certified, or is certified by someone who is not an agent of the contractor or subcontractor;
 - c. A record remaining uncorrected for one payroll period, after the Labor Compliance Program has given the contractor or subcontractor notice of inaccuracies detected by audit or record review. However prompt correction will stop any duty to withhold if such inaccuracies do not amount to 1 percent of the entire Certified Weekly Payroll in dollar value and do not affect more than half the persons listed as workers employed on that Certified Weekly Payroll, as defined in Labor Code Section 1776 and section 16401 of Title 8 of the California Code of Regulations.
- (5) The withholding of contract payments when payroll records are delinquent or inadequate is required by Labor Code Section 1771.5(b)(5), and it does not require the prior approval of the Labor Commissioner. The Awarding Body shall only withhold those payments due or estimated to be due to the contractor or subcontractor whose payroll records are delinquent or inadequate, plus any additional amount that the Labor Compliance Program has reasonable cause to believe may be needed to cover a back wage and penalty assessment against the contractor or subcontractor whose payroll records are delinquent or inadequate; provided that a contractor shall be required in turn to cease all payments to a subcontractor whose payroll records are delinquent or inadequate until the Labor Compliance Program provides notice that the subcontractor has cured the delinquency or deficiency.
- (6) When contract payments are withheld under this section, the Labor Compliance Program shall provide the contractor and subcontractor, if applicable, with immediate written notice that includes all of the following: (1) a statement that payments are being withheld due to delinquent or inadequate payroll records, and that identifies what records are missing or states why records that have been submitted are deemed inadequate; (2) specifies the amount being withheld; and (3) informs the contractor or subcontractor of the right to request an expedited hearing to review the withholding of contract payments under Labor Code Section 1742, limited to the issue of whether the records are delinquent or inadequate or the Labor Compliance Program has exceeded its authority under this section.
- (7) No contract payments shall be withheld solely on the basis of delinquent or inadequate payroll records after the required records have been produced.
- (8) In addition to withholding contract payments based on delinquent or inadequate payroll records, penalties shall be assessed under Labor Code Section 1776(g) for failure to timely comply with a written request for certified payroll records. The assessment of penalties under Labor Code Section 1776(g) does require the prior approval of the Labor Commissioner under CCR Title 8 Section 1643.

F. On-Site Visits (CCR 16432(d))

- (1) The Awarding Agency's LCPR shall conduct in-person inspections at the site or sites at which the contract for public work is being performed ("On-Site Visits"). On-Site Visits may be undertaken randomly or as deemed necessary by the LCPR, but shall be undertaken during each week that workers are present at sites at which the contract for public work is being performed. All On-Site Visits shall include visual inspection of:
- a. The copy of the determination(s) of the Director of Industrial Relations of the prevailing wage rate of per diem wages required to be posted at each job site in compliance with Labor Code Section 1773.2, and
 - b. The Notice of Labor Compliance Program Approval required to be posted at the job site in accordance with Code of Regulations Section 16429, listing a telephone number to call for inquiries, questions, or assistance with regard to the Labor Compliance Program and/or;
 - c. On each job site that is subject to compliance monitoring and enforcement by the Department of Industrial Relations, the Awarding Agency shall post or require the prime contractor to post a Notice containing the language in Code of Regulations Section 16451(d).
- (2) On-Site Visits may include other activities deemed necessary by the Awarding Agency's LCPR to independently corroborate prevailing wage payments reported on payroll records furnished by contractors and subcontractors.

G. Complaints

Upon receipt of a written complaint alleging that a contractor or subcontractor has failed to pay prevailing wages as required by the Labor Code, the LCPR shall do all of the following:

- (1) Within 15 days after receipt of the complaint, send a written acknowledgment to the complaining party that the complaint has been received and identifying the name, address, and telephone number of the investigator assigned to the complaint;
- (2) Within 15 days after receipt of the complaint, provide the affected contractor with the notice required under Labor Code section 1775(c) if the complaint is against a subcontractor;
- (3) Notify the complaining party in writing of the resolution of the complaint within ten days after the complaint has been resolved by the LCPR;
- (4) Notify the complaining party in writing at least once every 30 days of the status of a complaint that has not been resolved by the LCPR; and
- (5) Notify the complaining party in writing at least once every 90 days of the status of a complaint that has been resolved by the LCPR but remains under review or in litigation before another entity.

H. Review of Certified Payroll Records (CCR Sections 16432(b))

Payroll records furnished by contractors and subcontractors in accordance with section 16421(a)(3) above, and in a format prescribed at section 16401 of Title 8 of the California Code of Regulations, shall be reviewed by the Labor Compliance Program as promptly as practicable after receipt thereof, but in no event more than 30 days after such receipt. "Review" for this purpose shall be defined as inspection of the records furnished to determine if (1) all appropriate data elements identified in Labor Code Section 1776(a) have been reported; (2) certification forms have been completed and signed in compliance with Labor Code Section 1776(b); and (3) the correct prevailing wage rates have been reported as paid for each classification of labor listed thereon, with confirmation of payment in the manner and to the extent described in subpart (c) below.

I. Confirmation of Certified Payroll Records (CCR 16432(c))

- (1) "Confirmation" of payroll records furnished by contractors and subcontractors shall be defined as an independent corroboration of reported prevailing wage payments. Confirmation may be accomplished through worker interviews, examination of paychecks or paycheck stubs, direct confirmation of payments from third party recipients of "Employer Payments" (as defined at section 16000 of Title 8 of the California Code of Regulations), or any other reasonable method of corroboration.
- (2) For each month in which a contractor or subcontractor reports having workers on the project, confirmation of furnished records will be undertaken randomly for at least one worker for at least one weekly period within that month. Confirmation will also be undertaken whenever the Awarding Agency's LCPR receives a complaint or other circumstances or information suggests that payroll records may be inaccurate.

J. Audit of Certified Payroll Records (CCR 16432(e))

- (1) Audits will be conducted by the Awarding Agency's LCPR when it is determined that a violation of the Public Works Chapter of the Labor Code has occurred. Audits shall also be conducted at the request of the Labor Commissioner.
- (2) An audit shall consist of a written summary reflecting prevailing wage deficiencies for each underpaid worker and include any penalties to be assessed under Labor Code Sections 1775 and 1813, as determined by the LCPR, after a comparison and consideration of the best information available as to the actual hours worked, amounts paid and classifications of workers employed in connection with the project. Such available information may include, but is not limited to:
 - a. Worker Interviews;
 - b. Complaints from workers or other interested persons;
 - c. All time cards, cancelled checks, cash receipts, trust fund forms;

- d. All books, documents, schedules, forms, reports, receipts or other evidences which reflect job assignments;
 - e. Work schedules by days and hours; and
 - f. The disbursement by way of cash, check, or in whatever form or manner, of funds to a person(s) by job classification and/or skill pursuant to the public works project.
- (3) The audit record form as provided for in Code of Regulations Section 16432 Appendix B, accompanied by a brief narrative identifying the Bid Advertisement Date of the public work contract, a summary of the nature of the violation and the basis upon which the determination was made, presumptively demonstrates the sufficient detail that will enable the Labor Commissioner to determine the amount, if requested, of forfeiture under Code of Regulations Section 16437, draw reasonable conclusions as to the compliance with the requirements of the Public Works Chapter of the Labor Code and enable accurate computation of underpayments of wages and applicable penalties and forfeitures.

K. Notification and Informal Resolution (CCR 16432(f))

After the Labor Compliance Program has determined that violations of the prevailing wage laws have resulted in the underpayment of wages and an audit has been prepared, notification shall be provided to the contractor and affected subcontractor of an opportunity to resolve the wage deficiency prior to a determination of the amount of forfeiture by the Labor Commissioner pursuant to these regulations. The contractor and affected subcontractor shall be provided at least 10 days following such notification to submit exculpatory information consistent with the "good faith mistake" factors set forth in Labor Code Section 1775(a)(2)(A)(i) and (ii). If, based upon the contractor's submission, the Labor Compliance Program reasonably concludes that the failure to pay the correct wages was a good faith mistake, and has no knowledge that the contractor and affected subcontractor have a prior record of failing to meet their prevailing wage obligations, the Labor Compliance Program shall not be required to request the Labor Commissioner for a determination of the amount of penalties to be assessed under Labor Code Section 1775 if the underpayment of wages to workers is promptly corrected and proof of such payment is submitted to the Labor Compliance Program. For each instance in which a wage deficiency is resolved in accordance with this regulation, the Labor Compliance Program shall maintain a written record of the failure of the contractor or subcontractor to meet its prevailing wage obligation. The record shall identify the public works project, the contractor or affected subcontractor involved, and the gross amount of wages paid to workers to resolve the prevailing wage deficiency; and the record shall also include a copy of the Audit prepared pursuant to subpart (e) above along with any exculpatory information submitted to the Labor Compliance Program by the affected contractor or subcontractor.

L. Withholding Contract Payments When, After Investigation, It Is Established That Underpayment or Other Violation Has Occurred (CCR 16435.5)

- (1) "Withhold" and "contracts" have the same meaning set forth in CCR Sections 16435(a) and 16435(b).
- (2) Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code Section 1729.
- (3) "Amount equal to the underpayment" is the total of the following determined by payroll review, audit, or admission of contractor or subcontractor:
 - a. The difference between amounts paid workers and the correct General Prevailing Rate of Per Diem Wages, as defined in Labor Code Section 1773, and determined to be the prevailing rate due workers in such craft, classification or trade in which they were employed and the amounts paid;
 - b. The difference between amounts paid on behalf of workers and the correct amounts of Employer Payments, as defined in Labor Code Section 1773.1 and determined to be part of the prevailing rate costs of contractors due for employment of workers in such craft, classification or trade in which they were employed and the amounts paid;
 - c. Estimated amounts of "illegal taking of wages";
 - d. Amounts of apprenticeship training contributions paid to neither the program sponsor's training trust nor the California Apprenticeship Council;
 - e. Estimated penalties under Labor Code Sections 1775, 1776, and 1813.

- (4) The withholding of contract payments when, after investigation, it is established that underpayment or other violations have occurred requires the prior approval of the Labor Commissioner under sections 16436 and 16437 of these regulations.

M. Provisions Relating to the Penalties Under Labor Code Sections 1775, 1776, 1777.7, 1813 and 1741

- (1) Pursuant to Labor Code Section 1775, the contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded; forfeit not more than two hundred dollars (\$200) for each day, or portion thereof, for each worker paid less than the prevailing wages:
 - a. The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.
 - b. The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.
 - c. The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in Labor Code Section 1777.1.
 - d. When the amount due under Labor Code Section 1775 is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to Section 1775.
The prime contractor of the project is not liable for any penalties under Labor Code 1775(a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with the requirements of Labor Code 1775 (b) (1-4).
- (2) In the event that the contractor or subcontractor fails to comply subsequent to receipt of a written notice requesting the records enumerated in Labor Code Section 1776 (a) within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to Labor Code Section 1776 due to the failure of a subcontractor to comply with this section.
- (3) In the case of overtime violations, Labor Code Section 1813 establishes that the contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week, in violation of the provisions of Article 3, Chapter 1, Part 7 of Division 2 of the Labor Code. The Awarding Agency shall take cognizance of all violations of Article 3 (Labor Code Sections 1810-1815).
- (4) Pursuant to Labor Code Section 1777.5, the contractor and subcontractor are required to employ registered apprentices on public works projects. Each contractor and subcontractor shall keep an accurate payroll record relative to apprentices per Section 1776 of the Labor Code. The contractor or subcontractor found in violation of Labor Code Section 1777.5 shall forfeit as a civil penalty an amount not to exceed one hundred dollars (\$100) for each full calendar day of noncompliance. Any contractor or subcontractor who knowingly commits subsequent violations of Labor Code Section 1777.5 within a three year period could face a civil penalty of not

more than three hundred dollars (\$300) for each full day of noncompliance and the possibility of being denied the right to bid on, be awarded or perform work on any public works project for up to three years.

- (5) Pursuant to Labor Code Section 1741(b), interest shall accrue on all due and unpaid wages at the rate described in subdivision (b) of Section 3289 of the Civil Code. The interest shall accrue from the date that the wages were due and payable, as provided in Article 1, Chapter 1, Part 7 (commencing with Section 1720) of Division 2 of the Labor Code, until the wages are paid.
- (6) Pursuant to Labor Code Section 1741(c), the Labor Commissioner shall maintain a public list of the names of each contractor and subcontractor who has been found to have committed a willful violation of Section 1775 or to whom a final order, which is no longer subject to judicial review, has been issued. The list shall include the date of each assessment, the amount of wages and penalties assessed, and the amount collected. The list shall be updated at least quarterly, and the contractor's or subcontractor's name shall remain on that list until the assessment is satisfied, or for a period of three years beginning from the date of the issuance of the assessment, whichever is later.

N. Forfeitures Requiring Approval by the Labor Commissioner (8 CCR Section 16436)

- (1) For purposes of 8 CCR Sections 16436 and 16437, "forfeitures" means the amount of wages, penalties, and forfeitures assessed by the Labor Compliance Program and proposed to be withheld pursuant to Labor Code section 1771.6(a), and includes the following: (1) the difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate by the contractor or subcontractor; and (2) penalties assessed under Labor Code Sections 1775, 1776 and 1813.
- (2) If the aggregate amount of forfeitures assessed as to a contractor or subcontractor is less than \$1000.00, the forfeitures shall be deemed approved by the Labor Commissioner upon service and the Labor Commissioner's receipt of copies of the following: (1) the Notice of Withholding of Contract Payments authorized by Labor Code Section 1771.6(a); (2) an Audit as defined in section 16432(e) of these regulations, and (3) a brief narrative identifying the Bid Advertisement Date of the contract for public work and summarizing the nature of the violation, the basis of the underpayment, and the factors considered in determining the assessment of penalties, if any, under Labor Code Section 1775.
- (3) For all other forfeitures, approval by the Labor Commissioner shall be requested and obtained in accordance with section 16437 below.

O. Determination of Amount of Forfeiture by the Labor Commissioner (CCR Section 16437)

- (1) Where the Labor Compliance Program requests a determination of the amount of forfeiture, the request shall include a file or report to the Labor Commissioner which contains at least the information specified in subparts (a) through (i) below. Appendix D is a suggested format for a Request for Approval of Forfeiture under this section.
 - a. Whether the public work has been accepted by the awarding body and whether a valid notice of completion has been filed, the dates if any when those events occurred, and the amount of funds being held in retention by the Awarding Body;
 - b. Any other deadline which if missed would impede collection;
 - c. Evidence of violation, in narrative form;
 - d. Evidence of violation obtained under section 16432 of these regulations and a copy of the Audit prepared in accordance with section 16432(e) setting forth the amounts of unpaid wages and applicable penalties;
 - e. Evidence that before the forfeiture was sent to the Labor Commissioner (A) the contractor and subcontractor were given the opportunity to explain why there was no violation, or that any violation was caused by good faith mistake and promptly corrected when brought to the contractor or subcontractor's attention, and (B) the contractor and subcontractor either did not do so or failed to convince the Labor Compliance Program of its position;
 - f. Where the Labor Compliance Program seeks not only wages but also a penalty as part of the forfeiture, and the contractor or subcontractor has unsuccessfully contended that the cause of violation was a good

- faith mistake that was promptly corrected when brought to the contractor or subcontractor's attention, a short statement should accompany the proposal for a forfeiture, with a recommended penalty amount pursuant to Labor Code Section 1775(a);
- g. Where the Labor Compliance Program seeks only wages or a penalty less than \$50 per day as part of the forfeiture because the contractor or subcontractor has successfully contended that the cause of the violation was a good faith mistake that was promptly corrected when brought to the contractor or subcontractor's attention, the file should include the evidence as to the contractor or subcontractor's knowledge of his or her obligation, including the program's communication to the contractor or subcontractor of the obligation in the bid invitations, at the pre-job conference agenda and records, and any other notice given as part of the contracting process. With the file should be a statement, similar to that described in (6), and recommended penalty amounts, pursuant to Labor Code Section 1775(a);
 - h. The previous record of the contractor and subcontractor in meeting their prevailing wage obligations; and
 - i. Whether the Labor Compliance Program has been granted approval on only an interim or temporary basis under sections 16425 or 16426 above or whether it has been granted extended approval under section 16427 above.
- (2) The file or report shall be served on the Labor Commissioner as soon as practicable after the violation has been discovered, and not less than 30 days before the final payment, but in no event not less than 30 days before the expiration of the limitations period set forth in Labor Code Section 1741.
 - (3) A copy of the recommended forfeiture and the file or report shall be served on the contractor and subcontractor at the same time as it is sent to the Labor Commissioner. The Labor Compliance Program may exclude from the documents served on the contractor and subcontractor copies of documents secured from the contractor or subcontractor during an audit, investigation, or meeting if those are clearly referenced in the file or report.
 - (4) The Labor Commissioner shall affirm, reject, or modify the forfeiture in whole or in part as to the wages and penalties due.
 - (5) The Labor Commissioner's determination of the forfeiture is effective on one of the two following dates:
 - a. For all programs other than those having extended authority under section 16427 of these regulations, on the date the Labor Commissioner serves by first class mail, on the Labor Compliance Program, on the Awarding Body if different, on the contractor and on the subcontractor, if any, an endorsed copy of the proposed forfeiture, or a newly drafted forfeiture statement which sets out the amount of forfeiture approved. Service on the contractor or subcontractor is effective if made on the last address supplied by the contractor or subcontractor in the record. The Labor Commissioner's approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of receipt of the proposed forfeiture.
 - b. For programs with extended authority under section 16427 above, approval is effective 20 days after the requested forfeitures are served upon the Labor Commissioner, unless the Labor Commissioner serves a notice upon the parties, within that time period, that this forfeiture request is subject to further review. For such programs, a notice that approval will follow such a procedure will be included in the transmittal of the forfeiture request to the contractor. If the Labor Commissioner notifies the parties of a decision to undertake further review, the Labor Commissioner's final approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of the date of notice of further review.

P. Withholding Procedures after Forfeiture Determination by the Labor Commissioner

- (1) The LCPR shall provide a Notice of Withholding of Contract Payments to the contractor and subcontractor, if applicable. The notice shall be in writing and shall describe the nature of the violation and the amount of wages, penalties and liquidated damages being withheld. Service of the notice shall be completed pursuant to Code of Civil Procedure Section 1013 by first-class and certified mail to the contractor and subcontractor, if applicable. The notice shall advise the contractor and subcontractor, if applicable, of the procedure for obtaining review of the withholding of contract payments.
- (2) The LCPR shall also serve a copy of the notice by certified mail to any bonding company issuing a bond that secures the payment of wages covered by the notice and to any surety on a bond, if their identities are known to the Awarding Agency.

- (3) Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code Section 1729.
- (4) A release bond under Civil Code Section 3196 may not be posted for the release of the funds being withheld for the violation of the prevailing wage law.
- (5) The withholding of contract payments in accordance with Labor Code Section 1726 or 1771.5 shall be reviewable under Labor Code Sections 1771.6 (b) and 1742 and Code of Regulations sections 17201-17270 in the same manner as if the notice of the withholding was a civil penalty order of the Labor Commissioner. If review is requested, the LCPR may request the Labor Commissioner to intervene to represent it.
- (6) Pending a final order, or the expiration of the time period for seeking review of the notice of the withholding, the Awarding Agency shall not disburse any contract payments withheld.

Q. Settlement Meeting

- (1) In accordance with Labor Code section 1742.1 (b), the LCPR shall, upon receipt of a request from the affected contractor or subcontractor within 30 days following the service of the Notice of Withholding of Contract Payments, afford the contractor or subcontractor the opportunity to meet with the LCPR to attempt to settle a dispute regarding the notice.
 - a. The settlement meeting may be held in person or by telephone and shall take place before the expiration of the 60-day period seeking a hearing as set forth below under the heading Request for Review of Notice of Withholding of Contract Payments;
 - b. No evidence of anything said or any admission made for the purpose of, in the course of, or pursuant to, the settlement meeting is admissible or subject to discovery in any administrative or civil proceeding;
 - c. No writing prepared for the purpose, in the course of, or pursuant to, the settlement meeting, other than a final settlement agreement, is admissible or subject to discovery in any administrative or civil proceeding;
 - d. This opportunity to timely request an informal settlement meeting is in addition to the right to obtain a formal hearing; and
 - e. A settlement meeting may be requested even if a written Request for Review has already been made.
- (2) Requesting a settlement meeting does not extend the 60-day period during which a formal hearing may be requested.

R. Request for Review of Notice of Withholding of Contract Payments

- (1) An affected contractor or subcontractor may obtain review of a Notice of Withholding of Contract Payments under this chapter by transmitting a written request for a review hearing to the LCPR within 60 days after service of the Notice of Withholding of Contract Payments. The LCPR shall have the rights and responsibilities of the Enforcing Agency (Code of Regulations section 17202 (f)) in responding to the request for review, including but not limited to the obligations to serve notices, transmit the Request for Review to the hearing office, and provide an opportunity to review evidence in a timely manner, to participate through counsel in all hearing proceedings, and to meet the burden of establishing prima facie support for the Notice of Withholding of Contract Payments. If no hearing is requested within 60 days after the service of the Notice of Withholding of Contract Payments, the Notice of Withholding of Contract Payments shall become final.
- (2) If a contractor or subcontractor seeks review of the LCPR's enforcement action, the Labor Commissioner may intervene to represent the Awarding Agency, or to enforce relevant provisions of the Labor Code consistent with the practice of the Labor Commissioner, or both.
- (3) Except in cases where the Labor Commissioner has intervened pursuant to subpart (b) above, the LCPR shall have the authority to prosecute, settle, or seek the dismissal of any Notice of Withholding of Contract Payments issued pursuant to Labor Code Section 1771.6 and any review proceeding under Labor Code Section 1742, without any further need for approval by the Labor Commissioner. Whenever the LCPR settles

in whole or in part or seeks and obtains the dismissal of a Notice of Withholding of Contract Payments or a review proceeding under Labor Code Section 1742, the LCPR shall document the reasons for the settlement or request for dismissal and shall make that documentation available to the Labor Commissioner upon request.

S. Review of Notice of Withholding of Contract Payments

- (1) Within ten days following the receipt of the request for a review hearing, the LCPR shall transmit to the Office of the Director-Legal Unit the request for review and copies of the Notice of Withholding of Contract Payments, any audit summary that accompanied the notice, and a proof of service or other documents showing the name and address of any bonding company or surety that secures the payment of the wages covered by the notice.
- (2) The LCPR shall be represented by an attorney in prevailing wage hearings conducted pursuant to Labor Code Section 1742(b) and Code of Regulations sections 17201 – 17270.

T. Determination and Ruling on the Review by the Department of Industrial Relations

- (1) Upon receipt of a timely request, a hearing shall be commenced within 90 days before the director, who shall appoint an impartial hearing officer possessing the qualifications of an administrative law judge pursuant to subdivision (b) of Section 11502 of the Government Code. The appointed hearing officer shall be an employee of the department, but shall not be an employee of the Division of Labor Standards Enforcement. The contractor or subcontractor shall be provided an opportunity to review evidence, pursuant to Labor Code Section 1742 (b), to be utilized by the LCPR at the hearing within 20 days of the receipt by the LCPR of the written request for a hearing. Any evidence obtained by the LCPR subsequent to the 20-day cutoff shall be promptly disclosed to the contractor or subcontractor. The contractor or subcontractor shall have the burden of proving that the basis for the Notice of Withholding of Contract Payments is incorrect. The Notice of Withholding of Contract Payments shall be sufficiently detailed to provide fair notice to the contractor or subcontractor of the issues at the hearing. Within 45 days of the conclusion of the hearing, the director shall issue a written decision affirming, modifying, or dismissing the assessment. The decision of the director shall consist of a notice of findings, findings, and an order. This decision shall be served on all parties pursuant to Section 1013 of the Code of Civil Procedure by first-class mail at the last known address of the party on file with the LCP. Within 15 days of the issuance of the decision, the director may reconsider or modify the decision to correct an error, except that a clerical error may be corrected at any time. The director has adopted regulations setting forth procedures for hearings under this subdivision. These regulations are found in Code of Regulations sections 17201-17270.
- (2) An affected contractor or subcontractor may obtain review of the decision of the director by filing a petition for a writ of mandate to the appropriate superior court pursuant to Section 1094.5 of the Code of Civil Procedure within 45 days after service of the decision. If no petition for a writ of mandate is filed within 45 days after service of the decision, the order shall become final. If it is claimed in a petition for writ of mandate that the findings are not supported by the evidence, abuse of discretion is established if the court determines that the findings are not supported by substantial evidence in the light of the whole record.
- (3) A certified copy of a final order may be filed by the Labor Commissioner in the office of the clerk of the superior court in any county in which the affected contractor or subcontractor has property or has or had a place of business. The clerk, immediately upon the filing, shall enter judgment for the state against the person assessed in the amount shown on the certified order.
- (4) A judgment entered pursuant to this procedure shall bear the same rate of interest and shall have the same effect as other judgments and shall be given the same preference allowed by law on other judgments rendered for claims for taxes. The clerk shall not charge for the service performed by him or her pursuant to this section.
- (5) This procedure shall provide the exclusive method for review of a decision by the LCPR to withhold contract payments pursuant to Section 1771.5.

U. Settlement Authority

Except in cases where the Labor Commissioner has intervened pursuant to Code of Regulations Section 16439 (b), The LCPR shall have the authority to prosecute, settle, or seek the dismissal of any Notice of Withholding of Contract Payments issued pursuant to Labor Code Section 1771.6 and any review proceeding under Labor Code Section 1742, without any further need for approval by the Labor Commissioner. Whenever the LCPR settles in whole or in part or seeks and obtains the dismissal of a Notice of Withholding of Contract Payments or a review proceeding under Labor Code Section 1742, The LCPR shall document the reasons for the settlement or request for dismissal and shall make that documentation available to the Labor Commissioner upon request.

V. Deposits of Penalties and Forfeitures Withheld

- (1) Where the involvement of the Labor Commissioner has been limited to a determination of the actual amount of penalty, forfeiture, or underpayment of wages and the matter has been resolved without litigation by or against the Labor Commissioner, the LCPR shall deposit penalties and forfeitures with the Awarding Agency.
- (2) Where collection of fines, penalties, or forfeitures results from administrative proceedings or court action to which the Labor Commissioner and Awarding Agency are both parties, the fines, penalties or forfeitures shall be divided between the general funds of the State and Awarding Agency as the Hearing Officer or court may decide.
- (3) All penalties recovered in administrative proceedings or court action brought by or against the Labor Commissioner, and to which the Awarding Agency is not a party, shall be deposited in the General Fund of the State of California.
- (4) All wages and benefits which belong to a worker and are withheld or collected from a contractor or subcontractor, either by withholding or as a result of administrative hearings or any court action and which have not been paid to the worker or irrevocably committed on the worker's behalf to a benefits fund, shall be deposited with the Labor Commissioner, who will handle such wages and benefits in accordance with Labor Code Section 96.7.

W. Debarment Policy

It is the policy of the Awarding Agency that the public works prevailing wage requirements set forth in the California Labor Code, Section 1720-1861, be strictly enforced. In furtherance thereof, construction contractors and subcontractors found to be repeat violators of the California Labor Code shall be referred to the Labor Commissioner for debarment from bidding on or otherwise being awarded any public work contract, within the state of California, for the performance of construction and/or maintenance services for the period not to exceed three (3) years in duration. The duration of the debarment period shall depend upon the nature and severity of the labor code violations and any mitigating and/or aggravating factors, which may be presented at the hearing conducted by the Labor Commissioner for such purpose.

X. Disposition of Forfeited Sums

- (1) The prevailing wage recovery process of this Labor Compliance Program is established pursuant to Labor Code Section 1775 which provides that out of any funds withheld, recovered, or both, there shall first be paid the amount due each worker notwithstanding the filing of any Stop Notice by any person pursuant to Civil Code Section 3179, et seq. Thus, all workers employed on the public works project who are paid less than the prevailing wage rate shall have PRIORITY over all Stop Notices filed against the prime contractor.
- (2) In the event that there are "insufficient funds" available in the prime contractor account to pay the total amount of prevailing wage violations and penalty amounts due, the unpaid prevailing wages shall have PRIORITY STATUS and must be paid first, pursuant to Labor Code Section 1775. Furthermore, if insufficient funds are withheld, recovered, or both, to pay each underpaid worker in full, the money shall be prorated among all workers affected. From the amount recovered by the Awarding Agency, the wage claim shall be satisfied prior to the amount being applied to penalties. If insufficient money is recovered to pay each worker in full, the money shall be prorated among all workers. Wages for workers who cannot be located shall be placed in the

Industrial Relations Unpaid Wage Fund and held in trust for the workers pursuant to Section 96.7. Penalties shall be paid into a general fund or other fund of the Awarding Agency's choosing.

Y. Reporting of Willful Violations to The Labor Commissioner

- (1) If an investigation reveals that a willful violation of the Labor Code has occurred, the LCPR will make a written report to the Labor Commissioner which shall include:
 - a. An audit consisting of a comparison of payroll records to the best available information as to the actual hours worked; and
 - b. The classification of workers employed on the public works contract.

- (2) Six types of willful violations are reported as follows:
 - a. For Failure to Comply with Prevailing Wage Rate Requirements**

Failure to comply with prevailing wage rate requirements as set forth in the Labor Code and Code of Regulations is determined a willful violation whenever less than the stipulated basic hourly rate is paid to trades workers, or if overtime, holiday rates, fringe benefits, and/or employer payments are paid at a rate less than stipulated. The facts related to such willful violations may result in a determination that the contractor intended to defraud its employees of their wages.
 - b. For Falsification of Payroll Records, Misclassification of Work, and/or Failure to Accurately Report Hours of Work**

Falsification of payroll records and failure to accurately report hours of work is characterized by deliberate underreporting of hours of work; underreporting the headcount; stating that the proper prevailing wage rate was paid when, in fact, it was not; clearly misclassifying the work performed by the worker; and any other deliberate and/or willful act which results in the falsification or inaccurate reporting of payroll records. Such violations are deemed to be willful violations committed with the intent to defraud.
 - c. For Failure to Submit Certified Payroll Records**

Refusing to comply with a request for certified payroll reports or substantiating information and records as contained in Section IV.1. will be determined to be a willful violation of the Labor Code. Additionally, refusing to correct inaccuracies or omissions that have been discovered will also be determined to be willful violation of the Labor Code.
 - d. For Failure to Pay Fringe Benefits**

Fringe benefits are defined as the amounts stipulated for employer payments or trust fund contributions and are determined to be part of the required prevailing wage rate. Failure to pay or provide fringe benefits and/or make trust fund contributions in a timely manner is equivalent to payment of less than the stipulated wage rate and shall be reported to the Awarding Agency and Labor Commissioner as a willful violation, upon completion of an investigation and audit.
 - e. For Failure to Pay the Correct Apprentice Rates and/or Misclassification of Workers as Apprentices**

Failure to pay the correct apprentice rate or classifying a worker as an apprentice when not properly registered is equivalent to payment of less than the stipulated wage rate and shall be reported to the Awarding Agency and Labor Commissioner as a willful violation, upon completion of an investigation and audit.
 - f. For the Taking of Kickbacks**

Accepting or extracting kickbacks from employee wages under Labor Code Section 1778 constitutes a felony and may be prosecuted by the appropriate enforcement agency.

VIII. Apprenticeship

- (1) The duties of the LCPR with respect to apprenticeship standards are as follows:
 - a. Inform contractors and subcontractors bidding public works about apprenticeship requirements,
 - b. Send copies of awards to the Department of Industrial Relations as required under Section 1773.3 of the Labor Code, and;
 - c. Refer complaints and promptly report suspected violations of apprenticeship requirements to the Division of Labor Standards Enforcement.

- (2) The LCPR shall be responsible for enforcing prevailing wage pay requirements for apprentices consistent with the practice of the Labor Commissioner, including the following:
 - a. That any contributions required pursuant to Labor Code Section 1777.5(m) are paid to the appropriate entity;
 - b. That apprentices are paid no less than the prevailing apprentice rate;
 - c. That workers listed and paid as apprentices on the certified payroll records are duly registered as apprentices with the Division of Apprenticeship Standards; and
 - d. Requiring that the journeyman prevailing wage rate be paid to any worker who is not a duly registered apprentice and for all hours in excess of the maximum ratio permitted under Labor Code Section 1777.5(g), as determined at the conclusion of the employing contractor or subcontractor's work on the public works contract.

APPENDIX A

Definitions

- A. **"Withhold"** means to cease payments by the Awarding Agency, or others who pay on its behalf, or agents, to a prime or general contractor. Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code Section 1729.
- B. **"Contracts"** except as otherwise provided by agreement, means only contracts under a single master contract, including a Design-Build contract, or contracts entered into as stages of a single project may be the subject of withholding pursuant to Labor Code Sections 1720, 1720.2, 1720.3, 1720.4, 1771, and 1771.5;
- C. **"Delinquent payroll records"** means those not submitted on the date set in the contract;
- D. **"Inadequate payroll records"** are any one of the following:
- A record lacking any of the information required by Labor Code Section 1776;
 - A record which contains all of the required information but which is not certified, or certified by someone who is not an agent of the contractor or subcontractor;
 - A record remaining uncorrected for one (1) payroll period, after the LCPR has given the contractor or subcontractor notice of inaccuracies detected by audit or record review; However, prompt correction will stop any duty to withhold if such inaccuracies do not amount to one percent (1%) of the entire certified weekly payroll in dollar value and do not affect more than half the persons listed as workers employed on that certified weekly payroll, as defined in Labor Code Section 1776 and Code of Regulations section 16401.
- E. **"Amount equal to the underpayment"** is the total of the following determined by payroll review, audit, or admission of the contractor or subcontractor:
- The difference between the amounts paid to workers and the correct General Prevailing Wage Rate of Per Diem as defined in Code of Regulations section 16000 and Labor Code section 1773 and determined to be the prevailing rate due workers in such craft, classification or trade in which they were employed and the amounts paid;
 - The difference between the amounts paid on behalf of workers and the correct amounts of Employer Payments, as defined in Code of Regulations section 16000 and Labor Code section 1773.1 and determined to be part of the prevailing rate costs of contractors due for employment of workers in such craft, classification or trade in which they were employed and the amounts paid;
 - Estimated amounts of "illegal taking of wages,";
 - Amounts of apprenticeship training contributions paid to neither the program sponsor's training trust nor the California Apprenticeship Council; and
 - Estimated penalties under Labor Code sections 1775, 1776 and 1813.
- F. **"Forfeitures"** means the amount of wages, penalties, and forfeitures assessed by the Awarding Agency and proposed to be withheld pursuant to Labor Code section 1771.6(a), and includes the following:
- The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate by the contractor or subcontractor;
 - Penalties assessed under Labor Code Sections 1775, 1776 and 1813.
If the aggregate amount of forfeitures assessed as to a contractor or subcontractor is less than \$1000.00, the forfeitures shall be deemed approved by the Labor Commissioner pursuant to Code of Regulations Section 16436(b).
- G. **"Failing to pay the correct rate of prevailing wages"** means those public works violations which the Labor Commissioner has exclusive authority to approve before they are recoverable by the Labor Compliance Program, and which are appealable by the contractor in court or before the Director of the Department of Industrial Relations under Labor Code Section 1742, and 1771.6 pursuant to the Code of Regulations Sections 17201 through 17270. Regardless of what is defined as prevailing "wages" in contract terms, noncompliance with the following are considered failures to pay prevailing wages:
- Nonpayment of items defined as "Employer Payments" and "General Prevailing Rate of Per Diem Wages" in Code of Regulations Section 16000 and Labor Code Section 1771.
 - Payroll records required by Labor Code Section 1776;

- Labor Code Section 1777.5 but only insofar as the failure consists of paying apprentice wages lower than the journey level rate to a worker who is not an apprentice as defined in Labor Code Section 3077, working under an apprentice agreement in a recognized program;
- Labor Code Section 1778, Kickbacks;
- Labor Code Section 1779, Fee for Registration;
- Labor Code Sections 1813, 1815, and Code of Regulations Section 16200 (a) (3) (F) overtime for work over eight (8) hours in any one (1) day or forty (40) hours in any one (1) week. All work performed on Saturday, Sunday, and/or a holiday shall be paid pursuant to the prevailing wage determination.

APPENDIX B

Initial Review of Certified Payroll Records

Step 1- Each Payroll Record received by the LCPR for processing is date stamped as to the date received by the Awarding Agency.

Step 2- Within 30 days of receipt, the LCPR will compare the payrolls received to the list of payrolls required for the period. For any payroll that is not included or is incomplete, a 10-day letter is prepared by the LCPR and placed into tracking mode. A Payment Application Hold & Notification of Temporary Withholding Letter will be prepared & sent to the Awarding Agency and all affected Contractors and Subcontractors.

Step 3- The LCPR will begin the initial review of Certified Payroll Records that have been received. Each Contractor or Subcontractor will have a comparison spreadsheet that has been prepared at the initiation of the contract which will have displayed all prevailing wage determination data, based on the Trades, Classifications, Fringe Benefits and Apprentice requirements identified as being utilized by the company.

Step 4- The LCPR will compare the comparison spreadsheet against the Certified Payroll to determine if the gross prevailing wage for the Trade and Classification meets with the prevailing wage of that Trade and Classification. Check of certified payroll for hours worked by day/week to determine if Overtime, Holiday, Travel or Subsistence pay was to be paid. If so, check the payroll to ensure the correct prevailing wage was paid. Check for the proper utilization of Apprentices and that correct prevailing wages have been paid to Apprentices.

Step 5- For each month in which a contractor or subcontractor reports having workers on the project, confirmation of furnished payroll records will be undertaken randomly for at least one worker for at least one weekly period within that month. The LCPR will compare confirmation/backup records to corroborate prevailing wage payments.

Step 6- Upon completion of initial review, provided no initial violation has been detected, Certified Payroll Records are logged into the file system of the project.

Step 7- If an initial violation or potential violation has been detected by the LCPR, they will proceed to a "Confirmation" of Certified Payroll Records.

Step 8- The LCPR will complete a labor compliance review and enforcement summary that indicates the status of the initial review and confirmation for each company for the period, if any of the contractors or subcontractors Certified Payrolls have not been received, and the status of any 10 day letters that have been prepared.

Step 9- When the Awarding Agency or LCPR receives a complaint of suspected violation(s), an accusation or any alleged wrong doing; the LCPR will proceed to a "Confirmation" of Certified Payroll Records.

After review of the initial complaint the Initial Complaint Information form will be completed. The basic information required to initiate a complaint include:

- Name of the complainant, including address and phone number;
- Name of the alleged violating contractor;
- Name of the prime contractor (if different); and
- Nature of the complaint.

APPENDIX C

Confirmation and Audit of Certified Payroll Records

Step 1- By written request the LCPR will notify the affected contractor of any potential violation and request further payroll records for confirmation and corroboration of prevailing wage payments as correct. Confirmation of Certified Payroll Reports may be accomplished through:

- Examination of Paychecks or Paycheck stubs;
- Confirmation/Documentation of "Employer Payments" as made to third party recipients;
- Worker Interviews; and
- Whatever other reasonable methods, as needed, to corroborate the reported prevailing wage payments.

Step 2- If after review and corroboration of the payroll records it is determined that no violation has occurred or documentation is received that reflects corrections and restitution payments have been made to the employees, all records will be filed into the file system of the project.

Step 3- If after review and corroboration of the payroll records it is determined that a violation has occurred and no documentation has been received to reflect that the violation has been corrected the LCPR will initiate a comprehensive audit to ascertain the amount of wages due the worker(s) as well as the statutory penalties that are to be assessed.

Step 4- A comprehensive audit is based on the LCPR's review of all documents and issues pertaining to the complaint or violation and has arrived at a decision concerning issues that must be audited. The LCPR will prepare & request documents listed on the Referral Checklist for a full audit. Documents needed to process the audit may include but are not limited to the following:

- Certified Payroll Records
- Fringe Benefit Statement/Statement of Employer Payments
- Time Cards
- Copy of Checks
- Inspector Logs
- Prevailing Wage Rates Spreadsheet for Company Concerned.
- Special Wage Determination(s) for the trades and crafts on the Certified Payroll
- Listing of Holidays
- Travel and Subsistence Information
- List of Indentured Apprentices (by name and classification)
- Any Special Instructions.

Step-5- An Audit Spreadsheet is created containing the following information:

- Auditor will make notes when audit entries are different from what is contained in the Certified Payroll.
- Any instance that data was entered that seems to be in contradiction to any other record. Examples:
 - Premium pay not paid for work on Saturday, Sunday or Holiday.
 - Travel and subsistence not paid.
 - Apparent underpayments where the contractor appears to be paying less than the required prevailing wages.
 - Hours obtained from time cards or records other than the Certified Payroll.
 - Individuals shown on the Certified Payroll as "apprentices" that are not properly registered.

Results of the Audit upon completion will be transferred to the Awarding Agency's Investigations Department.

APPENDIX D

Public Works Case Audits

Step 1- After the LCPR completes the review of certified payroll, initiates contact with the affected contractor and produces the initial 10 day letter(s) without resolution; the LCPR shall meet with the Investigations Team to determine if the project file contains sufficient detail to request an Investigation and/or Audit. Provided there is sufficient probable cause to believe that a violation has or may have occurred the Investigation Supervisor (IS) assigns the case to an Investigation Auditor (IA), who initiates a complete audit of the certified payroll to determine the nature of the violation(s), ascertain the amount of wages due the worker(s) as well as the statutory penalties that are to be assessed.

Step 2- The primary responsibility of the Investigation Team is to complete case audits, relieving the LCPR from this lengthy process in as many cases as possible. The initiation of comprehensive audit requirements is based on the IA's review of all documents and issues pertaining to the complaint and has arrived at a decision concerning issues that must be audited. Should issues arise during the course of the audit, the IA must resolve the issue in question and provide specific resolutions. Requests for audits by the LCPR will contain the documents needed to complete the audit. (Not all documents on this list may be available or needed in all audits):

- Case Log Summary to date
- All correspondence to try and address the violation
- Certified Payroll Records
- Fringe Benefit Statement
- Prime Contract
- Sub-Contract (if applicable)
- Scope of Work
- General Conditions
- Notice of Completion
- Amount of Held Funds
- Time Cards
- Copy of Checks
- Contractor Logs
- Inspector Logs
- Prevailing Wage Cheat Sheets
- Wage Determination(s) for the trades and crafts on the Certified Payroll
- Listing of Holidays
- Travel and Subsistence Information
- List of Indentured Apprentices (by name and classification)
- Any Special Instructions.

Case Logs are created on a "Word" document that will be titled with the case number assigned. (This document will be kept current during the progress of the audit). The IA will make notes on all activities done relative to the audit / investigation.

Step 3- Results of the Case Audit upon completion will be documented and reviewed by the IS to determine validity.

Step 4- At the point the IS had determined that there is sufficient evidence to determine that a violation has occurred, a Notice of Intent to Request Forfeiture of Monies will be sent to the relative parties notifying them of the findings.

Step 5- At the completion of the contractor's appeal rights if no response to the Notice of Intent is received, from any affected party, the case file will be prepared and submitted to the Department of Industrial Relations (DIR) for forfeiture determination.

Step 6- Once the determination and approval of forfeiture is received by the Investigation Team a Notice of Withholding Contract Payments is produced and mailed first class and certified to the affected parties, to include the Awarding Agency, Construction Manager and Bonding Company.

Step 7- A settlement meeting is held by the Awarding Agency upon timely request of the contractor or other parties.

Step 8- A hearing is held by DIR upon timely request of the contractor or other parties.

APPENDIX E

Investigation Case Processing

Step 1- Written complaints or investigation requests are received by the Investigations Supervisor (IS). After a review of the complaint or audit if a determination is made that an investigation is required, the Investigation Supervisor (IS) will assign an Investigation Auditor (IA) to obtain the initial information to investigate the complaint.

Step 2 - The Investigations Department will prepare the Case Binder to include, but not limited to, the following:

- Contractor's name and case number
- Project Name
- Awarding Agency
- Prime Contractor (if different)
- Original complaint(s) and supporting documentation
- Copy of 1st bid advertisement
- Contract
- Sub Contract (if applicable)
- Second tier sub contract (if applicable)
- CSLB print outs on the contractors
- Entity information (Secretary of State print-outs, fictitious business statement, etc.)
- Prevailing Wage rates in effect and predetermined increases received from DLSR.
- Certified Payroll Records received from defendant contractor
- Certified Payrolls obtained from different sources (AB, prime contractor, etc. as required)
- Inspector Logs
- Audit and Audit notes
- Prior Violations
- Copies of executed Notice(s) to withhold and supporting documents
- Correspondence (filed in order mailed or received)

Additional information and documents will be inserted as needed consistent with the facts of the investigation. (Example would be if Certified Payroll(s) were not submitted timely and penalties pursuant to Labor Code 1776(h) were imposed, the Request for Certified Payroll, including the certified receipt and the green return receipt, become evidence, supporting the penalty assessment and should be tabbed).

Step 3- Processing the Investigation

This provides the general steps to be taken in processing an investigation. **As the facts of each investigation are different, not all steps need to be taken in every case or in the order presented.**

An investigation of a public works case is a conscientious attempt to ascertain all pertinent facts relative to a suspected violation(s) based on a complaint, an accusation or any alleged wrong doing. The Investigation Team is required to exercise sound discretion in employing the investigative method or methods best suited to the type of violation involved.

- The IA will assign a case number and begin the Case Log.
- The IA will determine the Statutes of Limitations for action against the contractor and indicate the date on the Case Log. The statutes compel the LCP to complete the investigation, issue the proper notices to the parties, prepare and submit the case all within the time limits.
- The IA will research to see if any previous public work cases were filed against affected contractor. Specific attention is given to previous complaints filed against the same project. The results of the research are to be recorded on the Case Log and will be provided to the Department of Industrial Relations (DIR) if a Request for Forfeiture is needed.
- The IA will prepare the initial case notifications and requests. These notices and requests are the initial mailing package and consist of the:
 - Notification of Complaint Filed. Within 15 days after receipt of the complaint, provide the affected contractor with the notice required under Labor Code section 1775(c) if the complaint is against a subcontractor. The Notice of Complaint Filed is sent to complainant and all other relative parties. This

form advises all parties (or potential parties) that the Awarding Agency's LCP has initiated a formal investigation.

- o An Employee Inquiry Form. Mailed to complainant and all other workers identified on certified payroll reports in possession of the Awarding Agency's LCP for the affected contractor.
- o A formal request for information/records is prepared and mailed to all affected parties, if not previously received as part of the LCPR's audit. Examples of items that may still be needed include the following:
 - Inspectors Logs
 - Contract(s)
 - Copies of the performance, Labor/Material and/or payment bonds
 - Copy of 1st bid advertisement
 - Page(s) (from the contract) listing the prevailing wage rate(s) on this contract.
 - Page(s) (from the contract advising the contractor of legal requirements to pay the prevailing wages.
 - Notice of Completion (if/when filed)
 - Date project began
 - Project completion (or estimated completion)
 - Amount of money being held by the Awarding Agency.
 - Location of the project.
 - Certified Payroll Records.
 - Fringe Benefit Statement/Statement of Employer Payments
 - Letter requesting supporting documentation (time cards and canceled checks, etc.)
- The IA will verbally contact all affected parties and the complainant to notify them that a complaint has been received and an investigation is commencing into the merits of the alleged violation of the Labor Code.
- The IA will attempt to identify and contact anyone who can verify the accuracy of the allegations and obtain permission for a written affidavit.
- The IA will keep the complainant informed timely throughout the entire investigative process but no less than:
 - o Notify the complaining party in writing of the resolution of the complaint within ten days after the complaint has been resolved by the Investigations Team;
 - o Notify the complaining party in writing at least once every 30 days of the status of a complaint that has not been resolved by the Investigations Team; and
 - o Notify the complaining party in writing at least once every 90 days of the status of a complaint that has been resolved by the Investigations Team but remains under review or in litigation before another entity.
- Upon receipt of all information and records the IA's audit will include the following steps:
 - o The IA will take note of any data that does not seem to match.
 - o The IA will compare the hours reported in the complaint and find out if they match.
 - o The IA will review the Fringe Benefit Statement and compare this statement with the Certified Payroll(s) to insure that the amounts claimed on the statement are reflected in the Certified Payroll(s).
 - o Time Cards: Are the time cards original – written in different hands, at different times, or do they appear to be written by the same person at a later time?
 - o Cancelled checks: Review checks submitted to be sure that the documents appear to have been cleared through a bank. Look at the check numbers and make sure that they correspond to the check numbers reported on the Certified Payroll(s).
 - o Certified Payroll(s): Review the information reported on the Certified Payroll(s)
 - o Determine if the information provided complies with the requirements of Labor Code 1776(c)
 - o Review the Certified Payroll to identify any additional issues such as:
 - Correct utilization of reported apprentices
 - Obvious violations (failure to pay overtime over 8 hours per day or ratio violations within certain crafts or failure to report wages for "owners" or "partners").
 - Hourly Rate of Pay: The rate that should be reflected in this column is the "total hourly wage" paid to (and on behalf of) the employee.
 - Check the certification statement for compliance with the Labor Code.

- Review the Fringe Benefits Statement. If the contractor is claiming employer contributions, these contributions must be documented on the Fringe Benefit Statement. The contractor must provide proof of the payments in prevailing rate of per diem wages.
- Provided the Certified Payrolls are accepted being accurate, and violations are substantiated, audit the certified payroll(s) to determine the amount of wages and penalties that are due.
- If false Certified Payroll(s) are indicated, note this fact for possible filing of a felony complaint for violation of Labor Code 1778.
- Indicate any failure to submit or faulty submission of Certified Payroll Reports. If the Certified Payrolls are not submitted, or if ALL the information is not provided, AND the time for submission has lapsed, initiate penalties pursuant to Labor Code 1776(h) to compel compliance.
- If the IA discovers potential violations of the Labor Code not pertaining to Public Works law, such as payment with insufficient fund checks, not providing paycheck stubs, apprenticeship issues, false Certified Payroll or kickbacks, the IA shall submit these findings to the appropriate enforcing agency.
- At the point the IA has determined that there is sufficient evidence that a violation has occurred, a Notice of Intent to Request Forfeiture will be prepared and submitted to all affected parties notifying them of our findings and offering them an opportunity to meet. The purpose of the pre-withhold meeting is to review and discuss the initial audit results with the contractor(s), inform the contractor(s) of his/her due process rights, schedule a due date (10 days) for any mitigating evidence to be submitted by the contractor(s).
- After review and consideration of any mitigating evidence submitted by the contractor, the audit findings will be finalized. A letter is sent to the contractor with directions on how to make the payments along with the finalized audit. In the event that a settlement cannot be reached, the case is then forwarded to the State Labor Commissioner for approval of the "Request for Approval of Forfeitures and Penalties".
- If the aggregate amount of forfeitures assessed to a contractor or subcontractor is less than \$1,000.00, the forfeitures shall be deemed approved by the Labor Commissioner upon service and the Labor Commissioner's receipt of copies of the following:
 - The Notice of Withholding of Contract Payments authorized by Labor Code Section 1771.6(a);
 - An Audit as defined in section 16432(e) of the Regulations, and
 - A brief narrative identifying the Bid Advertisement Date of the contract for public work and summarizing the nature of the violation, the basis of the underpayment, and the factors considered in determining the assessment of penalties, if any, under Labor Code Section 1775.
- If the aggregate amount of forfeitures assessed to a contractor or subcontractor is \$1,000.00 or more the IA must submit, in writing, a Request for Approval of Forfeiture to the State Labor Commissioner. The file or report shall be served on the Labor Commissioner as soon as practicable after the violation has been discovered, and not less than 30 days before the final payment, but in no event not less than 30 days before the expiration of the limitations period set forth in Labor Code Section 1741.
 - The assessment shall be served not later than 18 months after the filing of a valid notice of completion in the office of the county recorder in each county in which the public work or some part thereof was performed, or not later than 18 months after acceptance of the public work, whichever occurs last.
 - A copy of the Request for Approval of Forfeiture and Penalties shall be served on the Contractor, Subcontractor, bonding company or surety and the Awarding Agency.
- The Labor Commissioner's determination of the forfeiture is effective on the date the Labor Commissioner serves by first class mail, on the Labor Compliance Program, on the Awarding Agency if different, on the contractor and on the subcontractor, if any, an endorsed copy of the proposed forfeiture, or a newly drafted forfeiture statement which sets out the amount of forfeiture approved. Service on the contractor or subcontractor is effective if made on the last address supplied by the contractor or subcontractor in the record. The Labor Commissioner's approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of receipt of the proposed forfeiture.
- Upon receipt of approval, the IA will prepare and issue a Notice of Withholding of Contract Payments against the affected contract(s). The Notice of Withholding of Contract Payments and the Notice of Right to Obtain Review procedures pursuant to Labor Code Section 1742 shall be served on the contractor(s) and bonding companies of the affected contractor(s) by certified mail and first class mail.

- In accordance with Labor Code sections 1742 and 1771.6, an affected contractor or subcontractor may obtain review of the Notice of Withholding of Contract Payments by transmitting a written request to the office of the Awarding Agency's LCP that appears on the Notice within 60 days after service of the notice.
- In accordance with Labor Code section 1742.1 (c), the Awarding Agency's LCP shall, upon receipt of a request from the affected contractor or subcontractor within 30 days following the service of this Notice of Withholding of Contract Payments, afford the contractor or subcontractor the opportunity to meet with the Awarding Agency's designee to attempt to settle a dispute regarding the notice. The settlement meeting may be held in person or by telephone and shall take place before the expiration of the 60-day period seeking a hearing as set forth below. No evidence of anything said or any admission made for the purpose of, in the course of, or pursuant to, the settlement meeting is admissible or subject to discovery in any administrative or civil proceeding. No writing prepared for the purpose, in the course of, or pursuant to, the settlement meeting, other than a final settlement agreement, is admissible or subject to discovery in any administrative or civil proceeding. This opportunity to timely request an informal settlement meeting is in addition to the right to obtain a formal hearing, and a settlement meeting may be requested even if a written Request for Review has already been made. Requesting a settlement meeting, however, does not extend the 60-day period during which a formal hearing may be requested. A written request to meet with the Awarding Agency's designee to attempt to settle a dispute regarding this notice must be transmitted to the Awarding Agency.
- A Request for Review either shall clearly identify the Notice of Withholding of Contract Payments from which review is sought, including the date of the notice, or it shall include a copy of the notice as an attachment, and shall also set forth the basis upon which the notice is being contested. In accordance with Labor Code section 1742, the contractor or subcontractor shall be provided an opportunity to review evidence to be utilized by the Awarding Agency at the hearing within 20 days of receipt by the Awarding Agency of the written Request for Review.
- The Awarding Agency shall make evidence available for review within 20 days of its receipt of the Request for Review; provided that, this deadline may be extended by written request or agreement of the Affected Contractor or Subcontractor. The Awarding Agency's failure to make evidence available for review as required by Labor Code section 1742(b) and Rule 24 (CCR 17224) shall preclude the Awarding Agency from introducing such evidence in proceedings before the Hearing Officer or the Director.
- Within ten (10) days following the receipt of a Request for Review, the Awarding Agency shall transmit to the Office of the Director - Legal Unit, the Request for Review and copies of the Assessment or Notice of Withholding of Contract Payments, any Audit Summary that accompanied the Assessment or Notice, and a Proof of Service or other document showing the name and address of any bonding company or Surety.
- Within ten (10) days following the receipt of a Request for Review, the Awarding Agency shall also notify the Affected Contractor or Subcontractor of its opportunity and the procedures for reviewing evidence to be utilized by the Awarding Agency at the hearing on the Request for Review.
- Once the Request for Review is transmitted to DIR, DIR will contact all parties to begin Pre-Hearing Meetings, Settlement Meetings and a Hearing, if necessary.
- Failure by a contractor or subcontractor to submit a timely Request for Review will result in a final order which shall be binding on the contractor and subcontractor, and which shall also be binding, with respect to the amount due, on a bonding company issuing a bond that secures the payment of wages and a surety on a bond. Labor Code section 1743
- In accordance with Labor Code section 1742(d), a certified copy of a final order may be filed by the Labor Commissioner in the office of the clerk of the superior court in any county in which the affected contractor or subcontractor has property or has had a place of business. The clerk, immediately upon filing, shall enter judgment for the State against the person assessed in the amount shown on the certified order.

APPENDIX F

Prevailing Wage Hearing Regulations

The following listing is provided to facilitate the identification of regulatory sections that may bear upon the duties and responsibilities of the Labor Compliance Program. The actual text of each section should be accessed on-line at <http://www.dir.ca.gov/dlse/CCR.htm> in order to ensure that the most current wording of each regulatory section is relied upon.

CALIFORNIA CODE OF REGULATIONS TITLE 8, CHAPTER 8, SUBCHAPTER 6, SECTIONS 17201 through 17270

ARTICLE 1. GENERAL

- 17201. Scope and Application of Rules.
- 17202. Definitions.
- 17203. Computation of Time and Extensions of Time to Respond or Act.
- 17204. Appointment of Hearing Officers; Delegation of Appointment Authority to Chief Counsel.
- 17205. Authority of Hearing Officers..
- 17206. Access to Hearing Records.
- 17207. Ex Parte Communications.
- 17208. Intervention and Participation by Other Interested Persons.
- 17209. Representation.
- 17210. Proper Method of Service.
- 17211. Filing and Service of Documents by Facsimile or Other Electronic Means.
- 17212. Administrative Adjudication Bill of Rights.

ARTICLE 2. ASSESSMENT OR NOTICE AND REQUEST FOR REVIEW

- 17220. Service and Contents of Assessment or Notice of Withholding of Contract Payments.
- 17221. Opportunity for Early Settlement.
- 17222. Filing of Request for Review.
- 17223. Transmittal of Request for Review.
- 17224. Disclosure of Evidence.
- 17225. Withdrawal of Request for Review; Reinstatement.
- 17226. Dismissal or Amendment of Assessment or Notice of Withholding of Contract Payments.
- 17227. Early Disposition of Untimely Assessment, Withholding, or Request for Review.
- 17228. Finality of Assessment or of Withholding of Contract Payments When No Timely Request for Review is Filed;
Authority of Awarding Body to Disburse
Withheld Funds.
- 17229. Finality of Notice of Withholding of Contract Payments; Authority of Awarding Body to Recover Additional Funds.

ARTICLE 3. PREHEARING PROCEDURES

- 17230. Scheduling of Hearing Date; Continuances and Tolling.
- 17231. Prehearing Conference.
- 17232. Consolidation and Severance.
- 17233. Prehearing Motions; Cut-Off Date.
- 17234. Evidence by Affidavit or Declaration.
- 17235. Subpoena and Subpoena Duces Tecum.
- 17236. Written Notice to Party in Lieu of Subpoena.
- 17237. Depositions and Other Discovery.

ARTICLE 4. HEARINGS

- 17240. Notice of Appointment of Hearing Officer; Objections.
- 17241. Time and Place of Hearing.
- 17242. Open Hearing; Confidential Evidence and Proceedings; and Exclusion of Witnesses.

- 17243. Conduct of Hearing.
- 17244. Evidence Rules; Hearsay.
- 17245. Official Notice.
- 17246. Failure to Appear; Relief from Default.
- 17247. Contempt and Sanctions.
- 17248. Interpreters.
- 17249. Hearing Record; Recording of Testimony and Other Proceedings.
- 17250. Burdens of Proof on Wages and Penalties.
- 17251. Liquidated Damages.
- 17252. Oral Argument and Briefs.
- 17253. Conclusion of Hearing; Time for Decision.

ARTICLE 6. DECISION OF THE DIRECTOR

- 17260. Decision.
- 17261. Reconsideration.
- 17262. Final Decision; Time for Seeking Review.
- 17263. Preparation of Record for Review.
- 17264. Request for Participation by Director in Judicial Review Proceeding.

ARTICLE 7. TRANSITIONAL RULE

- 17270...Applicability of these Rules to Notices Issued Between April 1, 2001 and June 30, 2001.

APPENDIX G

FIELD REPRESENTATIVE (FR) MINIMUM STANDARDS

These protocols have been developed to provide the Field Representative (FR) with minimum standards to be followed while in the process of conducting interviews on construction project sites. In all instances, the Awarding Agency's FR will conduct themselves in a professional and authoritative manner. The Awarding Agency's FR's will be familiar with applicable provisions of the Labor Code in order to converse with administrators or construction personnel of any level.

A. On-Site Visitations

Each construction project is unique and all of the listed protocols will not necessarily be utilized, precisely as stated, during the course of each site visit. However, in most cases the Awarding Agency FR's will employ the basic concepts expressed in each protocol to accomplish the purpose of their site visit in an efficient manner.

1. All FR's visiting any construction site are required to wear a visible picture ID (badge), and to properly identify themselves as such. Additionally, all FR personnel are required to wear hard hats, safety vests and safety shoes.
2. Safety is the paramount factor for any site visit to any construction project. FR's will not enter any area that appears unsafe. Areas of concern include, but are not limited to, grading operations, trenching and work within a trench, hazardous materials abatement, concrete placement, demolition or the removal roofing materials. FR's are expected to exercise reasonable caution at all times.
3. Should FR's witness what they consider to be a potentially unsafe condition, they will contact the site inspector or job superintendent of their findings immediately and make note on the site visitation interview form of what they observed. Upon return to the office, the FR will report their findings to the Awarding Agency's Labor Compliance Officer (LCO).
4. When inspections are conducted on Owner-occupied sites, the FR shall, upon arrival:
 - a. Check in at the Administrative office;
 - b. Identify themselves and state the purpose of the visit; and
 - c. Sign in if required to do so

If the opportunity presents itself and, dependent on the nature of any questions, the FR will take a few minutes to answer any questions and discuss activities or the services provided by the Awarding Agency's LCP with administrative level personnel, but will not seek personnel out.

5. Prior to any interviewing, the FR shall:
 - a. Check in at the site superintendent's trailer;
 - b. Take a few minutes to talk with the Superintendent;
 - c. Develop a working relationship;
 - d. Gain information pertaining to the project such as:
 - i. Duration or phasing;
 - ii. What contractors are on-site that day;
 - iii. Work activities in process or anticipated, etc.
6. In the event there is not a construction trailer or job superintendent, the FR will locate each contractor's foreman.
7. If for some reason the FR is denied access to the site, or informed that they may not interview the workmen:
 - a. FR will promptly and politely remove themselves;
 - b. FR will immediately contact the Awarding Agency's LCO, by phone, to report the incident.
 - c. Make a note of this occurrence on the site visitation interview form along with all available details such as:
 - i. Time of day;
 - ii. Name of party denying access;
 - iii. Stated reason for denying access, etc.

FR will include this note in their report to the Awarding Agency's LCO.

8. There will be times when the site superintendent is somewhere on the site and/or there is no contractor present in the trailer. The FR will check in at the Inspector of Record (IOR) trailer. If all trailers are empty or locked, FR will try to locate the site superintendent or IOR, on the site prior to commencing interviewing. If the FR is unable to locate the superintendent or IOR they will proceed with interviews after speaking with each contractor's foremen.
9. FR will check to see that the following are displayed in the contractor's trailer or the Administrative Office:
 - a. Equal Opportunity Employment Posters
 - b. Required jobsite posting NOTICE that the project is a prevailing wage public work
 - c. Prevailing wage sheets available for review by the tradesmen
 - d. Sign-in Log
 - e. Listing of subcontractors on siteIf any of these items are not readily visible, the FR will remind the CM, GM, PM that these postings are part of the contractual and legal requirements. On subsequent visits, the FR will make sure that these items are posted or readily available upon request. If these items are not posted or readily available, the FR will advise the Awarding Agency LCPR, CM, GM, PM of the non-compliance with the law and the contract requirements.
10. The Field Representative shall visit all sites on an unannounced random weekly basis. During inclement weather contact will be made with the Prime/General Contractor or Construction Manager in an attempt to determine if there will be any activity at the site that day.

B. Interviewing

1. Once the FR has checked in and obtains access to the site:
 - a. FR will locate the Foreman for each contractor on the project prior to conducting the interviews.
 - b. Identify themselves as the Awarding Agency LCPR acting on behalf of the Awarding Agency; and, if necessary
 - c. Explain that the FR activity is a legal requirement placed on the Awarding Agency as a result of the ongoing construction work.
2. The FR shall conduct all interviews on a non-interference basis. The contractor's foreman may want to accompany the FR during the interview process, such action is not to be considered as interference, however interference does result when a foreman restricts questioning or the specific tradesmen that may be interviewed.
3. A minimum amount of the workers' time will be taken for interview purposes. When making the decision regarding whom to interview, the FR will look for tradespersons working in clusters. For instance, several painters, electricians, roofers, etc. working in one area.
 - a. Workers will be approached individually, in a non-threatening, professional manner;
 - b. The FR will identify themselves;
 - c. Inform workers why they are there and that they need only a few minutes of their time to ask some very generic questions to ensure that they are receiving the proper rate of pay for the type of work they are doing.
 - d. The FR will not endanger themselves or any tradesperson's safety in conducting these interviews.
 - e. The FR will not insist that someone on a scaffold 40 feet in the air come down for an interview or attempt to interview tradesmen actively involved in activities such as a concrete pour, crane operation, etc.
 - f. The FR will not ask anyone to stand by until they can get to them; they will be allowed to continue working until the FR can get to them individually.
4. These interviews are random; two or three tradespersons for each contractor/subcontractor is more than sufficient for one visit. Any persons missed are usually picked up on the next visit. If only one tradesperson is at the site, then that person will be interviewed, if possible. Thirty minutes of interviewing per site is typically sufficient, depending upon the site size and/or number of subcontractors present.
5. Interviews will not be conducted during the Tradesmen's breaks or lunch periods.

C. Site Visitation Interview Form

1. The FR will use the Site Visitation Interview form and ask each person the following:
 - a. Name;
 - b. Last four digits of their social security number;
 - c. Employer;
 - d. Title (trade);
 - e. Rate of pay; and
 - f. Task being performed at the time of interview
2. Should someone decline to speak with the FR, those wishes will be respected. If someone asks if this is union-related, the FR will advise them that they work as the Awarding Agency's LCPR on the project.
3. If someone refuses to disclose his/her social security number, those wishes will be respected. The FR will assure that person that all information given is kept strictly confidential and make the attempt to get his/her complete name.
4. If someone does not know their rate of pay, FR will ask for an approximate amount. If the response is, "Whatever prevailing wage is", that is what will be indicated on the form.
5. If a worker states that he/she does not know what contractor they are working for, the FR will track down the site superintendent and ask his assistance in determining the responsible contractor. (Workers who don't know their employing contractor are often an indication of an "underground" crew being employed by the contractor.
6. If someone indicates that he/she is an apprentice, they will be asked their current apprentice level. If he/she is not sure, they will be asked how many years he/she has been apprenticed in the specific trade or to approximate, and this will be indicated on the interview form.
7. If someone is interviewed that does not speak English and the FR cannot communicate in the appropriate language, the FR will try to locate a coworker who can interpret. If an entire crew is unable to speak English and there is no interpreter, this will be included on the report.
8. The FR is there to collect information only, tradesmen will not be told how to do their jobs or that the amount of hourly wage they are reporting is below the determined wage. The FR will not solicit or invite the tradesmen to initiate a complaint through them or give them the impression that it is within the FR duties. The FR will explain that for reasons of confidentiality, they should contact the Awarding Agency's LCP office and speak with the LCPR and a business card will be left with them.
9. Within the Site Observations portion of the interview form the FR will give as much information as they can that pertains to the work in progress. The FR will approximate the total number of tradesmen on the site and ask each foreman how many employees he has on the project that day.
10. All tradesmen will be thanked for their time.

D. Site Superintendents Daily Reports

1. A copy of the site superintendent's daily reports for the previous week will be obtained and submitted to the LCPR no later than the end of each workweek.

E. Reporting

1. All original interview forms and daily reports shall be submitted to the LCPR no later than the end of each workweek.

CITY COUNCIL STAFF REPORT

Public Hearing Item No. 7

May 13, 2020

File No. 0685-20

SUBJECT: Resolution of Formation for Community Facilities District No. 2020-1 of the City of Escondido (Services) and Community Facilities District No. 2020-2 (The Villages)

DEPARTMENT: Engineering Services Department

RECOMMENDATION:

It is recommended that the City Council hold two (2) Public Hearings, and adopt Resolution No. 2020-44 establishing CFD 2020-1 (Services), Resolution No. 2020-45 establishing CFD 2020-2 (The Villages), and Resolution No. 2020-46 determining the necessity to incur bond indebtedness. The adoption of Resolution No. 2020-54 and Resolution No. 2020-55 certifying election results, and Resolution No. 2020-53 for reimbursement of costs is also recommended. Finally, it is requested that Ordinance No. 2020-10 and Ordinance No. 2020-11, authorizing levy of special taxes, be introduced for first reading.

FISCAL ANALYSIS:

The projected general fund budget deficit totals \$176 Million over the next 18 years. On June 12, 2019, the City Council directed staff to investigate all options to address this structural deficit.

On January 15, 2020, the City Council was provided with the results of the Keyser Marston Fiscal Impact Analysis ("KMA") concluding that the cost to provide municipal services to new residential developments exceeds revenues by \$536 to \$783 for each new residential unit per year.

PREVIOUS COUNCIL ACTION:

On June 12, 2019, the City Council adopted Resolution No. 2019-83, authorizing a Reimbursement Agreement to evaluate a request to form a CFD for The Villages Project ("Project") to fund public facilities.

On January 15, 2020, the City Council adopted Resolution No. 2020-2, directing staff to prepare documents necessary to consider the formation of a CFD to offset ongoing municipal costs of services resulting from new development ("Services CFD").

On March 25, 2020, the City Council adopted Resolution No. 2020-20 to amend and restate the City of Escondido's Statement of Goals and Policies ("Policy") Regarding the Establishment of CFDs enacted pursuant to Resolution No. 99-181.

On April 8, 2020, the City Council adopted Resolution Nos. 2020-24 and 2020-25 declaring its intent to establish Community Facilities District ("CFD") No. 2020-1, a Citywide CFD to fund municipal

Resolution of Formation for Community Facilities District No. 2020-1 of the City of Escondido (Services) and Community Facilities District No. 2020-2 (The Villages)

May 13, 2020

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services required for new development, and CFD 2020-2; The Villages Project (“Project”) CFD to fund public facilities; and setting a public hearing date of May 13, 2020.

CFD NO. 2020-01 (CITYWIDE SERVICES CFD):

As a part of the City’s ongoing efforts to address projected budget shortfalls, staff recommends that the City Council form a Citywide Services CFD with the goal of making new development revenue neutral. Based on the findings of the Fiscal Impact Assessment (“FIA”) prepared by KMA, the current structural budget deficit is anticipated to increase with each new residential development project approved. The details of the proposed Services CFD are included in the Community Facilities District Report for CFD 2020-1 (Attachment 1) and include the following:

- Application: The proposed special tax rates apply to new residential development in the single family and multi-family land use categories are outlined in the table below.
- Services to be Funded: The services to be funded through the Services CFD include public safety, maintenance and administrative expenses for services provided by the City.
- Exemptions: Accessory dwelling units and additions/re-construction of existing structures without a change in land use are exempt.
- Annual Levy: Prior to July 30 of each year, the special tax levy will be set by the City Council for all properties within the Services CFD that have received a building permit as of March 1 of that year. The special tax for the Services CFD will escalate at the maximum rate of inflation as determined by the Consumer Price Index and at the minimum rate of two-percent (2%) per year.

FY 20/21 Proposed Special Tax Rates – Services CFD

	Single Family	Small Lot Single Family	Townhomes	Apartments/ Condos
Density Range	< 5.5 units/acre	5.5-18 units/acre	18-30 units/acre	>30 units/acre
General Plan Designations	Urban I Suburban Residential Estate	Urban II Urban III	Urban IV Urban V	Downtown Specific Plan
Annual Special Tax Rate	\$536	\$743	\$725	\$783

Resolution of Formation for Community Facilities District No. 2020-1 of the City of Escondido (Services) and Community Facilities District No. 2020-2 (The Villages)

May 13, 2020

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FUTURE ANNEXATION TO THE SERVICES CFD:

Staff recommends that all projects that have not received entitlement approval be included in the Services CFD upon their entitlement. For projects that do not require an entitlement process, new building permit applications submitted after the date of formation are recommended to be included in the Services CFD. Annexation of a property to the Citywide Services CFD would occur in Zones by resolution of the City Council.

If it is determined that the current FIA does not apply to a project (for example as a result of reduced revenue or increased costs to service a specific project due to its location or other special needs), an updated or separate FIA may be prepared to evaluate the special tax rates for new zones annexed to the Services CFD. The City Council may also consider the addition of land uses categories for future project annexations into the Services CFD after preparation of a fiscal impact analysis.

CFD NO. 2020-2 (THE VILLAGES FACILITIES CFD):

Lennar Homes of California (“Lennar”) has submitted a petition requesting that the City Council begin proceedings for establishment of a Facilities CFD and the issuance of bonds in the amount not to exceed \$16-million to fund public facilities associated with the Project. Lennar has deposited funds to cover the cost of the Consultants retained by the City, including a special tax consultant, bond counsel, market consultant, and financial advisor, to evaluate the feasibility and prepare documents required to form proposed CFD No. 2020-2.

The special tax rates proposed by the developer meet all provisions of the City of Escondido’s (“City”) Amended and Restated Goals and Policies for Community Facilities Districts (“Policy”), adopted March 25, 2020. A price point study prepared by Empire Economics, dated December 6, 2019, confirmed the base pricing proposed by Lennar is consistent with current market rates. The details of The Villages Project CFD are provided in the Community Facilities District Report for CFD 2020-2 (Attachment 2).

Shown below is a sample of the proposed special tax rates per dwelling unit for both CFDs and the resulting total tax burden for FY 2020-21:

Home Size	Base Sales Price	Facilities CFD/Yr.	Facilities CFD %	Services CFD/Yr.	Services CFD %	Total Tax Burden
3,200 square feet or larger	\$735,500	\$2,739	0.37%	\$743	0.10%	1.75%
2,200 to 2,499 square feet	\$655,900	\$2,359	0.36%	\$743	0.11%	1.75%
1,449 square feet or less	\$532,600	\$1,769	0.33%	\$743	0.14%	1.75%

Resolution of Formation for Community Facilities District No. 2020-1 of the City of Escondido (Services) and Community Facilities District No. 2020-2 (The Villages)

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In accordance with the Policy, the formation documents include protections for homeowners and for the City including:

- Annual Special Tax Installment: The proposed annual installment for the Facilities CFD of 0.33-0.37% of the base home price is less than the City's Policy maximum of 0.75%.
- Maximum Total of All Special Assessments: The price point study will be updated in advance of bond sale to confirm that the total of all special assessments, fees and charges that appear on the tax bill will not exceed the maximum effective tax rate specified by the Policy of 1.80%.
- Disclosures: The developer is required to disclose the special taxes in all sales brochures, onsite advertising and purchase documents to the satisfaction of the City Manager and as required by statute.
- Pre-payment of Facilities CFD: The special tax for the Facilities CFD may be pre-paid in full at any time or in part at the time of initial purchase.
- Minimum Value-to-Debt Ratio is 4:1: At the time of bond issuance, the value of the properties subject to the levy of special taxes, including the value of the improvements to be financed, will be compared to the aggregate amount of the special tax lien proposed to be created plus any prior fixed assessment liens and/or special tax liens to confirm that this requirement is met.

SUMMARY OF ACTIONS:

The following actions are recommended to be taken during the May 13, 2020, City Council meeting.

Step 1: Public Hearing:

Staff recommends that the City Council hold a public hearing to consider formation of a CFD 2020-1, the Services CFD. Staff further recommends that the City Council hold a public hearing for CFD 2020-2, The Villages Project CFD.

Step 2: CFD Formation:

After public hearings are held it is recommended that the City Council adopt Resolution No. 2020-44 and that will form CFD 2020-1, the Services CFD and call for an election, and Resolution No. 2020-45 that will form CFD 2020-2, The Villages Project CFD and call for an election. Adoption of Resolution No. 2020-46 determining the necessity to incur bond indebtedness is also recommended.

Step 3: Landowner Election:

The landowner, Lennar, has waived the waiting period allowing the election to be held immediately. The City Clerk will open ballots for each CFD and read the results aloud. The ballot for CFD 2020-1 contains Proposition A to allow the Project to be the first to participate in the Services special tax and Proposition B that sets an appropriation limit of \$20-Million. The ballot for CFD 2020-2 contains

Resolution of Formation for Community Facilities District No. 2020-1 of the City of Escondido (Services) and Community Facilities District No. 2020-2 (The Villages)

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Proposition A to incur up to \$16-Million in bond indebtedness, Proposition B that sets special taxes for the Facilities CFD, and Proposition C that sets an appropriation limit of \$16-Million.

Step 4: Certify Election Results and Introduce Ordinances:

If the property owner votes affirmatively for each of the propositions on the special tax and special bond election ballots, the City Council is recommended to adopt Resolution No. 2020-54 and Resolution No. 2020-55 certifying election results, and Resolution No. 2020-53 for reimbursement of costs. Finally, it is requested that Ordinance No. 2020-10 and Ordinance No. 2020-11, authorizing levy of special taxes, be introduced for first reading.

FUTURE ACTIONS:

A second reading of Ordinance No. 2020-10 and Ordinance No. 2020-11 is required on May 20, 2020. The Ordinances will take effect 30-days after their second reading. The City Council will be asked to authorize issuance of bonds after 50-percent project build-out, which is estimated to occur in February 2022.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services

5/6/20 4:52 p.m.

ATTACHMENTS:

1. Attachment 1 – Community Facilities District Report for CFD 2020-1
2. Attachment 2 – Community Facilities District Report for CFD 2020-2
3. Resolution No. 2020-44 Formation of CFD 2020-1 (Services)
4. Resolution No. 2020-45 Formation of CFD 2020-2 (The Villages)
5. Resolution No. 2020-46 Determining Necessity to Incur Bond Indebtedness for CFD 2020-2
6. Resolution No. 2020-54 Certifying Election Results for CFD 2020-1
7. Resolution No. 2020-55 Certifying Election Results for CFD 2020-2
8. Resolution No. 2020-53 Reimbursement of Costs for CFD 2020-2
9. Ordinance No. 2020-10 Authorizing Levy of Special Taxes for CFD 2020-1
10. Ordinance No. 2020-11 Authorizing Levy of Special Taxes for CFD 2020-2

SDF A

COMMUNITY FACILITIES DISTRICT REPORT
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE
CITY OF ESCONDIDO
(“Services”)

Prepared for:

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

May 13, 2020

COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO
("Services")

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**COMMUNITY FACILITIES DISTRICT REPORT
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982
PREPARED FOR
COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE
CITY OF ESCONDIDO
("Services")**

INTRODUCTION

The boundaries of the City of Escondido ("City") encompass approximately 37 square miles within inland north San Diego County. The City provides public services to property within the City boundary and property within the City's sphere of influence (collectively, "Service Area"). Substantial residential development and other developments are occurring in the Service Area and will require additional City services and facilities to be owned, operated and maintained by the City; including, but not limited to, the public services included in the description of services to be provided (the "Services", as defined in Exhibit "A").

COMMUNITY FACILITIES DISTRICT NO. 2020-1

WHEREAS, the CITY COUNCIL (the "Council") of the CITY OF ESCONDIDO, CALIFORNIA ("City"), did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"), and specifically Section 53321.5 thereof, expressly order the filing of a written report ("Report") for a proposed Community Facilities District. This Community Facilities District is hereinafter referred to as COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE CITY OF ESCONDIDO (hereinafter referred to as "CFD No. 2020-1"); and,

WHEREAS, the Resolution, as defined below, ordering the preparation of the Report did direct that such Report generally contain the following:

- A. A description of the public services proposed to be funded through CFD No. 2020-1;
- B. A general description of the boundaries of CFD No. 2020-1;
- C. A cost estimate setting forth the annual costs and expenses for providing the public services applicable including the area of CFD No. 2020-1;
- D. The Rate and Method of Apportionment of the Special Tax (the "RMA") in sufficient detail to allow each landowner or resident within proposed CFD No. 2020-1 to estimate the maximum amount of payment; and
- E. General terms and conditions relating to such proceedings.

For particulars, reference is made to the Resolution of Intention, Resolution No. 2020-24, adopted by the Council on April 8, 2020 ("Resolution"), with respect to CFD No. 2020-1, which directed the preparation of this Report.

NOW, THEREFORE, the undersigned authorized representative of the City, the appointed Special Tax Consultant and responsible person directed to prepare the Report, pursuant to the provisions of the Act, does hereby submit the following data:

DESCRIPTION OF CFD NO. 2020-1

CFD No. 2020-1 is proposed to initially be comprised of approximately 91.06 gross acres which includes approximately 37.42 net taxable acres ("Property"). The initial territory proposed to be included in CFD No. 2020-1, denoted as Zone 2020-1 of CFD No. 2020-1, is fully contained within the City of Escondido. Zone 2020-1 is currently expected to be developed into 380 single family residential dwelling units.

CFD No. 2020-1 is being formed with the ability to add property through the annexation of zones ("Zone or Zones"). Zones may be annexed by City Council resolution upon project entitlement or after building permit application is made. See Boundaries of CFD No. 2020-1 for a description and definition of the area which may be included through annexation procedures within the Future Annexation Area.

DESCRIPTION OF SERVICES

The Services proposed to be provided are public Services as defined in the Act. Council has determined that the Services to be funded are in addition to those provided to the property within Zone 2020-1, including the Future Annexation Area (as defined within), at the present time and do not supplant services already available at the present time.

GENERAL DESCRIPTION OF SERVICES

1. A general description of the proposed public Services (as defined in Exhibit "A") funded by CFD No. 2020-1 includes public safety, maintenance, administration, community development and services provided by the City.
2. For further particulars as to the public Services to be financed through CFD No. 2020-1, reference is made to Exhibit "A" attached hereto and incorporated herein.

Based upon the above, it is my opinion that said public Services, as defined in Exhibit "A," are those that are necessary to meet the increased demands placed upon the City as a result of development occurring, and expected to occur, within the boundaries of the Future Annexation Area including CFD No. 2020-1.



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CITY OF ESCONDIDO

ESTIMATED COST OF ANNUAL SERVICES

1. Based upon information available, the estimated annual cost for the public Services to be funded by CFD No. 2020-1 is generally as follows:
 - A. Said projected annual costs of public Services provided to CFD No. 2020-1, excluding incidental expenses, are estimated to be between \$536 and \$783 per residential dwelling unit in 2020 dollars. This is based upon the anticipated cost of Services and the generation of offsetting revenues.

2. Current estimated annual cost associated with the public Services within the City are contained within Exhibit "C" attached hereto and incorporated herein by reference. The cost of public Services funded by CFD No. 2020-1 are initially based upon prototypes of residential development within the City developed through a Fiscal Impact Analysis of Development Prototypes ("FIA") prepared by Keyser Marston Associates, Inc. The conclusion of this analysis was the basis for the establishment of the Special Tax within CFD No. 2020-1 for fiscal year 2020-2021 as shown in Exhibit "C" as further described in paragraph 1.A above. The FIA is on file at the City offices and is herein incorporated

ESTIMATED INCIDENTAL EXPENSES

3. Incidental Expenses to be included in the levy of special taxes.

Pursuant to Section 53340 of the Act, the proceeds of any special tax ("Special Tax") levied and collected by CFD No. 2020-1 may be used only to pay, in whole or in part, for the cost of providing public Services and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual costs associated with planning the Services, the costs of forming or annexing additional property (Zones) to CFD No. 2020-1, determination of the amount of Special Taxes, collection of Special Taxes, payment of Special Taxes, or costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2020-1. The incidental expenses associated with the annual administration of CFD No. 2020-1 are expected to be \$35,000 in 2020 dollars. However, it is anticipated that the incidental expenses will vary due to inflation and other factors, which may not be foreseen today, and the actual incidental expenses may exceed these amounts accordingly.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

All of the Property located within CFD No. 2020-1, unless exempted by law or by the RMA, shall be taxed for the purpose of providing necessary public Services to serve the needs of the City, including CFD No. 2020-1. Pursuant to Section 53325.3 of the Act, the tax imposed "is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Tax may be based on the benefit received by property, the cost of providing authorized services available or other reasonable basis as determined by the Council, although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

The Resolution of Intention generally set forth the RMA to allow each homeowner or resident within proposed CFD No. 2020-1 to estimate the maximum amount that would be required for payment from any particular parcel. The discussion of the RMA provided below is intended merely as a general description of the RMA, not as a substitute for, and in no way supersedes, the RMA. For particulars as to the proposed RMA, see Exhibit "D," attached hereto and incorporated herein by this reference.

The Special Taxes may be levied commencing in fiscal year 2020-2021 and continuing each fiscal year without end to such parcel of Developed Property. The Special Tax to be authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedures, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any Special Taxes that cannot be collected on the County of San Diego property tax roll may be collected through a direct billing procedure, to be established by the City on behalf of CFD No. 2020-1.

There are no methods to allow for the prepayment of a property's Special Tax obligation.

Information related to the Special Tax appeals and interpretation procedure is set forth in the RMA and in General Terms and Conditions, Section G of the RMA.

It is my opinion that the RMA, as shown in Exhibit "D," is fair and equitable, uniformly applied, and not discriminatory or arbitrary.



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BOUNDARIES OF CFD NO. 2020-1

The boundaries of CFD No. 2020-1 Zone 2020-1 are those properties and parcels general described as follows:

All that Property as shown on a map designated by the name and number of CFD No. 2020-1 (Services) Zone 2020-1 (The Villages) and as approved by the Council through Resolution No. 2020-24, on April 8, 2020, recorded on April 13, 2020 in Book 48 of Maps and Assessment and Community Facilities Districts at Pages 79-80 and as Instrument No. 2020-7000088. A copy of which is on file and open for public inspection.

For further particulars, reference is made to Exhibit "B" attached hereto and incorporated herein by reference.

The remainder of the property within the City and its sphere of influence has been designated as territory proposed for future annexation into CFD No. 2020-1 (the "Future Annexation Area").

GENERAL TERMS AND CONDITIONS

The General Terms and Conditions for CFD No. 2020-1 are as follows:

1. SUBSTITUTION SERVICES

The description of the public Services, as set forth herein, is general in its nature. The final nature and location of such public Services will be determined as need requires. This need may require substitutes in lieu, or modification to the proposed public Services as they are provided today in order to better serve the City and property within CFD No. 2020-1. Any such substitution shall not be a change or modification in the proceedings as long as the public Services provide a service substantially similar to that as set forth in this Report and are authorized by the proceedings under which CFD No. 2020-1 was formed.

2. BONDS

No bonds have been authorized in the proceedings to form CFD No. 2020-1.

3. APPEALS AND INTERPRETATION PROCEDURE

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator. The written notice of appeal must be filed within the same fiscal year as having paid the first installment of the Special Tax that is disputed and the property owner must be current and remain current in the payment of all Special Tax levied on or before the payment date. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent fiscal year(s) and a refund, as described, shall be made representing the amount of the adjustment for the most recent fiscal year. The CFD Administrator shall determine if funds are available to provide such refund or, if funds are not available in the sole discretion of the CFD Administrator to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent fiscal years shall be made in the same amount. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner. Interpretations of the RMA may be issued or provided by the City, on behalf of CFD No. 2020-1, by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, zone, rate or definition applicable to the RMA or the proceedings for formation of CFD No. 2020-1 or authorizing the Special Tax.

4. SPECIAL TERMS AND CONDITIONS

Special terms and conditions applicable for these proceedings and as approved by the Council are listed herein as follows:

GOALS AND POLICIES: On and after January 1, 1994, a local agency may initiate proceedings to establish a community facilities district pursuant to Government Code provisions only if it has first considered and adopted certain goals and policies. The City adopted Amended and Restated Goals and Policies Regarding the Establishment of Community Facility Districts with the adoption of Resolution No. 2020-10 at a regularly scheduled meeting of the Council held on March 25, 2020.



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CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-1

EXHIBIT "A"

DESCRIPTION OF SERVICES

The Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), provides an alternative method of financing certain facilities and services, especially in developing areas and areas undergoing rehabilitation.

The Property within Zone 2020-1 of CFD No. 2020-1 is proposed to be developed with an estimated total of 380 new single-family detached dwelling units at build out. These new dwelling units, when developed, together with other additional development within the Future Annexation Area will impact the City and the area in and around Zone 2020-1 of CFD No. 2020-1 and future annexed Zones in particular and cause the need for additional public Services. The annual levy of the Special Tax will provide revenues collected from within Zone 2020-1 of CFD No. 2020-1 and future annexed Zones. The cost for a portion of these public Services will be financed with the collection of the Special Tax revenues collected within CFD No. 2020-1.

Public Services which may be funded with proceeds of the special tax of CFD No. 2020-1, as provided by Section 53313 of the Act, include the following (collectively, the "Services"):

- (i) maintenance of parks, parkways, park lighting, sidewalks, signage, landscaping in public areas, easements or right of way and open space;
- (ii) flood and storm protection services;
- (iii) the operation of storm drainage systems;
- (iv) maintenance of streets and roadways, traffic signals and street lighting;
- (v) graffiti and debris removal from public improvements;
- (vi) public safety services including police, fire protection and fire suppression; and
- (vii) maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City of Escondido.

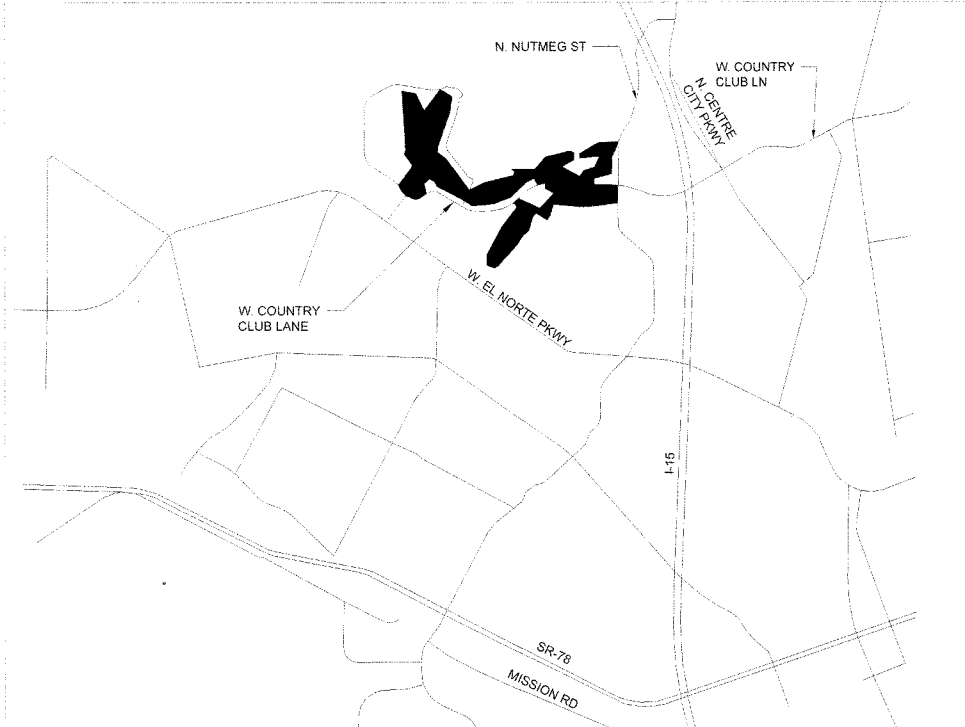
In addition to payment of the cost and expense of the forgoing Services, proceeds of the special tax may be expended to pay "Administrative Expenses" as said term is defined in the Rate and Method of Apportionment and to establish an operating reserve for the costs of Services as determined by the CFD Administrator. Capitalized terms used and not defined herein shall have the meanings set forth in the Rate and Method of Apportionment of Special Tax for CFD No. 2020-1.

CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-1

EXHIBIT "B"

BOUNDARIES OF ZONE 2020-1 OF CFD NO. 2020-1

PROPOSED BOUNDARY MAP OF
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(SERVICES)
ZONE 2020-1 (THE VILLAGES)
OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ESCONDIDO, THIS 25th DAY OF March, 2020.

BY: JEBE
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 ZONE 2020-1 (THE VILLAGES) OF THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ESCONDIDO AT A REGULAR MEETING THEREOF, HELD ON THE 8th DAY OF April, 2020, BY ITS RESOLUTION NO. 2020-24.

BY: JEBE
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

FILED THIS 13th DAY OF APRIL, 2020, AT THE HOUR OF 12:28 O'CLOCK P.M. AS DOCUMENT NO. 2020-7000088 IN BOOK 48 PAGE 79 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO, CALIFORNIA.

BY: Ernst J. Dronenburg, Jr.
DEPUTY RECORDER
COUNTY RECORDER, ERNST J. DRONENBURG, JR.
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

2020-7000088

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S DFA

SPECIAL DISTRICT FINANCING
& ADMINISTRATION

437 WEST GRAND AVENUE
ESCONDIDO, CALIFORNIA 92025
TELEPHONE: (760)233-2630
FAX: (760)233-2631

VICINITY MAP
NOT TO SCALE

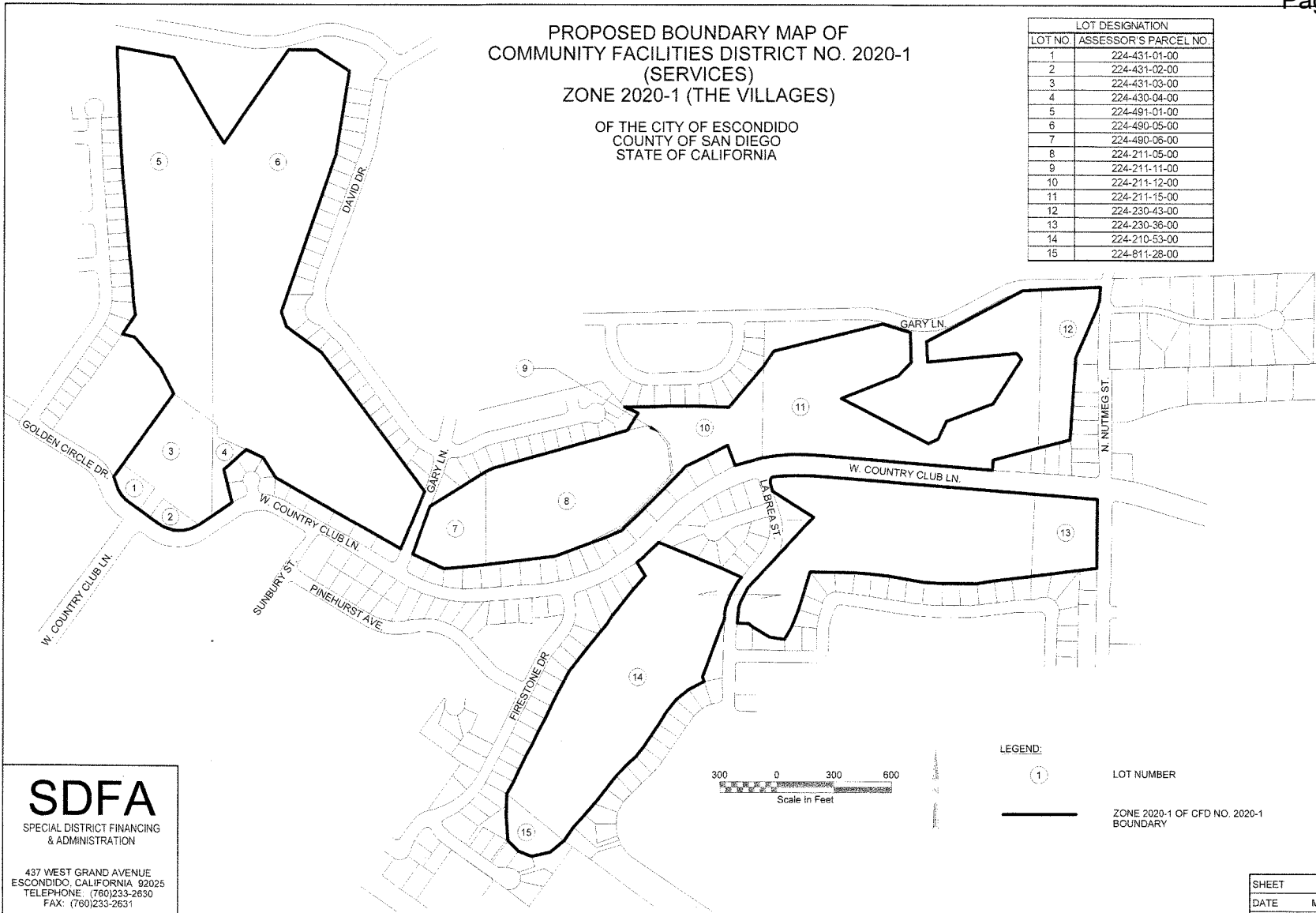
SHEET	1 OF 2
DATE	MARCH 2020
JOB NO.	2020-1 Z20-1

BK 48 PG 79

2020-7000088

PROPOSED BOUNDARY MAP OF
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(SERVICES)
ZONE 2020-1 (THE VILLAGES)
OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

LOT DESIGNATION	
LOT NO.	ASSESSOR'S PARCEL NO.
1	224-431-01-00
2	224-431-02-00
3	224-431-03-00
4	224-430-04-00
5	224-491-01-00
6	224-490-05-00
7	224-490-06-00
8	224-211-05-00
9	224-211-11-00
10	224-211-12-00
11	224-211-15-00
12	224-230-43-00
13	224-230-36-00
14	224-210-53-00
15	224-811-28-00



SDFA
SPECIAL DISTRICT FINANCING
& ADMINISTRATION
437 WEST GRAND AVENUE
ESCONDIDO, CALIFORNIA 92025
TELEPHONE: (760)233-2630
FAX: (760)233-2631

SHEET	2 OF 2
DATE	MARCH 2020
JOB NO.	2020-1 220-1

2020-7000088

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CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-1

EXHIBIT "C"

ESTIMATE OF ANNUAL COST

City of Escondido
Community Facilities District No. 2020-1

Exhibit C
Estimate of Annual Cost⁽¹⁾
(Fiscal Year 2019-2020)

Density (DU/Acre): Description:	30 or Greater <u>Apartment / Condo</u>	18.0 to less than 30 <u>Townhome</u>	5.5 to less than 18.0 <u>Small Lot Single Family</u>	Less than 5.5 <u>Single Family</u>
Total Annual Revenue				
Property Tax	\$62,000	\$52,000	\$43,000	\$18,000
Property Tax In-Leu of VLF	\$52,000	\$43,000	\$36,000	\$15,000
Sales Tax - Indirect	\$40,000	\$28,000	\$23,000	\$10,000
All Other Taxes	\$32,200	\$22,100	\$16,400	\$5,900
Intergovernmental	\$8,300	\$5,700	\$4,200	\$1,500
Property Transfer Tax	\$2,000	\$1,400	\$2,000	\$1,000
Fine and Forfeitures	\$3,300	\$2,300	\$1,700	\$600
Permits and Licenses	\$2,600	\$1,800	\$1,300	\$500
Other Revenue	\$2,300	\$1,600	\$1,200	\$400
Total Annual Recurring Revenue	\$204,700	\$157,900	\$128,800	\$52,900
Estimated Annual Expenditures				
Police	\$179,500	\$123,400	\$91,400	\$32,700
Fire	\$58,000	\$40,000	\$30,000	\$11,000
Public Works & Engineering	\$67,500	\$46,400	\$34,400	\$12,300
Community Services	\$19,600	\$13,500	\$10,000	\$3,600
General Government	\$19,600	\$13,500	\$10,000	\$3,600
Community Development	\$10,300	\$7,100	\$5,300	\$1,900
Community Relations & Center for the Arts	\$6,700	\$4,600	\$3,400	\$1,200
Total Annual Recurring Expenditures	\$361,200	\$248,500	\$184,500	\$66,300
Annual Recurring Surplus (Deficit)	(\$156,500)	(\$90,600)	(\$55,700)	(\$13,400)
Annual Recurring Impact per Prototype Unit	(\$783)	(\$725)	(\$743)	(\$536)
<i>RMA Land Use Category</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>1</i>
Fiscal Year 2020-2021 Special Tax per Unit	\$783	\$725	\$743	\$536

Note:

1. Source: Fiscal Impact Analysis of Development Prototypes prepared for the City by Keyser Marston Associates, Inc. dated October 2019.

CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-1

EXHIBIT "D"

RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(Services)
CITY OF ESCONDIDO**

A Special Tax (as hereinafter defined) shall be levied on all Assessor's Parcels within Community Facilities District No. 2020-1 ("CFD No. 2020-1") of the City of Escondido ("City") and collected each Fiscal Year commencing in Fiscal Year 2020-2021, in an amount determined by the City Council, through the application of this Rate and Method of Apportionment of Special Taxes as described below. All of the real property within the boundaries of CFD No. 2020-1, unless exempted by law or by the provisions hereof, shall be subject to the Special Tax for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the acreage of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the acreage is not shown on an Assessor's Parcel Map, the acreage shown on the applicable Final Map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the CFD Administrator or a designee.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the formation, annexation and administration of CFD No. 2020-1, including but not limited to the following: (i) the costs of computing the Special Taxes and preparing and presenting to City Council the Special Tax collection schedules (whether by the City or designee thereof or both); (2) the costs of collecting the Special Taxes (whether by the County or otherwise); (3) the costs to the City, CFD No. 2020-1 or any designee thereof in responding to property owner and public inquiries regarding CFD No. 2020-1, including its Special Taxes; (4) the costs of the City, CFD No. 2020-1 or any designee related to an appeal of the Special Tax; (5) the costs of the City, CFD No. 2020-1 or any designee related to preparing required reporting obligations; (6) the City's annual administration fees and third party expenses; (7) the costs of City staff time and reasonable overhead relating to CFD No. 2020-1; and (8) amounts estimated or advanced by the City or CFD No. 2020-1 for any other administrative purposes of CFD No. 2020-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor" means the County Assessor.

“Assessor’s Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s parcel number located within the boundaries of CFD No. 2020-1.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s parcel number.

“Building Permit” means the first legal document issued by the City giving official permission for the construction of a building on an Assessor’s Parcel. For purposes of this definition and application of the Special Tax, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

“CFD Administrator” means the Finance Director or other official of the City responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes and performing the other duties provided herein.

“CFD No. 2020-1” means Community Facilities District No. 2020-1 of the City of Escondido.

“City” means the City of Escondido, California.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2020-1, or its designee.

“County” means the County of San Diego, California.

“Density” means the maximum number of dwelling units permitted per acre, including streets within the development, excluding all ultimate circulation element street rights-of-way, adjustments for floodways as defined by the Federal Emergency Management Agency (FEMA) or the City, slope categories, and other environmental factors as designated in each land use category and/or open space/ conservation element. All as further defined within the City’s General Plan adopted May 2012 per Resolution 2012-52, as amended from time-to-time. Density shall be determined by the CFD Administrator prior to annexation.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a Building Permit for new construction was issued prior to March 1st of the prior Fiscal Year.

“Dwelling Unit” or “DU” means, as defined in the City of Escondido Municipal Code 32.102 and amended from time to time, each residential unit, without regard to the square footage of the Dwelling Unit, including but not limited to an individual single-family detached Dwelling Unit, small lot single-family Dwelling Unit, townhome, condominium, apartment, or other such residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure that comprises an independent facility capable of conveyance or rental separate from the primary Dwelling Unit(s). Dwelling Unit does not include an attached or detached accessory dwelling unit, as defined in the Section 33-8 of the Escondido Zoning Code, as amended from time-to-time.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section D.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Index” means the Consumer Price Index as published by the United State Department of Labor, titled “CPI for All Urban Consumers.” Further defined with the Series Title, “All items in San Diego – Carlsbad, CA, all urban consumers, not seasonally adjusted”. If this Index is no longer available, an alternative comparable Index will be chosen by the CFD Administrator.

“Land Use Category” means any of the categories listed in Section C, Table 1 which resulted from the initial analysis of the impacts from new Dwelling Units for providing Services and Appendix A, as to the initial property within CFD No. 2020-1, which may be updated from time to time as annexations occur.

“Maximum Special Tax” means for each Assessor’s Parcel and each Fiscal Year, the Maximum Special Tax, determined in accordance with Section C, below, that may be levied on such Assessor’s Parcel in such Fiscal Year.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit was issued for any type of non-residential use.

“Proportionately” means for Taxable Property, that the ratio of actual Special Tax levy to the Maximum Special Tax rate is equal for all applicable Assessor’s Parcels within the Zone.

“Rate and Method of Apportionment” means the “Rate and Method of Appointment of Special Taxes for Community Facilities District No. 2020-1 of the City of Escondido.”

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

“Services” means services authorized to be funded by CFD No. 2020-1.

“Special Tax(es)” means the Special Tax authorized to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within the boundaries of CFD No. 2020-1 in accordance with this Rate and Method of Apportionment.

“Special Tax Requirement” means, subject to the Maximum Special Tax, that amount to be collected in any Fiscal Year to pay for the Services as otherwise required to meet the needs of CFD No. 2020-1. The Special Tax Requirement include the costs for (1) the Services, and (2) Administrative Expenses, less (3) a credit for funds available to reduce the Special Tax levy, if any, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2020-1 which are not exempt from the Special Tax pursuant to law or Section D below.

“Undeveloped Property” means, for each Fiscal Year, all Assessor’s Parcels, or portions thereof, of Taxable Property not classified as Developed Property.

“Zone” means a mutually exclusive geographic area or areas, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment. The initial Zone of CFD No. 2020-1 is identified as Zone 2020-1. Additional Zones may be created when property is annexed into CFD No. 2020-1.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, beginning with Fiscal Year 2020-21, all property within CFD No. 2020-1 shall be classified as Taxable Property or Exempt Property. Each Assessor Parcel of Taxable Property shall be further classified as Developed Property or Undeveloped Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Section C below. Assessor’s Parcels of Taxable Developed Property shall further be classified into Land Use Categories.

C. MAXIMUM SPECIAL TAX

An Assessor’s Parcel may contain more than one Land Use Category. The Maximum Special Tax which may be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax that can be imposed based on each Land Use Category applicable to such Assessor’s Parcel.

1. Developed Property

a. Maximum Special Tax

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to the Maximum Special Tax. The Maximum Special Tax applicable for Developed Taxable Property within Zone 2020-1 was determined through the application of Table 1, and is as shown in Appendix A. Appendix A will be updated at the time of each annexation to reflect the Land Use Categories and applicable Maximum Special Taxes for each annexed Zone or by areas within each annexed Zone.

The Maximum Special Tax for Fiscal Year 2020-2021 applicable to an Assessor’s Parcel of Developed Property shall be determined using Table 1 below.

TABLE 1
Maximum Special Tax Rates
for Developed Residential Property per Dwelling Unit*
Fiscal Year 2020-2021

Land Use Category	Density	Unit	Special Tax Per Unit
1	Less than 5.5 DU/Acre	DU	\$536.00
2	5.5 to less than 18 DU/Acre	DU	\$743.00
3	18.0 to less than 30 DU/Acre	DU	\$725.00
4	30 DU/Acre or Greater	DU	\$783.00

* The analysis performed to establish the Special Tax per DU shown above only considered the impacts from property within the current City boundary.

b. Escalation

Each July 1st, commencing July 1, 2021, the Maximum Special Taxes shall increase annually by the greater of the annual percentage change in the Index or two percent (2%) from the amount established in the prior Fiscal Year.

2. Undeveloped Property

No Special Tax shall be levied on Undeveloped Property.

D. EXEMPT PROPERTY

The CFD Administrator shall classify as Exempt Property within the boundaries of CFD No. 2020-1: (1) Any Assessor’s Parcel that is owned or irrevocably dedicated to the State of California, Federal or other local governments, including school districts, (2) Assessor’s Parcels which are owned by or irrevocably dedicated to a homeowners association, or (3) Assessor’s Parcels with other types of public uses determined by the CFD Administrator.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2020-2021 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year and shall levy the Special Tax Proportionately on each Assessor’s Parcels of Developed Property up to 100% of the applicable Maximum Special Tax to satisfy the Special Tax Requirement.

F. PREPAYMENT OF SPECIAL TAX

No prepayments of the Special Tax are permitted.

G. APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator. The written notice of appeal must be filed within the same Fiscal Year as having paid the first installment of the Special Tax that is disputed and the property owner must be current and remain current in the payment of all Special Tax levied on or before the payment date.

The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) and a refund, as described, shall be made representing the amount of the adjustment for only the most recent Fiscal Year. The CFD Administrator shall determine if funds are available to provide such refund or, if funds are not available in the sole discretion of the CFD Administrator to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent Fiscal Years shall be made in the same amount. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying ambiguity and make determinations relative to the amount of Administrative Expenses.

H. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2020-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

I. TERM OF THE SPECIAL TAX

For each Fiscal Year, the Special Tax shall be levied in perpetuity as long as the Services are being provided.

J. FUTURE ANNEXATIONS

It is anticipated that additional properties will be annexed into CFD No. 2020-1 from time to time. For Land Use Categories not included in the initial boundaries of CFD No. 2020-1, a study and report describing the Services to be provided to such properties and the estimated

cost of such Services shall be provided to the City Council as the legislative body of the CFD No. 2020-1 in accordance with Section 53321.5 of the Mello-Roos Act. Based on this analysis, the property to be annexed, pursuant to California Government Code section 53339 et. seq. will be assigned an appropriate Maximum Special Tax rate for the Zone or areas within the Zone by Land Use Category as provided herein or as defined and detailed when annexed and included in Appendix A.

APPENDIX A
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(Services)
CITY OF ESCONDIDO

MAXIMUM SPECIAL TAXES ASSIGNED TO EACH ZONE

ZONE 2020-1 (The Villages)
Maximum Special Tax Rates
for Developed Residential Property per Dwelling Unit
Fiscal Year 2020-2021

Zone	Land Use Category	Density	Unit	Special Tax Per Unit
2020-1	2	5.5 to less than 18 DU/Acre	DU	\$743.00

Increases in the Maximum Special Tax:

On each July 1, commencing July 1, 2021, the Maximum Special Tax shall be increased by the greater of the annual percentage change in the Index or 2%.

SDF A

COMMUNITY FACILITIES DISTRICT REPORT
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

COMMUNITY FACILITIES DISTRICT NO. 2020-2
OF THE
CITY OF ESCONDIDO
(“The Villages”)

Prepared for:

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

May 13, 2020

COMMUNITY FACILITIES DISTRICT NO. 2020-2
OF THE CITY OF ESCONDIDO
("The Villages")

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- A. DESCRIPTION OF FACILITIES
- B. BOUNDARIES OF THE DISTRICT
- C. ESTIMATE OF COST
- D. RATE AND METHOD OF APPORTIONMENT

**COMMUNITY FACILITIES DISTRICT REPORT
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982
PREPARED FOR
COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE
CITY OF ESCONDIDO
("The Villages")**

INTRODUCTION

The boundaries of the City of Escondido ("City") encompass approximately 37 square miles within inland north San Diego County. The City provides water services to portions of property within the City boundary and a portion of the property is provided water service by Rincon Del Diablo Municipal Water Agency ("Rincon Del Diablo") (collectively, "Water District Area"). Substantial residential development and other developments are occurring in the City and Water District Area and will require additional City facilities and facilities to be owned, operated and maintained by Rincon Del Diablo; including, but not limited to, public facilities included in the City's development fee programs used to finance expansion projects (the "City Facilities", as defined in Exhibit "A") as well as public facilities for the Water District Area (the "Rincon Del Diablo Facilities", as defined in Exhibit "A").

COMMUNITY FACILITIES DISTRICT NO. 2020-2

WHEREAS, the CITY COUNCIL (the "Council") of the CITY OF ESCONDIDO, CALIFORNIA ("City"), did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"), and specifically Section 53321.5 thereof, expressly order the filing of a written report ("Report") for a proposed Community Facilities District. This Community Facilities District is hereinafter referred to as COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF ESCONDIDO (hereinafter referred to as "CFD No. 2020-2"); and,

WHEREAS, the Resolution, as defined below, ordering the preparation of the Report did direct that such Report generally contain the following:

- A. A description of the community facilities proposed to be funded through CFD No. 2020-2;
- B. A general description of the boundaries of CFD No. 2020-2;
- C. A cost estimate setting forth the costs and expenses for providing the Public Facilities applicable in this instance to the City including the area of CFD No. 2020-2;
- D. The Rate and Method of Apportionment of the Special Tax (the "RMA") in sufficient detail to allow each landowner or resident within proposed CFD No. 2020-2 to estimate the maximum amount of payment; and
- E. General terms and conditions relating to such proceedings.

For particulars, reference is made to the Resolution of Intention, Resolution No. 2020-25, adopted by the Council on April 8, 2020 ("Resolution"), with respect to CFD No. 2020-2, which directed the preparation of this Report.

NOW, THEREFORE, the undersigned authorized representative of the City, the appointed Special Tax Consultant and responsible person directed to prepare the Report, pursuant to the provisions of the Act, does hereby submit the following data:

DESCRIPTION OF CFD NO. 2020-2

CFD No. 2020-2 is proposed to be composed of approximately 91.06 gross acres which includes approximately 37.42 net taxable acres ("Property"). The territory proposed to be included in CFD No. 2020-2 is fully contained within the City of Escondido. The area included in CFD No. 2020-2 is currently expected to be developed into 380 single family residential dwelling units.

CFD No. 2020-2 is being formed pursuant to the terms of that certain Acquisition and Funding Agreement Between and among City of Escondido, Community Facilities District No. 2020-2 of the City of Escondido and Lennar Homes of California, Inc. ("2020 Lennar Homes Acquisition and Funding Agreement"). The 2020 Lennar Homes Acquisition and Funding Agreement establishes the criteria under which CFD No. 2020-2 may be formed.

In addition, CFD No. 2020-2 is being formed subject to a Joint Community Facilities Agreement ("JCFA") by and among the City, Lennar Homes of California, Inc. and Rincon Del Diablo. A copy of the JCFA is on file at the office of the City Clerk, is available for public review upon request and is incorporated herein by this reference.

DESCRIPTION OF FACILITIES

Under the provisions of the Act, a community facilities district may provide for the purchase, construction, expansion or rehabilitation of any real or other tangible property with an estimated useful life of five (5) years or longer.

GENERAL DESCRIPTION OF FACILITIES

1. A general description of the proposed Public Facilities (as defined in Exhibit "A") funded by CFD No. 2020-2 includes the follows:

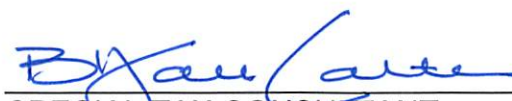
A) Public Facilities include, but are not limited to facilities included in the City's development fee programs used to finance expansion projects, as further defined in Exhibit "A",

B) Public Facilities also include, as further defined in Exhibit "A", water facilities to be owned, operated or maintained by Rincon Del Diablo, consistent with applicable law and the terms of the JCFA, including such facilities as are funded through Rincon Del Diablo fee programs ("Rincon Del Diablo Facilities").

All proposed Public Facilities shall have an estimated useful life of five (5) years or longer to serve the properties within the City including the Property within CFD No. 2020-2.

2. For further particulars as to the Public Facilities to be financed through CFD No. 2020-2, reference is made to Exhibit "A" attached hereto and incorporated herein.

Based upon the above, it is my opinion that said Public Facilities, as defined in Exhibit "A," are those that are necessary to meet the increased demands placed upon the City and, as documented in each JCFA as verified and accepted by both Rincon Del Diablo and the City, increased demand placed upon Rincon Del Diablo and the City as a result of development occurring, and expected to occur, within the boundaries of the City including CFD No. 2020-2.



SPECIAL TAX CONSULTANT
CITY OF ESCONDIDO

ESTIMATED COST OF CAPITAL IMPROVEMENTS

1. Based upon information available, the estimated cost for the Public Facilities to be funded by CFD No. 2020-2, including incidental expenses and any financing costs, is generally as follows:
 - A. Said projected Public Facilities costs to be financed and provided by CFD No. 2020-2, excluding incidental expenses and financing costs, are estimated to be \$11,215,914 in 2020 dollars. This is based upon the anticipated developmental approvals for 380 residential units within CFD No. 2020-2 and resulting projected Public Facilities needs. Based on an assumption as to the interest rate obtained at the time of the financing, CFD No. 2020-2 will fund an average of \$29,515 per dwelling unit. City Public Facilities (as defined in Exhibit "A") are anticipated to receive an average of \$25,442 per dwelling unit and Rincon Del Diablo Public Facilities (as defined in Exhibit "A") are anticipated to receive an average of \$4,073 per dwelling unit through Bond financing.
2. Current cost estimates for Public Facilities within the City are contained within Exhibit "C" attached hereto and incorporated herein by reference. Public Facilities funded by CFD No. 2020-2 are based upon the projected number of residential dwelling units and the projected number of square feet per dwelling unit within CFD No. 2020-2 as shown in Exhibit "C" as further described in paragraph 1.A above.

ESTIMATED INCIDENTAL EXPENSES

3. Incidental Expenses to be included in the levy of special taxes.

Pursuant to Section 53340 of the Act, the proceeds of any special tax (“Special Tax”) levied and collected by CFD No. 2020-2 may be used only to pay, in whole or in part, for the cost of providing Public Facilities, services, and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual costs associated with determination of the amount of Special Taxes, collection of Special Taxes, payment of Special Taxes, or costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2020-2. The estimate of incidental expenses (cost of issuance and underwriters discount) associated with the issuance, sale and delivery of bonds for CFD No. 2020-2 (“Bonds”) are not expected to exceed 3.60% of the proceeds of the bond issue. The incidental expenses associated with the annual administration of CFD No. 2020-2 are expected to be \$35,000 in 2020 dollars. However, it is anticipated that the incidental expenses will vary due to inflation and other factors, which may not be foreseen today, and the actual incidental expenses may exceed these amounts accordingly.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

All of the Property located within CFD No. 2020-2, unless exempted by law or by the RMA, shall be taxed for the purpose of providing necessary Public Facilities to serve the needs of the City and Rincon Del Diablo, including CFD No. 2020-2. Pursuant to Section 53325.3 of the Act, the tax imposed "is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Tax may be based on the benefit received by property, the cost of making facilities or authorized services available or other reasonable basis as determined by the Council, although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

The Resolution of Intention generally set forth the RMA to allow each homeowner or resident within proposed CFD No. 2020-2 to estimate the maximum amount that would be required for payment from any particular parcel. The discussion of the RMA provided below is intended merely as a general description of the RMA, not as a substitute for, and in no way supersedes, the RMA. For particulars as to the proposed RMA, see Exhibit "D," attached hereto and incorporated herein by this reference.

The Special Taxes may be levied commencing in fiscal year 2020/21 and continuing each fiscal year thereafter for a maximum of fifty (50) years to such parcel of Developed Property. The Special Tax to be authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedures, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any Special Taxes that cannot be collected on the County of San Diego property tax roll may be collected through a direct billing procedure, to be established by the City on behalf of CFD No. 2020-2.

A property owner of Developed Property within CFD No. 2020-2, as described in the RMA, may choose to prepay all, or a portion of, the Special Tax obligation prior to initial close of escrow, and may prepay all of the property's Special Tax obligation after close of escrow. The available methods for so doing are described in Section I of the RMA.

Information related to the Special Tax appeals and interpretation procedure is set forth in the RMA and in General Terms and Conditions, Section G of the RMA.

It is my opinion that the RMA, as shown in Exhibit "D," is fair and equitable, uniformly applied, and not discriminatory or arbitrary.



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CITY OF ESCONDIDO

BOUNDARIES

The boundaries of CFD No. 2020-2 are those properties and parcels which are covered under the 2020 Lennar Homes Acquisition and Funding Agreement and the JCFA.

A general description of the boundaries of CFD No. 2020-2 is as follows:

All that Property as shown on a map designated by the name and number of CFD No. 2020-2 and as approved by the Council through Resolution No. 2020-25, on April 8, 2020, recorded on April 13, 2020 in Book 48 of Maps and Assessment and Community Facilities Districts at Pages 81-82 and as Instrument No. 2020-7000089. A copy of which is on file and open for public inspection.

For further particulars, reference is made to Exhibit "B" attached hereto and incorporated herein by reference.

GENERAL TERMS AND CONDITIONS

The General Terms and Conditions for CFD No. 2020-2 are as follows:

1. SUBSTITUTION FACILITIES

The description of the Public Facilities, as set forth herein, is general in its nature. The final nature and location of such Public Facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu, or modification to the proposed Public Facilities in order to provide the Public Facilities necessitated by development occurring in CFD No. 2020-2, and any such substitution shall not be a change or modification in the proceedings as long as the Public Facilities provide a service substantially similar to that as set forth in this Report and are authorized by the proceedings under which CFD No. 2020-2 was formed.

2. BONDS

In order to finance the Public Facilities as set forth in the Report, it may be necessary for Bonds, or equivalent securities, to be issued pursuant to the terms, conditions and authorization as set forth in the Act. The maximum amount of authorized bonded indebtedness for CFD No. 2020-2 has been specified as an amount not to exceed sixteen million dollars (\$16,000,000) (Resolution No. 2020-40/April 8, 2020).

3. APPEALS AND INTERPRETATION PROCEDURE

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator. The written notice of appeal must be filed within the same fiscal year as having paid the first installment of the Special Tax that is disputed and the property owner must be current and remain current in the payment of all Special Tax levied on or before the payment date. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent fiscal year(s) and a refund, as described, shall be made representing the amount of the adjustment for the most recent fiscal year. The CFD Administrator shall determine if funds are available to provide such refund or, if funds are not available in the sole discretion of the CFD Administrator to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent fiscal years shall be made in the same amount. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner. Interpretations of the RMA may be issued or provided by the City, on behalf of CFD No. 2020-2, by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, zone, rate or definition applicable to the RMA or the proceedings for formation of CFD No. 2020-2 or authorizing the Special Tax.

4. SPECIAL TERMS AND CONDITIONS

Special terms and conditions applicable for these proceedings and as approved by the Council are listed herein as follows:

GOALS AND POLICIES: On and after January 1, 1994, a local agency may initiate proceedings to establish a community facilities district pursuant to Government Code provisions only if it has first considered and adopted certain goals and policies. The City adopted Amended and Restated Goals and Policies Regarding the Establishment of Community Facility Districts with the adoption of Resolution No. 2020-20 at a regularly scheduled meeting of the Council held on March 25, 2020.



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CITY OF ESCONDIDO

CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-2

EXHIBIT "A"

DESCRIPTION OF FACILITIES

The Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), provides an alternative method of financing certain facilities and services, especially in developing areas and areas undergoing rehabilitation. The Property within CFD No. 2020-2 is proposed to be developed with an estimated total of 380 new single-family detached dwelling units at build out.

These new dwelling units, when developed, together with other additional development within the City will impact the City and the area in and around CFD No. 2020-2 in particular and cause the need for additional public facilities. The proceeds of bonds issued to be issued by CFD No. 2020-2 and Special Tax revenues collected within CFD No. 2020-2 are expected to finance certain City Facilities and Rincon Del Diablo Facilities, as defined below (together, "Public Facilities"). The cost for a portion of these Public Facilities will be financed with proceeds of bonds issued to be issued by CFD No. 2020-2 and Special Tax revenues collected within CFD No. 2020-2.

1. Public Facilities include, but not by way of limitation, "City Facilities" consisting of the planning, engineering, design, acquisition, construction, lease, improvement, and/or financing of interim and permanent facilities, as reasonably determined from time to time by the City to be necessary to accommodate the requirements to be generated as a result of development, including the property within CFD No. 2020-2, during the term of the special taxes as follows:
 - (a) City water connection facilities including modernization, rehabilitation, relocation and expansion of existing facilities and related infrastructure.
 - (b) City wastewater connection facilities including modernization, rehabilitation, relocation and expansion of existing facilities and related infrastructure.
 - (c) Regional Traffic facilities including modernization, rehabilitation, relocation and expansion of existing facilities and related infrastructure.
 - (d) Other Public facilities including modernization, rehabilitation, relocation and expansion of existing public facilities and related infrastructure.
 - (e) Park facilities including modernization, rehabilitation, relocation and expansion of existing facilities and related infrastructure.

- (f) The costs attributable to planning, engineering, designing, leasing, financing, acquiring, expanding, relocating, rehabilitating, or constructing (or any combination thereof) of City Facilities (including, without limitation, construction management, inspection, materials testing, and construction staking); any “debt,” as defined in Government Code Section 53317(d), the costs to issue and sell any such debt (including, without limitation, underwriter’s discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, disclosure counsel, special tax consultant, bond trustee or fiscal agent, bond and official statement printing, and administrative expenses of the City and/or CFD No. 2020-2), and all other incidental expenses.

The City Facilities shall be constructed, whether or not acquired in their completed states, pursuant to plans and/or specifications approved by the City. The City Facilities described in this Exhibit are representative of the types of improvements to be funded or financed by CFD No. 2020-2. Addition, deletion or modification of City Facilities may be made consistent with the requirements of the City, CFD No. 2020-2, and the Mello-Roos Act.

2. Public Facilities may include water facilities to be owned and operated by Rincon Del Diablo (collectively, the “Rincon Del Diablo Facilities”). Rincon Del Diablo Facilities consist of water facilities including the acquisition of capacity in the water system, and all appurtenances and appurtenant work in connection with the foregoing, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Rincon Del Diablo Facilities and any other expense incidental to the construction, acquisition, modification, expansion or rehabilitation of such Rincon Del Diablo facilities. The Rincon Del Diablo Facilities listed herein are representative of the types of improvements authorized to be financed by the CFD. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the Rincon Del Diablo Municipal Water District. Addition, deletion or modification of descriptions of the Rincon Del Diablo Facilities may be made consistent with the requirements of the Board of Directors of Rincon Del Diablo Municipal Water District, the CFD and the Mello-Roos Act.

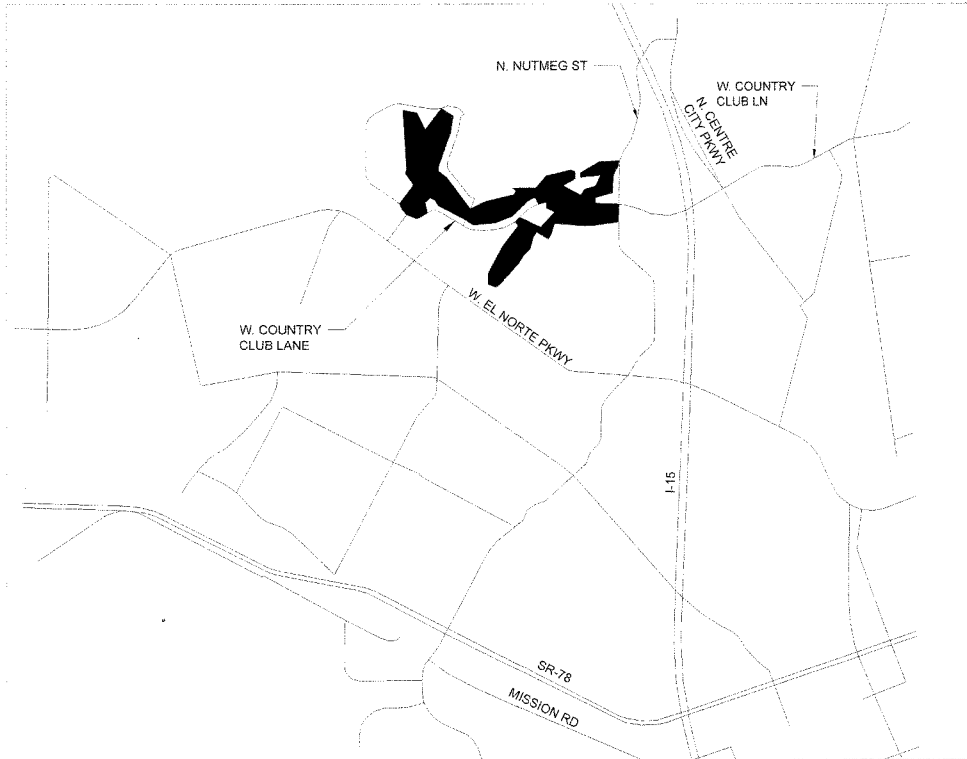
CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-2

EXHIBIT "B"

BOUNDARIES OF CFD NO. 2020-2

PROPOSED BOUNDARY MAP OF
COMMUNITY FACILITIES DISTRICT NO. 2020-2
(THE VILLAGES)

OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF
ESCONDIDO, THIS 25th DAY OF March, 2020.

BY: [Signature]
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES
OF COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF
ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS
APPROVED BY THE CITY COUNCIL OF THE CITY OF ESCONDIDO AT A
REGULAR MEETING THEREOF, HELD ON THE 28th DAY OF
April, 2020, BY ITS RESOLUTION NO. 2020-25.

BY: [Signature]
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

FILED THIS 13th DAY OF APRIL, 2020, AT THE
HOUR OF 12:33 O'CLOCK P.M. AS DOCUMENT
NO. 2020-700089 IN BOOK 48 PAGE 81 OF MAPS OF
ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE
OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO,
CALIFORNIA.

BY: [Signature]
DEPUTY RECORDER
COUNTY RECORDER, ERNST J. DRONENBURG, JR.
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

2020-700089

BK 48 PG 81

SDFA

SPECIAL DISTRICT FINANCING
& ADMINISTRATION

437 WEST GRAND AVENUE
ESCONDIDO, CALIFORNIA 92025
TELEPHONE: (760)233-2630
FAX: (760)233-2631

VICINITY MAP
NOT TO SCALE

SHEET	1 OF 2
DATE	FEBRUARY 2020
JOB NO.	CFD2020-2

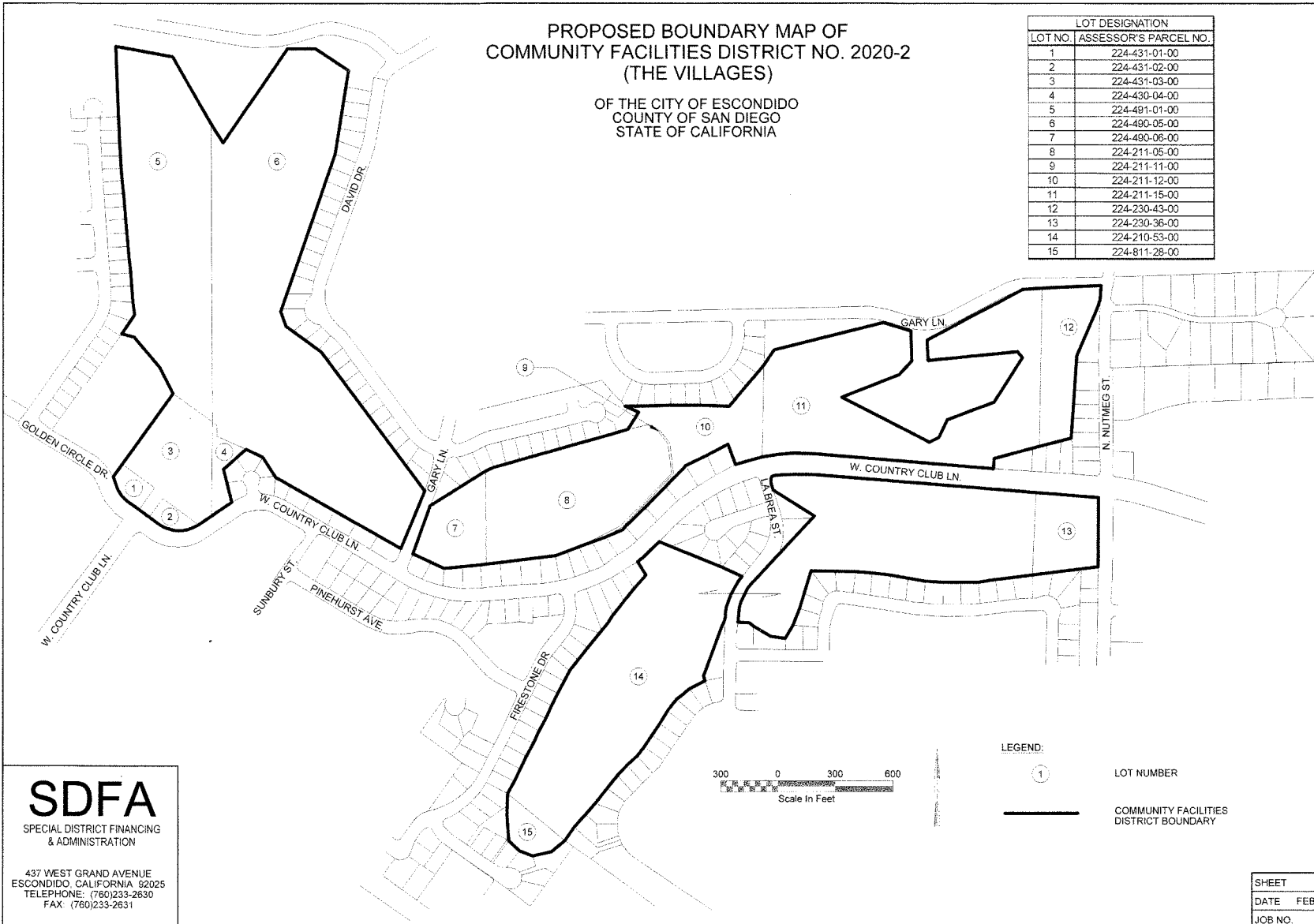
BK 48 PG 81

2020-700089

PROPOSED BOUNDARY MAP OF
COMMUNITY FACILITIES DISTRICT NO. 2020-2
(THE VILLAGES)

OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

LOT DESIGNATION	
LOT NO.	ASSESSOR'S PARCEL NO.
1	224-431-01-00
2	224-431-02-00
3	224-431-03-00
4	224-430-04-00
5	224-491-01-00
6	224-490-05-00
7	224-490-06-00
8	224-211-05-00
9	224-211-11-00
10	224-211-12-00
11	224-211-15-00
12	224-230-43-00
13	224-230-36-00
14	224-210-53-00
15	224-811-28-00



SDFA
SPECIAL DISTRICT FINANCING
& ADMINISTRATION

437 WEST GRAND AVENUE
ESCONDIDO, CALIFORNIA 92025
TELEPHONE: (760)233-2630
FAX: (760)233-2631

LEGEND:
① LOT NUMBER
— COMMUNITY FACILITIES DISTRICT BOUNDARY

SHEET	2 OF 2
DATE	FEBRUARY 2020
JOB NO.	CFD2020-2

2020-7000089

BK 48 PG 82

BK 48 PG 82

2020-7000089

CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-2

EXHIBIT "C"

ESTIMATE OF COST

City of Escondido
Community Facilities District No. 2020-2
EXHIBIT "C"
Estimate of Cost

City of Escondido - Requested Eligible Facilities
Estimated Cost of the City Improvements
Effective 2/19/2020 (or as noted)

City of Escondido Development Impact Fees					
Description	Fee per Unit	Units		Estimated Cost	Subtotal
City of Escondido Water Connection					\$997,640.00
Detached - based on 1" meter size	\$7,930.00	106	Meters	\$840,580.00	
Master Meter (clustered homes of 45 DU) 1.5"	\$15,640.00	6	Meters	\$93,840.00	
Detached - based on 1" meter size	\$7,930.00	6	Meters	\$47,580.00	
Master Meter (clustered homes of 8 DU) 1.5"	\$15,640.00	1	Meters	\$15,640.00	
Wasterwater Connection	\$7,500.00	380	DU	\$2,850,000.00	\$2,850,000.00
Traffic Local Fee					\$1,561,640.40
Single Family	\$4,109.58	380	DU	\$1,561,640.40	
SANDAG Traffic Fee Regional ("RTCIP")					\$981,851.60
effective 07/01/20	\$2,583.82	380	DU	\$981,851.60	
Public Facilities Fee	\$4,872.54	380	DU	\$1,851,565.20	\$1,851,565.20
Park Fee					\$1,002,174.00
Fee Credit				(\$1,600,560.00)	
SFD	\$6,849.30	380	DU	\$2,602,734.00	
Drainage Facilities Fee					\$423,259.20
SFD	\$1,113.84	380	DU	\$423,259.20	
Total Fees				\$9,668,130.40	\$9,668,130.40

Rincon Del Diablo Water District - Requested Eligible Facilities
Source of Facilities Fee per Unit: Schedule of Capital Facilities Fees and Other Charges
Effective 1/1/2020

Rincon del Diablo Capital Facilities Fees					
Description	Fee per Unit	Units		Eligible Costs	Subtotal
Water Connection					\$1,547,784.00
Detached - based on 3/4" meter size	\$6,312.00	44	Meters	\$277,728.00	
Detached - based on 3/4" meter size (8-Pack/not clustered)	\$6,312.00	10	Meters	\$63,120.00	
Master Meter (clustered homes 8 DU) 1.5"	\$30,642.00	4	Meters	\$122,568.00	
Master Meter (clustered homes 12 DU) 2.0"	\$48,910.00	0	Meters	\$0.00	
Detached - based on 3/4" meter size	\$6,312.00	35	Meters	\$220,920.00	
Detached - based on 3/4" meter size (8-Pack/not clustered)	\$6,312.00	6	Meters	\$37,872.00	
Master Meter (clustered homes 12 DU) 1.5"	\$30,642.00	3	Meters	\$91,926.00	
Master Meter (clustered homes 96 DU) 2.0"	\$48,910.00	15	Meters	\$733,650.00	
Subtotal - Rincon del Diablo Water Facilities				\$1,547,784.00	\$1,547,784.00

Total Proposed Eligible Facilities Fees	\$11,215,914.40
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CITY OF ESCONDIDO
COMMUNITY FACILITIES DISTRICT NO. 2020-2

EXHIBIT "D"

RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
COMMUNITY FACILITIES DISTRICT NO. 2020-2
(The Villages)
CITY OF ESCONDIDO**

A Special Tax (as hereinafter defined) shall be levied on all Assessor's Parcels within Community Facilities District No. 2020-2 (The Villages) ("CFD No. 2020-2") of the City of Escondido ("City") and collected each Fiscal Year commencing in Fiscal Year 2020-2021, in an amount determined by the City Council, through the application of this Rate and Method of Apportionment of Special Taxes as described below. All of the real property within the boundaries of CFD No. 2020-2, unless exempted by law or by the provisions hereof, shall be subject to the Special Tax for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the acreage of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the acreage is not shown on an Assessor's Parcel Map, the acreage shown on the applicable Final Map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the CFD Administrator or a designee.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2020-2 for: the costs of computing the Special Taxes including the Backup Special Tax and preparing and presenting to City Council the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2020-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2020-2 or any designee thereof of complying with City and/or CFD No. 2020-2 disclosure requirements associated with applicable federal and State securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to property owner and public inquiries regarding CFD No. 2020-2, including its Special Taxes; the costs of the City, CFD No. 2020-2 or any designee related to the analysis and reduction, if any, of the Special Tax in accordance with Section D; the costs of the City, CFD No. 2020-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses; the costs of City staff time and reasonable

overhead relating to CFD No. 2020-2; and amounts estimated or advanced by the City or CFD No. 2020-2 for any other administrative purposes of CFD No. 2020-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Assessor’s Parcel” or “Assessor Parcels” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor of the County designating parcels by Assessor’s parcel number.

“Assigned Special Tax” means the Special Tax for each Assessor’s Parcel of Developed Property, as determined in accordance with Section C.1.b below.

“Backup Special Tax” means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C.1.c below.

“Bonds” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2020-2, pursuant to the Act which are secured by a pledge of the Special Taxes.

“Building Permit” means the first legal document issued by the City giving official permission for new construction of a building on an Assessor’s Parcel. For purposes of this definition, “Building Permit” shall include any subsequent building permits issued or changed prior to the first occupancy of the structure, as determined by the CFD Administrator.

“CFD Administrator” means the Finance Director or other official of the City responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes and performing the other duties provided herein.

“CFD No. 2020-2” means Community Facilities District No. 2020-2 (The Villages) of the City of Escondido.

“City” means the City of Escondido, California.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2020-2, or its designee.

“Contractual Obligations” means (a) a voluntary contractual assessment established and levied on an Assessor’s Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 et seq.), as amended from time to time, (b) a special tax established and levied on an Assessor’s Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax, or assessment established and levied on an individual Assessor’s Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof (e.g., property owner association assessments)

“County” means the County of San Diego, California.

“Developed Floor Area” means for any Dwelling Unit, the square footage of assessable space of each Dwelling Unit as defined in Government Code section 65995, subdivision (b)(1). For purposes of this determination, such square footage of assessable space shall be, and the City, acting for CFD No. 2020-2, may rely on, the square footage as identified on the Building Permit(s) issued by the City if found consistent with such code section. Modifications to the originally issued Building Permit made prior to first occupancy may occur and shall be used to adjust the determination of Developed Floor Area. Modifications made after first occupancy, such as additions, shall be subject to then current development fees and not used to determine the Developed Floor Area used in the application of this Rate and Method of Apportionment.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a Building Permit for new construction was issued prior to March 1st of the prior Fiscal Year.

“Dwelling Unit(s)” or “DU” means an individual single-family, detached or attached home, townhome, condominium, apartment, or other such residential Dwelling Unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure that comprises an independent facility capable of conveyance or as a rental separate from the primary Dwelling Unit(s).

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section F.

“Facilities” means the public facilities authorized to be financed, in whole or in part, by CFD No. 2020-2.

“Final Map” means a subdivision of property by recordation of a final tract map, parcel map, or lot line adjustment by the City, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*), an applicable local ordinance or recordation of a condominium plan pursuant to California Civil Code Section 6624 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Mapped Property” means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, which as of January 1 of the previous Fiscal Year was located within a Final Map.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

“Land Use Category” means any of the categories listed in Section C and for Developed Property as listed in Table 1.

“Maximum Special Tax” means for each Assessor’s Parcel and each Fiscal Year, the Maximum Special Tax, determined in accordance with Section C, below, that may be levied on such Assessor’s Parcel in such Fiscal Year.

“Minimum Sale Price” means the minimum price at which Dwelling Units of a given Land Use Category, or plan type if multiple are contained within a Land Use Category, have sold or are expected to be sold in a normal marketing environment, as estimated by the Price Point Consultant, and shall not include prices for such Dwelling Units that are sold at a discount to expected sales prices for the purposes of stimulating the initial sales activity with respect to such Land Use Category.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit was issued for any type of non-residential use.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under an Indenture(s).

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 2020-2 that (a) has substantial experience in performing price point studies for residential Dwelling Units within community facilities districts established under the Act or otherwise estimating or confirming pricing for residential Dwelling Units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential Dwelling Units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 2020-2, the City or the developer of CFD No. 2020-2, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2020-2, (ii) the City, (iii) any owner of real property in CFD No. 2020-2, or (iv) any real property in CFD No. 2020-2, and (e) is not connected with CFD No. 2020-2 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2020-2 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section D herein.

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2020-2 that is owned by a property owner association, including any master or sub-association as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year provided however, that no such classification shall reduce the Acreage of all Taxable Property within CFD No. 2020-2 to less than 33.68 Acres as described in Section E.

“Proportionately” means (a) for Developed Property in the first step of Section E below, that the ratio of actual Assigned Special Tax levy to the Maximum Assigned Special Tax rate is equal for all Assessor’s Parcels of Developed Property; (b) for Final Mapped Property in the

second step of Section E, Proportionately means the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Final Mapped Property; (c) for Undeveloped Property in the third step of Section E below, Proportionately means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property; (d) for Property Owner Association Property that is not Exempt Property and Public Property that is not Exempt Property in the fourth step of Section E, Proportionately means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Property Owner Association Property and Public Property; and (e) for Developed Property in the fifth step of Section E, Proportionately means that the amount of the increase above the Assigned Special Tax levy, if necessary, is equal for all Assessor's Parcels of Developed Property, except that if the Backup Special Tax limits the increase on any Assessor's Parcel(s), then the amount of the increase shall be equal for the remaining Assessor's Parcels.

“Public Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2020-2 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably dedicated to the federal government, the State, the County, the City or any other public agency as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year, provided however, that no such classification shall reduce the Acreage of all Taxable Property within CFD No. 2020-2 to less than 33.68 Acres as described in Section F and provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in a Land Use Category in accordance with its zoning or use, whichever is greater.

“Rate and Method of Apportionment” means the “Rate and Method of Appointment of Special Taxes for Community Facilities District No. 2020-2 (The Villages) of the City of Escondido.”

“Residential Property” means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential Dwelling Units.

“Special Tax” or “Special Taxes” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within the boundaries of CFD No. 2020-2 in accordance with this Rate and Method of Apportionment.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2020-2 to: (i) pay Administration Expenses of CFD No. 2020-2 as provided in this Rate and Method of Apportionment; (ii) pay debt service on all Outstanding Bonds due in the calendar year that commences in such Fiscal Year; (iii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iv) pay any amounts required to replenish any reserve funds for all Outstanding Bonds; (v) pay directly for

acquisition or construction of facilities that are eligible to be financed through CFD No. 2020-2 under the Act, as reasonably determined by the City, so long as the inclusion of such amount does not cause an increase in the Special Tax attributable to Final Mapped Property, Undeveloped Property, Public Property that is not Exempt Property, Property Owner Association Property that is not Exempt Property or the levy of the Backup Special Tax; (vi) fund in anticipation of reasonably anticipated delinquent Special Taxes based on the delinquency rate of Special Taxes within CFD No. 2020-2, levied in the previous Fiscal Year if available or if not available, the lowest delinquency rate of all community facilities districts of the City, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2020-2 which have not been prepaid pursuant to Section I or, which are not exempt from the Special Tax pursuant to law or Section F below.

“Total Tax Burden” means for any Dwelling Unit, the annual Special Tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees, and charges which are levied and imposed on such Dwelling Unit and the real property on which it is located and collected by the County on property tax bills and which are secured by such Dwelling Unit and the real property on which it is located, assuming such Dwelling Unit had been completed, sold and subject to such levies and impositions, excluding both service charges, such as those related to sewer and trash, and Contractual Obligations, as defined herein.

“Trustee” means the trustee or fiscal agent under an Indenture(s).

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Property Owner Association Property or Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2020-2 shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Property Owner Association Property that is not Exempt Property or Public Property that is not Exempt Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and E below. Assessor’s Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property, and finally into Land Use Categories.

C. MAXIMUM SPECIAL TAX

An Assessor’s Parcel may contain more than one Land Use Category. The Maximum Special Tax which may be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax that can be imposed based on each Land Use Category applicable to such Assessor’s Parcel.

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor’s Parcel of Residential Property that is classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor’s Parcel of Non-Residential Property shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor’s Parcel of Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property
Fiscal Year 2020-2021

Land Use Category	Property Description	Unit Type	Developed Floor Area	Assigned Special Tax Per Taxable Unit
1	Residential	DU	Greater than 3,199 sq. ft.	\$2,739.00
2	Residential	DU	2,950 sq. ft. to 3,199 sq. ft.	\$2,658.00
3	Residential	DU	2,700 sq. ft. to 2,949 sq. ft.	\$2,567.00
4	Residential	DU	2,450 sq. ft. to 2,699 sq. ft.	\$2,467.00
5	Residential	DU	2,200 sq. ft. to 2,449 sq. ft.	\$2,359.00
6	Residential	DU	1,950 sq. ft. to 2,199 sq. ft.	\$2,091.00
7	Residential	DU	1,700 sq. ft. to 1,949 sq. ft.	\$2,068.00
8	Residential	DU	1,450 sq. ft. to 1,699 sq. ft.	\$1,884.00
9	Residential	DU	Less than 1,450 sq. ft.	\$1,769.00
10	Non-Residential	Acre	NA	\$24,346.00

c. Backup Special Tax

The Backup Special Tax for the Assessor's Parcels of Residential Property within CFD No. 2020-2 has been estimated below for example purposes. The Backup Special Tax will be determined at the time a Final Map is recorded on property within the boundaries of CFD No. 2020-2. The owner of the property within such Final Map must provide the CFD Administrator a copy of the recorded Final Map and a listing of the square footage of all lots within such Final Map and CFD No. 2020-2 at the time of recordation.

The Backup Special Tax per Assessor's Parcel of Residential Property within the CFD No. 2020-2 shall be determined by multiplying the then current Maximum Special Tax per Acre for Undeveloped Property by the total Acreage of Taxable Property, excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in the portion of such Final Map included within CFD No. 2020-2 and dividing such amount by the number of Dwelling Units that are or are approved to be Residential Property (i.e., the number of residential lots for single family detached housing or approved Dwelling Units for single family attached or multi-family housing) within such Final Map included within CFD No. 2020-2. The following steps below provides an example of the calculation of the Backup Special Tax for Fiscal Year 2020-2021 for the pending Final Map for Village 1 within CFD No. 2020-2.

Example Backup Special Tax Calculation:

1. Projected Final Map SUB16-009A (Village 1) acres of 16.50 are multiplied by the applicable Maximum Special Tax for Undeveloped Property (Section 2.a) of \$24,346.00 for Fiscal Year 2020-2021.
2. The result of the first step, \$24,346.00 times 16.50 or \$401,709.00, is then divided by the number of Dwelling Units that are or are approved to be Residential Property. The projected number of Residential DU within such Final Map is 151.
3. The result of the second step, \$401,709.00 divided by 151 or \$2,660.32, would be the Backup Special Tax for all DU within such Final Map for Fiscal Year 2020-2021.

Table 2 will be complete at the time each Final Map is approved.

TABLE 2
Backup Special Tax
Fiscal Year 2020-2021

Map / Status	Estimated Final Map Acreage of Taxable Property	Projected Number of Residential Units	Status of Backup Tax*	Backup Special Tax per Lot or Unit*
Unapproved Tentative Tract SUB16-009A (Village 1)	16.50	151	Not Final	
Unapproved Tentative Tract SUB16-009B (Village 2)	8.41	80	Not Final	
Unapproved Tentative Tract SUB16-009C (Village 3)	12.51	149	Not Final	

* Note: The Backup Special Tax per lot or Dwelling Unit shown may be modified as described below.

Notwithstanding the foregoing, if all or any portion of the Final Map contained with the boundaries of CFD No. 2020-2 described in the preceding paragraph is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Map area contained with the boundaries of CFD No. 2020-2 that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Special Tax anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total number of Dwelling Units constructed or projected to be constructed within such changed or modified Final Map area contained within the boundaries of CFD No. 2020-2, as reasonably determined by the CFD Administrator.
3. The result of paragraph 2 is the Backup Special Tax per Dwelling Unit which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area contained within the boundaries of CFD No. 2020-2, subject to increases pursuant to Section C.1.d.

d. Escalation

Each July 1st, commencing July 1, 2021, the Assigned Special Taxes and the Backup Special Tax shall increase annually by two percent (2%) from the amount established in the prior Fiscal Year.

2. Final Mapped Property, Undeveloped Property, Property Owner Association Property and Public Property

a. Maximum Special Tax

The Maximum Special Tax for Final Mapped Property, Undeveloped Property, Property Owner Association Property that is not Exempt Property and Public Property that is not Exempt Property within CFD No. 2020-2 shall be \$24,346.00 per Acre for Fiscal Year 2020-2021.

b. Escalation

Each July 1st, commencing July 1st 2021, the Maximum Special Tax for Final Mapped Property, Undeveloped Property, Property Owner Association Property that is not Exempt Property and Public Property that is not Exempt Property shall increase annually by two percent (2%) from the amount established in the prior Fiscal Year.

D. ADJUSTMENT OF THE MAXIMUM SPECIAL TAX ON DEVELOPED PROPERTY

At least 30 days prior to the first issuance of Bonds, the Assigned Special Tax on Developed Property (set forth on Table 1) shall be analyzed in accordance with and subject to the conditions set forth in this Section D. At such time, CFD No. 2020-2 shall select and engage a Price Point Consultant and the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sales Price of Dwelling Units within each Land Use Category or plan type if multiple plan types are contained within one Land Use Category. If, based upon the results of the Price Point Study, the CFD Administrator calculates that the Total Tax Burden applicable to Dwelling Units within one or more Land Use Categories exceeds 1.80% of the Minimum Sales Price of such Dwelling Units, the Assigned Special Tax shall be reduced to the extent necessary to cause the Total Tax Burden that shall apply to all Dwelling Units within such Land Use Category(ies) to not exceed 1.80% of the Minimum Sales Price of such Dwelling Units. Each Assigned Special Tax reduction for a Land Use Category shall be calculated by the CFD Administrator separately. It shall not be required that such reduction be proportionate among all Land Use Categories. However, the CFD Administrator shall reduce the Assigned Special Tax for other Land Use Categories, as applicable, to ensure that, after any reductions occurring pursuant to this Section, the Assigned Special Tax for any Land Use Category is not less than the Assigned Special Tax for the any Land Use Category containing a Dwelling Unit of a lesser Developed Floor Area. For example, the Assigned Special Tax for Land Use Category “1” is at least the Assigned Special Tax for Land Use Category “2”; if such is not true, the Assigned Special Tax for Land Use Category “2” is reduced to equal that of Land Use Category “1”. In connection with any reduction in the Assigned Special Tax, the Backup Special Tax for all Dwelling Units shall also be reduced by the CFD Administrator based on the percentage reduction in Assigned Special Tax revenues for each Land Use Category subject to reduction. The Special Tax reductions required pursuant to this paragraph shall be reflected in an amended notice of Special Tax lien which CFD No. 2020-2 shall cause to be recorded by executing a certificate

in substantially the same form as Exhibit A attached hereto. The Special Tax reductions required in this section shall become effective in the Fiscal Year following such actions and applied to levy of Special Taxes in such following Fiscal Year. There will be no adjustments made to the current Fiscal Year levy.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2020-2021 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year. The Special Tax shall then be levied as follows:

First: If needed to satisfy the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax; and

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property in an amount up to 100% of the Maximum Special Tax for Final Mapped Property to satisfy the Special Tax Requirement; and

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax for Undeveloped Property to satisfy the Special Tax Requirement; and

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the levy of the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax; and

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Public Property which is not Exempt Property and Property Owner Association Property which is not Exempt Property at up to 100% of the Maximum Special Tax for Property Owner Association Property and Public Property to satisfy the Special Tax Requirement.

F. EXEMPTIONS

Any Assessor's Parcel within the boundaries of CFD No. 2020-2 that is owned or irrevocably dedicated to a public agency as of the date of formation of CFD No. 2020-2 shall be classified as Exempt Property and shall be exempt from the Special Tax in accordance with Section

53340 of the Act. The total Acreage of Taxable Property within CFD No. 2020-2 has been determined to be equal to 91.06 Acres as of the date of formation of CFD No. 2020-2.

Tax exempt status will be irrevocably assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property provided however, that no such classification shall reduce the Acreage of all Taxable Property within CFD No. 2020-2 to less than 33.68 Acres. Public Property or Property Owner Association Property that would, if designated as Exempt Property, cause the Acreage of all Taxable Property to be less than 33.68 Acres shall be required to either (i) prepay the Special Tax for such property in full at the then applicable rate per Acre for Property Owner Association Property or Public Property applied to the Acres of such property, which resulting amount is to be used as the Assigned Special Tax in the calculation of the prepayment pursuant to Section I.1 or (ii) be subject to taxation pursuant to the fourth step of Section E.

G. APPEAL

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator. The written notice of appeal must be filed within the same Fiscal Year as having paid the first installment of the Special Tax that is disputed and the property owner must be current and remain current in the payment of all Special Tax levied on or before the payment date.

The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) and a refund, as described, shall be made representing the amount of the adjustment for the most recent Fiscal Year. The CFD Administrator shall determine if funds are available to provide such refund or, if funds are not available in the sole discretion of the CFD Administrator to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent Fiscal Years shall be made in the same amount.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner.

H. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2020-2 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

I. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

“CFD Public Facilities” means \$11,215,914 in Fiscal Year 2020-2021 dollars, or such lower number as determined by the CFD Administrator to be sufficient to fund the Facilities to be provided by CFD No. 2020-2.

“Expenditures Fund” means funds or accounts, regardless of their names, that are established to hold moneys that are available to acquire or construct Facilities.

“Future Facilities Costs” means the CFD Public Facilities minus (i) Facilities costs previously paid from the Expenditures Fund, (ii) moneys currently on deposit in the Expenditures Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance Facilities costs. The required and unfunded portion of this amount may increase by 2% annually to the extent such resulting Future Facilities Costs are able to be funded by CFD No. 2020-2 as determined by the CFD Administrator. In no event shall the amount of Future Facilities Costs be less than zero.

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied for an Assessor’s Parcel of Developed Property, Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, and Public Property and/or Property Owner’s Association Property that is not Exempt Property pursuant to Section F. The Prepayment Amount for an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued shall be based on the Assigned Special Tax for the applicable Land Use Category shown in Table 1 based on the Building Permit issued for such Assessor’s Parcel and the then current Special Tax rates. The Maximum Special Tax obligation applicable to such Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay, and within five (5) days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2020-2 in calculating the proper amount of a prepayment. Within fifteen (15) business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount of such Assessor’s Parcel.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount
plus Redemption Premium
plus Future Facilities Amount
plus Defeasance Amount
plus Administrative Fees and Expenses
less Reserve Fund Credit
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Paragraph No.

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Assigned Special Tax and Backup Special Tax for the Assessor's Parcel to be prepaid based on the Developed Property Special Tax which is, or could be, charged in the current Fiscal Year. For Assessor's Parcels of Final Mapped Property (for which a Building Permit has been issued but which is not yet classified as Developed Property) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to Paragraph 2 by the total estimated Assigned Special Tax for CFD No. 2020-2 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2020-2, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to Paragraph 2 by the estimated total Backup Special Tax at buildout of CFD No. 2020-2, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to Paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to Paragraph 3(a) or 3(b) by the amount determined pursuant to Paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Add the amounts computed pursuant to Paragraphs 8 and 9 to determine the "Defeasance Amount".
11. Verify the administrative fees and expenses of CFD No. 2020-2, including the costs to compute the prepayment, the costs to invest the prepayment proceeds, the costs to redeem Bonds, and the costs to record any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement on the prepayment date or the redemption date.
13. The amount due to fully prepay the Special Tax is equal to the sum of the amounts computed pursuant to Paragraphs 4, 5, 7, 10, and 11, less the amount computed pursuant to Paragraph 12 (the "Prepayment Amount").
14. From the Prepayment Amount, the amounts computed pursuant to Paragraphs 4, 5, 10, and 12 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Paragraph 7 shall be deposited into the Expenditures Fund. The amount computed pursuant to Paragraph 11 shall be retained by CFD No. 2020-2.

The Special Tax Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000, or integral multiple thereof, will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

Upon cash payment of the Prepayment Amount due pursuant to the above and upon owner providing confirmation from the County to the CFD Administrator that all prior and current Fiscal Year's Special Taxes, including any delinquency penalties and interest, for such Assessor's Parcel has been paid, the City shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

- PP = the partial Prepayment Amount
- P_E = the Prepayment Amount calculated according to Section H.1.a.
- F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax.
- G = the administrative fee determined in Section H.1.b.

The Special Tax partial Prepayment Amount must be sufficient to redeem at least a \$5,000 increment of Bonds, unless waved by the CFD Administrator.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax, and (ii) the percentage by which the Maximum Special Tax shall be prepaid, and within five (5) days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2020-2 in calculating the proper amount of a partial prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the partial Prepayment Amount of such Assessor's Parcel.

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the funds remitted pursuant to Section H.1.d, and (ii) indicate in the records of CFD No. 2020-2 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Assigned Special Tax and Backup Special Tax equal to the outstanding percentage (1.00 - F) of the Assigned Special Tax and Backup Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section E.

J. TERM OF THE SPECIAL TAX

The Special Tax shall be levied annually on each Assessor's Parcels of Taxable Property for a maximum of fifty (50) years as Developed Property from the first levy of special taxes on an applicable Assessor's Parcel as Developed Property.

EXHIBIT A

**CERTIFICATE OF MODIFICATION OF SPECIAL TAXES
(Page 1 of 2)**

CITY OF ESCONDIDO AND CFD No. 2020-2 CERTIFICATE

1. Pursuant to Section C.1 of the Rate and Method of Apportionment for the City of Escondido Community Facilities District No. 2020-2 (The Villages) (“CFD No. 2020-2”), the Assigned Special Tax for Developed Property within CFD 2020-2 has been modified. This calculation was based upon a Price Point Study that received by the CFD Administrator on _____.

a. The information in Table 1 relating to the Assigned Special Tax for Developed Property with CFD No. 2020-2, as stated in Section C.1.b and annually increased as stated in Section C.1.d. of the Rate and Method of Apportionment, has been modified as follows:

TABLE 1
Assigned Special Taxes for Developed Property
Fiscal Year 20__-20__

Land Use Category	Property Description	Unit Type	Developed Floor Area	Assigned Special Tax Per Taxable Unit
1	Residential	DU	Greater than 3,199 sq. ft.	\$[]
2	Residential	DU	2,950 sq. ft. to 3,199 sq. ft.	\$[]
3	Residential	DU	2,700 sq. ft. to 2,949 sq. ft.	\$[]
4	Residential	DU	2,450 sq. ft. to 2,699 sq. ft.	\$[]
5	Residential	DU	2,200 sq. ft. to 2,449 sq. ft.	\$[]
6	Residential	DU	1,950 sq. ft. to 2,199 sq. ft.	\$[]
7	Residential	DU	1,700 sq. ft. to 1,949 sq. ft.	\$[]
8	Residential	DU	1,450 sq. ft. to 1,699 sq. ft.	\$[]
9	Residential	DU	Less than 1,450 sq. ft.	\$[]
10	Non-Residential	Acre	NA	\$[]

b. In connection with any reduction in the Assigned Special Tax, the Special Tax for Final Mapped Property, Undeveloped Property, Property Owner Association Property and Public Property per Acre as set forth in Section C.2 and the Backup Special Tax as set forth in Section C.1.c shall also be reduced by the CFD Administrator based on the recalculation of the Undeveloped Special Tax per Acre. The Backup Special Tax for Developed Property, as stated in Section C.1.c, shall be modified, to the extent the Final Map has been recorded, as follows:

EXHIBIT A
CERTIFICATE OF MODIFICATION OF SPECIAL TAXES
(Page 2 of 2)

TABLE 2
Backup Special Taxes for Developed Property
Fiscal Year 20__-20__

Map / Status	Final Map Acreage of Taxable Property	Number of Residential Units	Status of Backup Tax*	Backup Special Tax per Lot or Unit*
Tentative Tract SUB16-009A (Village 1)	[]	[]		\$[]
Tentative Tract SUB16-009B (Village 2)	[]	[]		\$[]
Tentative Tract SUB16-009C (Village 3)	[]	[]		\$[]

* Note: The Backup Special Tax per lot or Dwelling Unit shown may be modified as described in the Rate and Method of Apportionment for CFD No. 2020-2.

2. The Special Tax for Developed Property may only be modified prior to the first issuance of CFD No. 2020-2 Bonds as defined in the Rate and Method of Apportionment.
3. Upon execution of this certificate by CFD No. 2020-2, CFD No. 2020-2 shall cause an amended Notice of Special Tax lien for CFD No. 2020-2 to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the City and CFD No. 2020-2, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

CITY OF ESCONDIDO COMMUNITY FACILITIES DISTRICT NO. 2020-2 (THE VILLAGES)

By: _____ Date: _____

RESOLUTION NO. 2020-44

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE CITY OF ESCONDIDO (SERVICES) AND FUTURE ANNEXATION AREA THEREIN, AUTHORIZING THE LEVY OF A SPECIAL TAX THEREOF, CALLING AN ELECTION AND APPROVING AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO

WHEREAS, the City Council (the "City Council") of the City of Escondido (the "City") has heretofore adopted Resolution No. 2020-24 stating its intention to form Community Facilities District No. 2020-1 of the City of Escondido (Services) ("Community Facilities District No. 2020-1" or the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") and to designate a future annexation thereof (the "Future Annexation Area"); and

WHEREAS, a copy of Resolution No. 2020-24 setting forth a description of the proposed boundaries of Community Facilities District No. 2020-1 and the Future Annexation Area, the services and incidental expenses to be financed by the District and the rate and method of apportionment of the special tax proposed to be levied within the District is on file with the City Clerk; and

WHEREAS, notice was published and mailed to all landowners of the land proposed to be included within the District as required by law relative to the intention of this City Council to form proposed Community Facilities District No. 2020-1 and to levy a special tax (the "Special Tax") to finance the services and incidental expenses described in Resolution No. 2020-24; and

WHEREAS, on May 13, 2020, this City Council conducted a noticed public hearing as required by law relative to the proposed formation of Community Facilities District No. 2020-1 and the levy of the Special Tax therein; and

WHEREAS, at the May 13, 2020 public hearing there was filed with this City Council a report containing a description of the services necessary to meet the needs of the District and the Future Annexation Area and an estimate of the cost of such services as required by Section 53321.5 of the Act (the “CFD Report”); and

WHEREAS, at the May 13, 2020 public hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 2020-1, the designation of the Future Annexation Area and the levy of the Special Tax were heard and full and fair hearings were held; and

WHEREAS, following the public hearing, this City Council has determined to authorize the formation of the District and the designation of the Future Annexation Area to finance the types of services (the “Services”) and the incidental expenses (the “Incidental Expenses”) set forth in Attachment A hereto, which are described in more detail in the CFD Report; and

WHEREAS, at the public hearing evidence was presented to this City Council on the matters before it, and the proposed Special Tax to be levied within the District was not precluded by a majority protest of the type described in Section 53324 of the Act, and this City Council at the conclusion of the hearing was fully advised as to all matters relating to the formation of the District, the designation of the Future Annexation Area and the levy of the Special Tax; and

WHEREAS, this City Council has determined, based on a Certificate of Registrar of Voters of the County of San Diego on file in the office of the City Clerk, that no registered voters have been residing in the proposed boundaries of Community Facilities District No. 2020-1 for each of the 90 days prior to May 13, 2020, and that the qualified electors in Community Facilities District No. 2020-1 are the landowners within the District; and

WHEREAS, on the basis of all of the foregoing, this City Council has determined to proceed with the establishment of Community Facilities District No. 2020-1 and the designation of the Future Annexation Area and to call an election therein to authorize (i) the levy of Special Tax pursuant to the rate and method of apportionment of the special tax, as set forth in Attachment C to Resolution No. 2020-24 (the “Rate and Method”), and (ii) the establishment of an appropriations limit for Community Facilities District No. 2020-1.

BE IT RESOLVED, by the City Council of the City of Escondido that:

Section 1. Each of the above recitals is true and correct.

Section 2. A community facilities district to be designated “Community Facilities District No. 2020-1 of the City of Escondido (Services)” is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

Section 3. The boundaries of Community Facilities District No. 2020-1 are established as shown on the map designated “Boundary Map of Community Facilities

District No. 2020-1 (Services) City of Escondido, County of San Diego, State of California”, which map is on file in the office of the City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County Book of Maps of Assessment and Community Facilities Districts in the Assessor-County Clerk-Recorder’s office of the County of San Diego in Book No. 48 Page Nos. 79-80 on April 13, 2020, as Instrument No. 2020-7000088. The boundaries of the Future Annexation Area set forth in Resolution No. 2020-24 is hereby established.

Section 4. The types of Services and Incidental Expenses authorized to be provided for Community Facilities District No. 2020-1 are those set forth in Attachment A attached hereto. The estimated cost of the Services and Incidental Expenses to be financed is set forth in the CFD Report.

The City Council finds and determines that the proposed Services are necessary to meet the increased demand that will be placed upon local agencies and public infrastructure as a result of new development within the District and that the Services to be financed benefit residents of the City and the future residents of the District.

Section 5. Except where funds are otherwise available, it is the intention of this City Council, subject to the approval of the eligible voters of the District, to levy annually a Special Tax at the rates set forth in the Rate and Method on all non-exempt property within the District sufficient to pay for the Services and the Incidental Expenses. The District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the District, the levying and collecting of the Special Tax, and the annual administration of the the District. The Rate and Method is described in detail in Attachment C to Resolution No. 2020-24 and incorporated herein by this

reference, and the City Council hereby finds that the Rate and Method contains sufficient detail to allow each landowner within the District to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the CFD Report, which is incorporated by reference herein, the Special Tax is based on the expected demand that each parcel of real property within Community Facilities District No. 2020-1 will place on the Services and on the benefit that each parcel will derive from the right to access the Services and, accordingly, is hereby determined to be reasonable. The Special Tax shall be levied on each assessor's parcel in accordance with the Rate and Method. The Special Tax is apportioned to each parcel on the foregoing bases pursuant to Section 53325.3 of the Act and such Special Tax is not on or based upon the ownership of real property or the assessed value of real property.

If Special Taxes of the District are levied against any parcel used for private residential purposes, (i) the maximum Special Tax rate shall be specified as a dollar amount which shall be calculated and established not later than the date on which the parcel is first subject to the Special Tax because of its use for private residential purposes and shall not be increased over time except as authorized under the Rate and Method, and (iii) under no circumstances will the Special Tax levied against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The City Manager of the City of Escondido, will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations

by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

Section 6. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the Special Tax by the District ceases.

Section 7. Consistent with Section 53325.6 of the Act, the City Council finds and determines that the land within Community Facilities District No. 2020-1, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products is contiguous to other land within Community Facilities District No. 2020-1 and will be benefited by the Services proposed to be provided within Community Facilities District No. 2020-1.

Section 8. It is hereby further determined that there is no *ad valorem* property tax currently being levied on property within proposed Community Facilities District No. 2020-1 for the exclusive purpose of paying for the same services to the territory of Community Facilities District No. 2020-1 as are proposed to be provided by the Services to be financed by Community Facilities District No. 2020-1.

Section 9. Written protests against the establishment of the District and the designation of the Future Annexation Area have not been filed by one-half or more of the registered voters within the boundaries of the District or by the property owners of one-half (1/2) or more of the area of land within the District. The City Council hereby finds

that the proposed Special Tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

Section 10. An election is hereby called for Community Facilities District No. 2020-1 on the propositions of levying the special tax on the property within Community Facilities District No. 2020-1 and establishing an appropriations limit for Community Facilities District No. 2020-1 pursuant to Section 53325.7 of the Act. The propositions to be placed on the ballot for the District are attached hereto as Attachment B.

Section 11. The date of the election within Community Facilities District No. 2020-1 shall be May 13, 2020, or such later date as is consented to by the City Clerk and the landowners within Community Facilities District No. 2020-1. The City Clerk shall conduct the election. Except as otherwise provided by the Act, the election shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of Escondido insofar as such provisions are determined by the City Clerk to be applicable.

It is hereby found that there are not more than twelve registered voters within the territory of Community Facilities District No. 2020-1, and, pursuant to Section 53326 of the Act, each landowner who is the owner of record on the date hereof, or the authorized representative thereof, shall have one vote for each acre or portion thereof that he, she or it owns within Community Facilities District No. 2020-1. The voters shall be the landowners of record within Community Facilities District No. 2020-1 as of May 13, 2020.

Section 12. The preparation of the CFD Report is hereby ratified. The CFD Report, as submitted, is hereby approved and was made a part of the record of the public

hearing regarding the formation of Community Facilities District No. 2020-1. The CFD Report is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

Section 13. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED this 13th day of May, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 13th day of May, 2020 and was approved by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of
Escondido

ATTACHMENT A

Types of Services To Be Financed By Community Facilities District No. 2020-1

The services which may be funded with proceeds of the special tax of CFD No. 2020-1, as provided by Section 53313 of the Act, include the following (collectively, the "Services"):

- (i) maintenance of parks, parkways, park lighting, sidewalks, signage, landscaping in public areas, easements or right of way and open space;
- (ii) flood and storm protection services;
- (iii) the operation of storm drainage systems;
- (iv) maintenance of streets and roadways, traffic signals and street lighting;
- (v) graffiti and debris removal from public improvements;
- (vi) public safety services including police, fire protection and fire suppression;
and
- (vii) maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City of Escondido.

In addition to payment of the cost and expense of the forgoing services, proceeds of the special tax may be expended to pay "Administrative Expenses" as said term is defined in the Rate and Method of Apportionment and to establish an operating reserve for the costs of services as determined by the CFD Administrator. Capitalized terms used and not defined herein shall have the meanings set forth in the Rate and Method of Apportionment of Special Tax for CFD No. 2020-1.

ATTACHMENT B

BALLOT PROPOSITIONS

COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO (SERVICES)

SPECIAL TAX ELECTION

May 13, 2020

PROPOSITION A: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020-24 of the City Council of the City of Escondido be levied to pay for the Services, Incidental Expenses and other purposes described in Resolution No. 2020-24?

YES _____

NO _____

PROPOSITION B: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2020-1 be an amount equal to \$20,000,000?

YES _____

NO _____

RESOLUTION NO. 2020-45

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF ESCONDIDO (THE VILLAGES), AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN, CALLING AN ELECTION AND APPROVING AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO

WHEREAS, the City Council (the “City Council”) of the City of Escondido (the “City”) has heretofore adopted Resolution No. 2020-25 stating its intention to form Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (“Community Facilities District No. 2020-2” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, a copy of Resolution No. 2020-25 setting forth a description of the proposed boundaries of Community Facilities District No. 2020-2, the facilities and incidental expenses to be financed by the District and the rate and method of apportionment of the special tax proposed to be levied within the District is on file with the City Clerk; and

WHEREAS, notice was published and mailed to all landowners of the land proposed to be included within the District as required by law relative to the intention of this City Council to form proposed Community Facilities District No. 2020-2 and to levy a special tax (the “Special Tax”) and to incur bonded indebtedness in the amount of up to \$16,000,000 therein to finance the facilities and incidental expenses described in Resolution No. 2020-25; and

WHEREAS, on May 13, 2020, this City Council conducted a noticed public hearing as required by law relative to the proposed formation of Community Facilities District No. 2020-2, the levy of the Special Tax therein and the issuance of bonded indebtedness by the District; and

WHEREAS, at the May 13, 2020, public hearing there was filed with this City Council a report containing a description of the facilities necessary to meet the needs of the District and an estimate of the cost of such facilities as required by Section 53321.5 of the Act (the “CFD Report”); and

WHEREAS, at the May 13, 2020, public hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 2020-2, the levy of the Special Tax and the issuance of bonded indebtedness were heard and full and fair hearings were held; and

WHEREAS, following the public hearing, this City Council has determined to authorize the formation of the District to finance the types of facilities (the “Facilities”) and the incidental expenses (the “Incidental Expenses”) set forth in Attachment A hereto, which are described in more detail in the CFD Report; and

WHEREAS, at the public hearing evidence was presented to this City Council on the matters before it, and the proposed Special Tax to be levied within the District was not precluded by a majority protest of the type described in Section 53324 of the Act, and this City Council at the conclusion of the hearing was fully advised as to all matters relating to the formation of the District, the levy of the Special Tax and the issuance of bonded indebtedness by the District; and

WHEREAS, this City Council has determined, based on a Certificate of Registrar of Voters of the County of San Diego on file in the office of the City Clerk, that no registered voters have been residing in the proposed boundaries of Community Facilities District No. 2020-2 for each of the 90 days prior to May 13, 2020, and that the qualified electors in Community Facilities District No. 2020-2 are the landowners within the District; and

WHEREAS, on the basis of all of the foregoing, this City Council has determined to proceed with the establishment of Community Facilities District No. 2020-2 and to call an election therein to authorize (i) the levy of Special Tax pursuant to the rate and method of apportionment of the special tax, as set forth in Attachment C to Resolution No. 2020-25 (the "Rate and Method"), (ii) the issuance of bonds to finance the Facilities and Incidental Expenses, and (iii) the establishment of an appropriations limit for Community Facilities District No. 2020-2.

BE IT RESOLVED, by the City Council of the City of Escondido that:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. A community facilities district to be designated "Community Facilities District No. 2020-2 of the City of Escondido (The Villages)" is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

SECTION 3. The boundaries of Community Facilities District No. 2020-2 are established as shown on the map designated "Boundary Map of Community Facilities

District No. 2020-2 (The Villages) City of Escondido, County of San Diego, State of California”, which map is on file in the office of the City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County Book of Maps of Assessment and Community Facilities Districts in the Assessor-County Clerk-Recorder’s office of the County of San Diego in Book No. 48 Page Nos. 81-82 on April 13, 2020 as Instrument No. 2020-7000089.

SECTION 4. The types of Facilities and Incidental Expenses authorized to be provided for Community Facilities District No. 2020-2 are those set forth in Attachment A attached hereto. The estimated cost of the Facilities and Incidental Expenses to be financed is set forth in the CFD Report, which estimates may change as the Facilities are designed and bid for construction and acquisition, as applicable.

The City is authorized by the Act to contribute revenue to, or to construct or acquire the Facilities, all in accordance with the Act. The City Council finds and determines that the proposed Facilities are necessary to meet the increased demand that will be placed upon local agencies and public infrastructure as a result of new development within the District and that the Facilities to be financed benefit residents of the City and the future residents of the District.

SECTION 5. Except where funds are otherwise available, it is the intention of this City Council, subject to the approval of the eligible voters of the District, to levy annually a Special Tax at the rates set forth in the Rate and Method on all non-exempt property within the District sufficient to pay for (i) the Facilities; (ii) the Incidental Expenses; and (iii) the principal and interest and other periodic costs on the bonds proposed to be issued to finance the Facilities and Incidental Expenses, including the

establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees and other expenses of the type permitted by Section 53345.3 of the Act. The District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the District, the issuance of bonds, the levying and collecting of the Special Tax, the completion and inspection of the Facilities and the annual administration of the bonds and the District. The Rate and Method is described in detail in Attachment C to Resolution No. 2020-25 and incorporated herein by this reference, and the City Council hereby finds that the Rate and Method contains sufficient detail to allow each landowner within the District to estimate the maximum amount of Special Taxes that may be levied against each parcel. As described in greater detail in the CFD Report, which is incorporated by reference herein, the Special Tax is based on the expected demand that each parcel of real property within Community Facilities District No. 2020-2 will place on the Facilities and on the benefit that each parcel will derive from the right to access the Facilities and, accordingly, is hereby determined to be reasonable. The Special Tax shall be levied on each assessor's parcel in accordance with the Rate and Method provided, however, that the Special Tax shall not be levied on any taxable parcel beyond 50 years after such parcel was classified as Developed Property in accordance with the Rate and Method. The Special Tax is apportioned to each parcel on the foregoing bases pursuant to Section 53325.3 of the Act and such Special Tax is not on or based upon the ownership of real property or the assessed value of real property.

If Special Taxes of the District are levied against any parcel used for private residential purposes, (i) the maximum Special Tax rate shall be specified as a dollar amount which shall be calculated and established not later than the date on which the

parcel is first subject to the Special Tax because of its use for private residential purposes and shall not be increased over time except as authorized under the Rate and Method, (ii) the Special Tax shall not be levied on any taxable parcel beyond 50 years after such parcel was classified as Developed Property in accordance with the Rate and Method, and (iii) under no circumstances will the Special Tax levied against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The City Manager of the City of Escondido, will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

SECTION 6. In the event that a portion of the property within Community Facilities District No. 2020-2 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax specified in the Rate and Method, or in the event of delinquencies in the payment of Special Taxes levied, the City Council shall, on behalf of Community Facilities District No. 2020-2, increase the levy to the extent necessary and permitted by law and these proceedings upon the remaining property within Community Facilities District No. 2020-2 which is not exempt or delinquent in order to yield the required debt service payments on any outstanding bonds of the District, or to prevent the District from defaulting on any of its other obligations or liabilities; provided, however, under no circumstances will the Special Tax levied against any parcel used for private

residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. The amount of the Special Tax will be set in accordance with the Rate and Method. The obligation to pay Special Taxes may be prepaid only as set forth in Section G of the Rate and Method.

SECTION 7. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the Special Tax by the District ceases.

SECTION 8. Consistent with Section 53325.6 of the Act, the City Council finds and determines that the land within Community Facilities District No. 2020-2, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products is contiguous to other land within Community Facilities District No. 2020-2 and will be benefited by the Facilities proposed to be provided within Community Facilities District No. 2020-2.

SECTION 9. It is hereby further determined that there is no *ad valorem* property tax currently being levied on property within proposed Community Facilities District No. 2020-2 for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of Community Facilities District No. 2020-2 as are proposed

to be provided by the Facilities to be financed by Community Facilities District No. 2020-2.

SECTION 10. Written protests against the establishment of the District have not been filed by one-half or more of the registered voters within the boundaries of the District or by the property owners of one-half (1/2) or more of the area of land within the District. The City Council hereby finds that the proposed Special Tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

SECTION 11. An election is hereby called for Community Facilities District No. 2020-2 on the propositions of levying the special tax on the property within Community Facilities District No. 2020-2 and establishing an appropriations limit for Community Facilities District No. 2020-2 pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness for Community Facilities District No. 2020-2, pursuant to Section 53351 of the Act. The propositions to be placed on the ballot for the District are attached hereto as Attachment B.

SECTION 12. The date of the election within Community Facilities District No. 2020-2 shall be May 13, 2020, or such later date as is consented to by the City Clerk and the landowners within Community Facilities District No. 2020-2. The City Clerk shall conduct the election. Except as otherwise provided by the Act, the election shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of Escondido insofar as such provisions are determined by the City Clerk to be applicable.

It is hereby found that there are not more than twelve registered voters within the territory of Community Facilities District No. 2020-2, and, pursuant to Section 53326 of the Act, each landowner who is the owner of record on the date hereof, or the authorized representative thereof, shall have one vote for each acre or portion thereof that he, she or it owns within Community Facilities District No. 2020-2. The voters shall be the landowners of record within Community Facilities District No. 2020-2 as of May 13, 2020. The preparation of the CFD Report is hereby ratified. The CFD Report, as submitted, is hereby approved and was made a part of the record of the public hearing regarding the formation of Community Facilities District No. 2020-2. The CFD Report is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

SECTION 13. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED this 13th day of May, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 13th day of May, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

ATTACHMENT A

Types of Facilities to Be Financed By Community Facilities District No. 2020-2

The proposed types of public facilities and expenses to be financed by the District include:

The construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) water and wastewater, drainage, flood and storm protection facilities, library, parks, parkways, park lighting, sidewalks, signage, fire protection and fire suppression facilities, streets and roadways, traffic signals, street lighting, administration and community center facilities, animal shelter facilities, and other public facilities of the City, including the foregoing public facilities which are included in the City's fee programs with respect to such facilities and authorized to be financed under the Mello-Roos Community Facilities Act of 1982, as amended (the "City Facilities") and (ii) water facilities including the acquisition of capacity in the water system of the Rincon Del Diablo Municipal Water District which are included in Rincon Del Diablo Municipal Water District's water capacity and connection fee programs (the "Water District Facilities," and, together with the City Facilities, the "Facilities") and all appurtenances and appurtenant work in connection with the foregoing Facilities, and to finance the incidental expenses to be incurred, including:

a. Engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities;

b. All costs, including costs of the property owner petitioning to form the District, associated with the creation of the District, the issuance of the bonds, the determination of the amount of Special Taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District; and

c. Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

Capitalized terms used and not defined herein shall have the meaning set forth in the Rate and Method of Apportionment of Special Taxes for the District.

ATTACHMENT B

BALLOT PROPOSITIONS

COMMUNITY FACILITIES DISTRICT NO. 2020-2
OF THE CITY OF ESCONDIDO (THE VILLAGES)
SPECIAL TAX AND SPECIAL BOND ELECTION

May 13, 2020

PROPOSITION A: Shall Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (the "District") incur an indebtedness and issue bonds in the maximum principal amount of \$16,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020-25 of the City Council of the City of Escondido?

YES _____

NO _____

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020-25 of the City Council of the City of Escondido be levied to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. 2020-25, including the payment of the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2020-2 be an amount equal to \$16,000,000?

YES _____

NO _____

RESOLUTION NO. 2020-46

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF ESCONDIDO (THE VILLAGES) DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$16,000,000 WITHIN COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF ESCONDIDO (THE VILLAGES) AND CALLING AN ELECTION THEREIN

WHEREAS, on April 8, 2020, the City Council of the City of Escondido (the “City Council”) adopted Resolution No. 2020-25 stating its intention to form Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (“Community Facilities District No. 2020-2” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”); and

WHEREAS, on April 8, 2020, the City Council also adopted Resolution No. 2020-40 stating its intention to incur bonded indebtedness in the amount of up to \$16,000,000 within proposed Community Facilities District No. 2020-2 to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of public facilities identified in Attachment B to Resolution No. 2020-25, and (2) the incidental expenses to be incurred in financing such public facilities and forming and administering the District, as identified in Attachment B to Resolution No. 2020-25; and

WHEREAS, notice was published as required by law relative to the intention of the City Council to form proposed Community Facilities District No. 2020-2 and to incur bonded indebtedness in the amount of up to \$16,000,000 within the boundaries of proposed Community Facilities District No. 2020-2; and

WHEREAS, on May 13, 2020, this City Council conducted a noticed public hearing to determine whether it should proceed with the formation of Community Facilities District No. 2020-2, issue bonds to pay for the facilities and incidental expenses described in Resolution No. 2020-25 and authorize the rate and method of apportionment of a special tax to be levied within Community Facilities District No. 2020-2 for the purposes described in Resolution No. 2020-25; and

WHEREAS, at said hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 2020-2, the levy of a special tax and the issuance of bonds to pay for the cost of the proposed facilities and incidental expenses were heard and a full and fair hearing was held; and

WHEREAS, the City Council subsequent to such hearing adopted Resolution No. 2020-45 establishing Community Facilities District No. 2020-2 (the "Resolution of Formation") and authorizing the financing of the public facilities (the "Facilities") and the incidental expenses (the "Incidental Expenses") described in Attachment B thereto; and

WHEREAS, the City Council desires to make the necessary findings to incur bonded indebtedness within the District, to declare the purpose for said debt, and to authorize the submittal of a proposition to issue bonded indebtedness to the voters of the District, being the landowners within the proposed District, all as authorized and required by law.

BE IT RESOLVED, by the City Council of the City of Escondido that:

SECTION 1. It is necessary to incur bonded indebtedness in a maximum aggregate principal amount not to exceed \$16,000,000 within Community Facilities District No. 2020-2.

SECTION 2. The indebtedness is to be incurred for the purpose of financing the costs of purchasing, constructing, modifying, expanding, improving, or rehabilitating the Facilities and financing the Incidental Expenses, as described in the Resolution of Formation, and carrying out the powers and purposes of Community Facilities District No. 2020-2, including, but not limited to, financing the costs of selling the bonds, establishing and replenishing bond reserve funds and paying remarketing, credit enhancement and liquidity facility fees and other expenses of the type authorized by Section 53345.3 of the Act.

SECTION 3. The whole of the property within Community Facilities District No. 2020-2, other than property exempted from the special tax pursuant to the provisions of the rate and method of apportionment attached to Resolution No. 2020-25 as Attachment C, shall pay for the bonded indebtedness pursuant to the levy of the special tax authorized by the Resolution of Formation.

SECTION 4. The maximum term of the bonds to be issued shall in no event exceed 35 years or such longer term as is then permitted by law.

SECTION 5. The bonds shall bear interest at the rate or rates not to exceed the maximum interest rate permitted by law, payable annually or semiannually, or in part annually and in part semiannually, except the first interest payment may be for a period of less than six months, with the actual rate or rates and times of payment to be determined at the time or times of sale thereof.

SECTION 6. The bonds may bear a variable or fixed interest rate, provided that such variable rate or fixed rate shall not exceed the maximum rate permitted by Section 53531 of the Act, or any other applicable provision of law limiting the maximum interest

rate on the bonds.

SECTION 7. Pursuant to Section 53351 of the Act, a special election is hereby called for Community Facilities District No. 2020-2 on the proposition of incurring the bonded indebtedness. The proposition relative to incurring bonded indebtedness in the maximum aggregate principal amount of \$16,000,000 shall be in the form of Proposition A set forth in Attachment A hereto. In accordance with Sections 53351(h) and 53353.5 of the Act, the election shall be consolidated with the special election called on the proposition of levying a special tax within the District as described in the Resolution of Formation, which proposition shall be in the form of Proposition B set forth in Attachment A, and on the proposition of establishing an appropriations limit for the District, which proposition shall be in the form of Proposition C set forth in Attachment A.

SECTION 8. The date of the special election for Community Facilities District No. 2020-2 on the propositions of incurring the bonded indebtedness, authorizing the levy of the special tax and setting an appropriations limit shall be May 13, 2020, or such later date as is consented to by the City Clerk, or a Deputy City Clerk of the City (referred to herein as the "City Clerk"); provided that, if the election is to take place sooner than 90 days after May 13, 2020, then the unanimous written consent of each qualified elector within the District to such election date must be obtained. The polls shall be open for said election immediately following the public hearing on May 13, 2020. The election shall be conducted by the City Clerk. Except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of Escondido insofar as such provisions are determined by the City Clerk to be applicable. The City Clerk is authorized to conduct the election following the adoption of the

Resolution of Formation, and this resolution and all ballots shall be received by and the City Clerk shall close the election by 6:00 p.m. on the election day; provided the election shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. Pursuant to Section 53326 of the Act, the ballots for the special election shall be distributed in person, or by mail with return postage prepaid, to the qualified electors within Community Facilities District No. 2020-2. It is hereby found that there are fewer than 12 registered voters within the territory of Community Facilities District No. 2020-2 and, pursuant to Section 53351(j) of the Act, the ballots for the special election shall be distributed in person or by mail with return postage prepaid to the landowners of record within Community Facilities District No. 2020-2 as of the close of the May 13, 2020 hearing regarding the formation of Community Facilities District No. 2020-2. Each landowner shall have one vote for each acre or portion thereof that he, she or it owns within Community Facilities District No. 2020-2, as provided in Section 53326 of the Act. The sole landowner within Community Facilities District No. 2020-2 has executed and delivered a waiver of certain election law requirements and consenting to the holding of the election on May 13, 2020, which waiver is on file with the City Clerk.

SECTION 9. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED this 13th day of May, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 13th day of May, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

ATTACHMENT A

BALLOT PROPOSITIONS

COMMUNITY FACILITIES DISTRICT NO. 2020-2
OF THE CITY OF ESCONDIDO (THE VILLAGES)
SPECIAL TAX AND SPECIAL BOND ELECTION

May 13, 2020

PROPOSITION A: Shall Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (the “District”) incur an indebtedness and issue bonds in the maximum principal amount of \$16,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020-25 of the City Council of the City of Escondido?

YES _____

NO _____

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020-25 of the City Council of the City of Escondido be levied to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. 2020-25, including the payment of the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2020-2 be an amount equal to \$16,000,000?

YES _____

NO _____

RESOLUTION NO. 2020-54

RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF ESCONDIDO, CALIFORNIA ACTING IN
ITS CAPACITY AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO (SERVICES)
CERTIFYING ELECTION RESULTS

WHEREAS, the City Council of the City of Escondido called and duly held an election on May 13, 2020, within the boundaries of Community Facilities District No. 2020-1 of the City of Escondido (Services) (“Community Facilities District No. 2020-1” or the “District”) pursuant to Resolution No. 2020-44 for the purpose of presenting to the qualified electors within the District Propositions A and B, attached hereto as Attachment A; and

WHEREAS, there has been presented to this City Council a certificate of the City Clerk or Deputy City Clerk (referred to herein as the “City Clerk”) canvassing the results of the election, a copy of which is attached hereto as Attachment B.

BE IT RESOLVED, by the City Council of the City of Escondido that:

SECTION 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

SECTION 2. Propositions A and B presented to the qualified electors of the District on May 13, 2020 were approved by more than two-thirds of the votes cast at said election and Propositions A and B each has carried. The City Council, acting as the legislative body of the District, is hereby authorized to levy on the land within the District the special tax described in Proposition A for the purposes described therein.

SECTION 3. The City Clerk is hereby directed to record in the Assessor-County Clerk-Recorder's office of the County of San Diego within fifteen days of the date hereof a notice of special tax lien with respect to the District which Bond Counsel to the District shall prepare in the form required by Streets and Highways Code Section 3114.5.

SECTION 4. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED this 13th day of May 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 13th day of May, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

ATTACHMENT A

BALLOT PROPOSITIONS

COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO (SERVICES)
SPECIAL TAX ELECTION

May 13, 2020

PROPOSITION A: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020-24 of the City Council of the City of Escondido be levied to pay for the Services, Incidental Expenses and other purposes described in Resolution No. 2020-24?

YES_____

NO_____

PROPOSITION B: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2020-1 be an amount equal to \$20,000,000?

YES_____

NO_____

ATTACHMENT B

CERTIFICATE OF CITY CLERK
AS TO THE RESULTS OF THE CANVASS OF THE ELECTION RETURNS

I, Zack Beck, City Clerk of the City of Escondido, do hereby certify that I have examined the returns of the Special Tax and Bond Election for Community Facilities District No. 2020-1 (Services) of the City of Escondido (the "City"). The election was held in the Escondido Cultural Center at City Council Chambers at 201 North Broadway, Escondido, California, Escondido, California, on May 13, 2020. I caused to be delivered ballots to each qualified elector. ____ () ballots were returned.

I further certify that the results of said election and the number of votes cast for and against Propositions A and B are as follows:

PROPOSITION A

YES:

NO:

TOTAL:

PROPOSITION B

YES:

NO:

TOTAL:

Dated this 13th day of May 2020.

Zack Beck, City Clerk
City of Escondido

RESOLUTION NO. 2020-55

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF ESCONDIDO (THE VILLAGES) CERTIFYING ELECTION RESULTS

WHEREAS, the City Council of the City of Escondido called and duly held an election on May 13, 2020 within the boundaries of Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (“Community Facilities District No. 2020-2” or the “District”) pursuant to Resolution Nos. 2020-45 and 2020-46 for the purpose of presenting to the qualified electors within the District Propositions A, B and C, attached hereto as Attachment A; and

WHEREAS, there has been presented to this City Council a certificate of the City Clerk or Deputy City Clerk (referred to herein as the “City Clerk”) canvassing the results of the election, a copy of which is attached hereto as Attachment B.

BE IT RESOLVED, by the City Council of the City of Escondido that:

SECTION 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

SECTION 2. Propositions A, B and C presented to the qualified electors of the District on May 13, 2020, were approved by more than two-thirds of the votes cast at said election and Propositions A, B and C each has carried. The City Council, acting as the legislative body of the District, is hereby authorized to levy on the land within the District the special tax described in Proposition B for the purposes described therein and to take the necessary steps to levy the special tax authorized by Proposition B and to issue bonds in an amount not to exceed \$16,000,000 specified in Proposition A.

SECTION 3. The City Clerk is hereby directed to record in the Assessor-County Clerk-Recorder's office of the County of San Diego within fifteen days of the date hereof a notice of special tax lien with respect to the District which Bond Counsel to the District shall prepare in the form required by Streets and Highways Code Section 3114.5.

SECTION 4. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED this 13th day of May, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 13th day of May, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

ATTACHMENT A

BALLOT PROPOSITIONS
COMMUNITY FACILITIES DISTRICT NO. 2020-2
OF THE CITY OF ESCONDIDO (THE VILLAGES)
SPECIAL TAX AND SPECIAL BOND ELECTION

May 13, 2020

PROPOSITION A: Shall Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (the "District") incur an indebtedness and issue bonds in the maximum principal amount of \$16,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020-25 of the City Council of the City of Escondido?

YES _____

NO _____

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020-25 of the City Council of the City of Escondido be levied to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. 2020-25, including the payment of the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2020-2 be an amount equal to \$16,000,000?

YES _____

NO _____

ATTACHMENT B

CERTIFICATE OF CITY CLERK
AS TO THE RESULTS OF THE CANVASS OF THE ELECTION RETURNS

I, Zack Beck, City Clerk of the City of Escondido, do hereby certify that I have examined the returns of the Special Tax and Bond Election for Community Facilities District No. 2020-2 (The Villages) of the City of Escondido (the "City"). The election was held in the City Council Chambers at 201 North Broadway, Escondido, California, on May 13, 2020. I caused to be delivered ballots to each qualified elector. ____ (__) ballots were returned.

I further certify that the results of said election and the number of votes cast for and against Propositions A, B and C are as follows:

<u>PROPOSITION A</u>	<u>PROPOSITION B</u>	<u>PROPOSITION C</u>
YES:	YES:	YES:
NO:	NO:	NO:
TOTAL:	TOTAL:	TOTAL:

Dated this 13th day of May, 2020.

Zack Beck, City Clerk
City of Escondido

RESOLUTION NO. 2020-53

RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF ESCONDIDO, ACTING AS THE
LEGISLATIVE BODY OF COMMUNITY
FACILITIES DISTRICT NO. 2020-2 OF THE CITY
OF ESCONDIDO (THE VILLAGES), REGARDING
ITS INTENTION TO ISSUE TAX-EXEMPT BONDS

WHEREAS, the City Council (the “City Council”) of the City of Escondido (the “City”) has heretofore adopted Resolution No. 2020-25 (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (“Community Facilities District No. 2020-2” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”) to finance certain facilities and incidental expenses as described in the Resolution of Intention (the “Facilities”); and

WHEREAS, on May 13, 2020, following a duly noticed public hearing, the City adopted Resolution No. 2020-45 (the “Resolution of Formation”) and Resolution No. 2020-46 (the “Resolution of Necessity to Incur Indebtedness”) and called a landowner election within the boundaries of the District regarding the formation of the District, the levying of a special tax within the boundaries of the District (the “Special Taxes”), and authorizing the District to incur bonded indebtedness in the amount of up to \$16,000,000 (the “Bonds”) therein to finance the facilities and incidental expenses described in Resolution of Formation; and

WHEREAS, on May 13, 2020, the landowners within the District voted to authorize the Special Taxes and Bonds; and

WHEREAS, the District intends to finance the acquisition, construction,

reconstruction and/or equipping of the Facilities with the proceeds of the sale of Bonds secured by the Special Taxes levied within the District, the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations the District desires to incur certain capital expenditures (the “Expenditures”) with respect to the Facilities from available moneys of the District; and

WHEREAS, the City Council, as the legislative body of the District, has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the District for the Expenditures from the proceeds of the Obligations.

BE IT RESOLVED, by the City Council of the City of Escondido, acting as the legislative body of Community Facilities District No. 2020-2 of the City of Escondido (The Villages), that:

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Facilities costs incurred prior to the issuance of the Obligations with proceeds of the Obligations.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$16,000,000.

SECTION 3. This resolution is being adopted not later than 60 days after the payment of the original Expenditures (the “Expenditures Dates or Dates”).

SECTION 4. The District will make a reimbursement allocation, which is a written allocation that evidences the District’s use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure

is paid or the Facilities are placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. If both the District and a licensed architect or engineer certify that at least 5 years is necessary to complete construction of the Facilities, the maximum reimbursement period is changed from 3 years to 5 years.

SECTION 5. Each Expenditure will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Obligations, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the District so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the District.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the District, as of the date hereof. No moneys from sources other than the Obligations are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Facilities costs. To the best of our knowledge, this City Council is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. This resolution is adopted as official action of the District in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures

incurred prior to the date of issue of the Obligations.

SECTION 8. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Facilities for which the preliminary expenditures were incurred.

SECTION 9. All the recitals in this resolution are true and correct and this City Council so finds, determines and represents.

PASSED AND ADOPTED this 13th day of May, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 13th day of May, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

ORDINANCE NO. 2020-10

ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF ESCONDIDO, CALIFORNIA ACTING IN
ITS CAPACITY AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO (SERVICES)
AUTHORIZING THE LEVY OF SPECIAL TAXES

WHEREAS, on April 8, 2020, the City Council (the “City Council”) of the City of Escondido (the “City”) adopted Resolution No. 2020-24 (the “Resolution of Intention”) declaring its intention to form Community Facilities District No. 2020-1 of the City of Escondido (Services) (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”), and designating a Future Annexation Area (as defined in the Resolution of Intention) thereof; and

WHEREAS, on May 13, 2020, after providing all notice required by the Act, the City Council conducted a noticed public hearing required by the Act relative to the proposed formation of the District and the proposed levy of a special tax therein to finance certain services described in Resolution No. 2020-44 (the “Resolution of Formation”); and

WHEREAS, at the May 13, 2020 public hearing, all persons desiring to be heard on all matters pertaining to the formation of the District, the designation of the Future Annexation Area and the proposed levy of the special tax to finance the services described in the Resolution of Intention were heard and a full and fair hearing was held; and

WHEREAS, on May 13, 2020, the City Council adopted the Resolution of Formation which formed the District, established the Future Annexation Area and called a special election within the District on May 13, 2020, on two propositions relating to the

levy of a special tax within the District and the establishment of an appropriations limit within the District; and

WHEREAS, on May 13, 2020, a special election was held within the District at which the qualified electors approved by more than a two-thirds vote Propositions A and B authorizing the levy of a special tax within the District for the purposes described in Resolution of Formation and establishing an appropriations limit for the District.

BE IT ORDAINED, by the City Council of the City of Escondido that:

SECTION 1. The above recitals are all true and correct.

SECTION 2. By the passage of this Ordinance, the City Council authorizes and levies special taxes within the District pursuant to Sections 53328 and 53340 of the Act at the rates and in accordance with the rate and method of apportionment set forth in Attachment C to the Resolution of Intention, which is incorporated by reference herein (the "Rate and Method"). The special taxes are hereby levied commencing in the fiscal year specified in the Rate and Method and in each fiscal year thereafter until payment of all costs of the services authorized to be financed by the District, and payment of all costs of administering the District.

SECTION 3. Each of the Mayor, the City Manager, or their written designees (each, an "Authorized Officer"), acting alone, is hereby authorized and directed each fiscal year to determine the specific special tax rates and amounts to be levied in such fiscal year on each parcel of real property within the District, in the manner and as provided in the Rate and Method. The special tax rate levied on a parcel pursuant to the Rate and Method shall not exceed the maximum rate set forth in the Rate and Method for such parcel, but the special tax may be levied at a lower rate. Each Authorized Officer is hereby

authorized and directed to provide all necessary information to the Treasurer-Tax Collector of the County of San Diego and to otherwise take all actions necessary in order to effect proper billing and collection of the special tax, so that the special tax shall be levied and collected in sufficient amounts and at times necessary to satisfy the financial obligations of the District in each fiscal year.

SECTION 4. Properties or entities of the state, federal or other local governments shall be exempt from the special tax, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and Section D of the Rate and Method. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the Resolution of Formation or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of apportionment or an existing special tax as provided in Section 53334 of the Act.

SECTION 5. All of the collections of the special tax shall be used as provided for in the Act, the Rate and Method and the Resolution of Formation.

SECTION 6. The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by this City Council from time to time.

SECTION 7. The Mayor of the City shall sign this Ordinance and the City Clerk or Deputy City Clerk (referred to herein as the "City Clerk") shall attest to the Mayor's

signature and then cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated in the City of Escondido.

SECTION 8. The specific authorization for adoption of this Ordinance is pursuant to the provisions of Section 53340 of the Act.

SECTION 9. The City Clerk is hereby authorized to transmit a certified copy of this ordinance to the Treasurer-Tax Collector of the County of San Diego, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

SECTION 10. A full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

SECTION 11. This Ordinance shall take effect thirty days after its final passage.

PASSED AND ADOPTED this ____ day of _____, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Ordinance was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the ___ day of _____, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

ORDINANCE NO. 2020-11

ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF ESCONDIDO, CALIFORNIA ACTING IN
ITS CAPACITY AS THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 2020-2
OF THE CITY OF ESCONDIDO (THE VILLAGES)
AUTHORIZING THE LEVY OF SPECIAL TAXES

WHEREAS, on April 8, 2020, the City Council (the "City Council") of the City of Escondido (the "City") adopted Resolution No. 2020-25 declaring its intention to form Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and its Resolution No. 2020-40 declaring its intention to incur bonded indebtedness for the District; and

WHEREAS, on May 13, 2020, after providing all notice required by the Act, the City Council conducted a noticed public hearing required by the Act relative to the proposed formation of the District, the proposed levy of a special tax therein to finance certain public facilities described in Resolution No. 2020-45 (the "Resolution of Formation") and to secure the payment of any bonded indebtedness of the District, and the proposed issuance of up to \$16,000,000 of bonded indebtedness as described in Resolution No. 2020-46 (the "Resolution of Necessity to Incur Indebtedness"); and

WHEREAS, at the May 13, 2020 public hearing, all persons desiring to be heard on all matters pertaining to the formation of the District and the proposed levy of the special tax to finance the facilities described in Resolution No. 2020-25 and to secure the payment of up to \$16,000,000 of bonded indebtedness of the District as described in

Resolution No. 2020-40 (the “Bonds”) were heard and a full and fair hearing was held; and

WHEREAS, on May 13, 2020, the City Council adopted the Resolution of Formation and the Resolution of Necessity to Incur Indebtedness which formed the District and called a special election within the District on May 13, 2020, on three propositions relating to the levy of a special tax within the District, the issuance of the Bonds and the establishment of an appropriations limit within the District; and

WHEREAS, on May 13, 2020, a special election was held within the District at which the qualified electors approved by more than a two-thirds vote Propositions A, B and C authorizing the levy of a special tax within the District for the purposes described in Resolution No. 2020-25, the issuance of the Bonds as described in Resolution No. 2020-40 and establishing an appropriations limit for the District.

BE IT ORDAINED, by the City Council of the City of Escondido that:

SECTION 1. The above recitals are all true and correct.

SECTION 2. By the passage of this Ordinance, the City Council authorizes and levies special taxes within the District pursuant to Sections 53328 and 53340 of the Act at the rates and in accordance with the rate and method of apportionment set forth in Attachment C to Resolution No. 2020-25, which is incorporated by reference herein (the “Rate and Method”). The special taxes are hereby levied commencing in the fiscal year specified in the Rate and Method and in each fiscal year thereafter until payment in full of the Bonds (including any bonds issued to refund the Bonds), payment of all costs of the public facilities authorized to be financed by the District, and payment of all incidental

expenses to be incurred in financing such public facilities and forming and administering the District.

SECTION 3. Each of the Mayor, the City Manager, or their written designees (each, an “Authorized Officer”), acting alone, is hereby authorized and directed each fiscal year to determine the specific special tax rates and amounts to be levied in such fiscal year on each parcel of real property within the District, in the manner and as provided in the Rate and Method. The special tax rate levied on a parcel pursuant to the Rate and Method shall not exceed the maximum rate set forth in the Rate and Method for such parcel, but the special tax may be levied at a lower rate. Each Authorized Officer is hereby authorized and directed to provide all necessary information to the Treasurer-Tax Collector of the County of San Diego and to otherwise take all actions necessary in order to effect proper billing and collection of the special tax, so that the special tax shall be levied and collected in sufficient amounts and at times necessary to satisfy the financial obligations of the District in each fiscal year, and with respect to Special Tax, until the Bonds are paid in full, the facilities have been paid for, and provision has been made for payment of all of the administrative costs of the District.

SECTION 4. Properties or entities of the state, federal or other local governments shall be exempt from the special tax, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and Section F of the Rate and Method. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the Resolution of Formation or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of apportionment or an existing special tax as provided in Section 53334 of the Act.

SECTION 5. All of the collections of the special tax shall be used as provided for in the Act, the Rate and Method and the Resolution of Formation.

SECTION 6. The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by this City Council from time to time.

SECTION 7. As a cumulative remedy, if any amount levied as a special tax for payment of the interest or principal of the Bonds (including any bonds issued to refund the Bonds), together with any penalties and other charges accruing under this Ordinance, are not paid when due, the City Council may, not later than four years after the due date of the last installment of principal on the Bonds (including any bonds issued to refund the Bonds), order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax, as authorized by the Act.

SECTION 8. The Mayor of the City shall sign this Ordinance and the City Clerk or Deputy City Clerk (referred to herein as the "City Clerk") shall attest to the Mayor's signature and then cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated in the City of Escondido.

SECTION 9. The specific authorization for adoption of this Ordinance is pursuant to the provisions of Section 53340 of the Act.

SECTION 10. The City Clerk is hereby authorized to transmit a certified copy of this ordinance to the Treasurer-Tax Collector of the County of San Diego, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

SECTION 11. A full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

SECTION 12. This Ordinance shall take effect thirty days after its final passage.

PASSED AND ADOPTED this ____ day of _____, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Ordinance was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the ___ day of _____, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

CITY COUNCIL STAFF REPORT

Current Business Item No. 8

May 13, 2020

File No. 0865-60

SUBJECT: A COVID-19 Emergency Business Recovery Strategy

DEPARTMENT: Economic Development and Community Development

RECOMMENDATION:

It is requested that the City Council:

1. Approve a local Business Recovery Strategy implementing temporary regulatory and non-regulatory measures to assist business economic recovery efforts arising out of the Local Emergency related to the COVID-19 pandemic outbreak;
2. Provide input and direction to staff on additional measures to support local business in their economic recovery efforts; and
3. Direct staff to bring forth an Urgency Ordinance on May 20, 2020, adopting recommended regulatory relief measures.

FISCAL ANALYSIS:

Staff time to develop and implement the Business Recovery Strategy is not anticipated to be significant, and falls within the parameters of current staffing capabilities. It is unknown at this time what, if any, fiscal impact the adoption of certain strategies will have on the City of Escondido ("City"). For example, Escondido may experience temporary revenue losses due to postponing utility disconnections when customers affected by COVID-19 delay submitting utility payments. In addition, Engineering and Public Works costs to implement recommendations allowing for expanded dining and retail areas in the public right-of-way will vary on a case-by-case basis subject to the number of requests.

It is not known how long it will take to recover financially from the impacts of COVID-19. The true economic effects of the pandemic and the shuttering of local businesses resulting in declining revenues are only beginning to unfold. Addressing these complex local challenges warrants a deep rethinking of municipal policies, financing mechanisms, and governance. Organizing a strategy that combines safety, flexibility, accommodation, growth, inclusion, and the City's various policies and regulations will help mobilize and rebuild our local economy.

PREVIOUS ACTIONS:

On March 16, 2020, pursuant to Chapter 7 of the Escondido Municipal Code, the City Manager, acting in his capacity as the Director of Emergency Services ("Director"), issued a Local Emergency Proclamation related to the COVID-19 pandemic.

On March 18, 2020, pursuant to Resolution No. 2020-01, the City Council ratified the Director's Proclamation and issued its own Local Emergency Proclamation (Attachment 1).

On April 8, 2020, the City Council considered and approved an Urgency Ordinance to grant temporary eviction protection for both commercial and residential tenants impacted by COVID-19.

BACKGROUND:

Local Emergency Related to COVID-19

COVID-19, a novel coronavirus that causes infectious disease, was detected in December 2019 and has spread throughout the world. The disease is spread through person-to-person contact between people who are in close proximity with others, and through respiratory droplets when a person coughs or sneezes, even when that person is asymptomatic.

There have been numerous deaths attributed to COVID-19 in the United States and around the world. Health agencies have recommended various protective measures to reduce the likelihood of transmission of the virus. The World Health Organization identified the present circumstances as a pandemic on March 11, 2020.

The President of the United States, the State of California, the County of San Diego, and all local cities in the County issued proclamations and declarations of emergency and adopted various measures to address the myriad of economic consequences of this event. On March 19, 2020, Governor Newsom issued Executive Order N-33-20 (Attachment 2) which effectively operated as a stay-at-home order for an undefined period prohibiting non-essential travel and the gathering of groups of persons. The Order closed bars, restaurants, and numerous places that provided employment to City residents and materially affected the ability of businesses to pay their commercial lease, utilities, payroll, and debt service obligations in a timely manner. These events, including the length of the state orders are circumstances beyond the control of local businesses.

In addition to the severe impact this pandemic has caused on Escondido's ability to perform and deliver necessary services to its residents, the City is currently experiencing a substantial financial impact from dramatically reduced sales tax and related revenue streams affecting the General Fund. Local and national unemployment claims have skyrocketed, and the City has received several notices pursuant to California Labor Code Sections 1401, *et. seq.* ("WARN Act") regarding mass layoffs at numerous Escondido businesses and food establishments.

Although the full economic impact of COVID-19 is yet to be calculated, these events provide evidence that there has been a substantial effect on the ability of City residents to remain employed and earn sufficient income to pay rent, buy food, cover normal monthly bills, which has significantly curtailed spending, events, and tourism. The scale of the challenge and uncertainties to small and large businesses during this crisis is daunting and warrants a City response.

Local Economic Recovery Efforts

Businesses are facing extreme economic challenges and uncertainty due to COVID-19. In response, financial relief and loan programs at the federal and state level aim to meet the needs of businesses. Beyond federal and state governments, local agencies are getting involved as well. On April 16, 2020, the City Manager launched an Economic Recovery Task Force consisting of multidisciplinary staff from various departments to work in partnership with the San Diego North Economic Development Council, Innovate78, and key industry stakeholders to develop a Business Recovery Strategy to serve as a roadmap for Escondido's economic recovery. The City opted to pursue this avenue for economic recovery in lieu of a Citizen's Advisory Committee in order to move quickly based upon updated Public Health Orders, City operational considerations, and in concert with industry and workforce feedback.

The following is a chronological summary of the City's economic recovery efforts thus far:

- The City's Economic Development Division created an Economic Recovery Matrix to identify and track efforts that the City has undertaken since March 12, 2020, to support businesses and residents. The matrix includes measures that have already been implemented, as well as measures that are in progress, under consideration, and those determined not feasible (Attachment 3). This matrix is intended to be a 'living document' with additional measures and strategies incorporated as they arise.
- The City ceased utility disconnections for non-payment and waived reconnection fees on March 12, 2020.
- The City launched an on-line resource "[Support Local Food and Drink](#)" on March 18, 2020, that provided the community with information on local farms, breweries, wineries, and restaurants offering food and beverages to-go, curbside pickup, and/or delivery. This included a list of the establishments as well as an interactive map.
- The San Diego North Economic Development Council, the North County Chambers of Commerce, and North County City Economic Developers began convening joint weekly meetings on March 19, 2020, to discuss updates and information on federal, state, and local economic recovery programs.
- The City ceased issuing tickets for street sweeping on March 20, 2020, after the Stay at Home Order was issued.
- The Escondido Chamber of Commerce invited City Economic Development staff and the U.S. Small Business Administration to discuss local, state, and federal programs, gather feedback, and share business best practices with their membership on April 3 and April 9, 2020.

- San Diego County Vice-Chairman Desmond and the San Diego North Economic Development Council convened a North County Economic Recovery Workgroup on April 15 and April 28, 2020, that included City Economic Development staff and key local industry stakeholders from Escondido to discuss stakeholder business perspectives, requests, and operational needs.
- The City Manager appointed a multidisciplinary City Re-Opening Workgroup on April 21, 2020, to develop recommendations for re-opening City facilities in a phased approach including operational practices that ensure the health and safety of employees and the public.
- Economic Development staff collaborated with the Chamber of Commerce and Downtown Business Association on April 27, 2020, to gather feedback from industry stakeholders regarding the proposed Business Recovery Strategy recommendations.
- The City partnered with the Chamber of Commerce to launch the on-line community resource “[Escondido Eats](#)” on May 1, 2020, available for all local food and drink establishments to share meal and beverage promotions, discounts and specials on a centralized calendar.
- Economic Development staff worked closely with staff in the City’s Engineering, Planning, Attorney, Police and Fire Departments, Innovate78, and the San Diego North Economic Development Council to develop a comprehensive Business Recovery Strategy that includes recommendations for regulatory relief allowing local businesses to meet the requirements set forth by the State and County Public Health Orders.

ANALYSIS AND DISCUSSION:

General City Police Powers

There is a legitimate basis for concluding that adverse economic consequences were caused by the COVID-19 related pandemic and instituted stay-at-home orders. Shuttering local schools and businesses has resulted in a higher unemployed workforce, a dramatic downturn in local spending, repercussions from the inability to meet financial obligations, social distancing and prohibitions on large gatherings, and a general fear of contracting the coronavirus. These circumstances constitute a legitimate rationale for exercising immediate local measures for ensuring public health, safety and general welfare by adopting a Business Recovery Strategy that is unique to Escondido.

The California Constitution Art XI, § 7 provides that “a county or city may make and enforce within its limits all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” Generally referred to as “police powers,” local and state governments may enact laws to protect the public safety, health, comfort and general welfare of its residents. The laws must be reasonably related to the legitimate protection and promotion of a public good such as the health and welfare of its residents.

In addition to the state constitutional authority for local health and safety laws, state law allows local agencies to enact regulations necessary for the protection of life and property. Government Code Section 8634 provides in relevant part that during a local emergency, the governing body may promulgate orders and regulations “necessary to provide for the protection of life and property” provided such orders and regulations are in writing and given widespread publicity and notice.

Conceptual Business Recovery Strategy Recommendations

Businesses are an important part of the fabric of our Escondido community. Recovery from the COVID-19 coronavirus crisis, stay-at-home orders, and continuing social distancing protocols will require the City to address multiple dimensions of development and business activity. At the City Council meeting on May 13, 2020, staff will provide an overview of the recommended conceptual business recovery measures. This presentation will allow the City Council an early opportunity to review the following measures, ask questions, provide comments and additional direction to staff prior to finalizing a local Business Recovery Strategy, tailored to Escondido’s needs, which is intended to complement, not supplant or contradict, the existing Public Health Orders.

Non-regulatory measures:

1. **Business Ombudsman Program.** It is important to have a liaison to connect constituents to local, state, and federal resources. Staff recommend adjusting operations as needed to prioritize this service and establishing a “*City Business Ombudsman Program*” wherein Economic Development staff would work with the Communications Department to advertise newly adopted temporary regulatory relief measures and collect new ideas for systematic implementation on an ad-hoc basis.
2. **“Jumpstart Small Businesses” Program.** As a resource to help the unemployed workforce who desire to pivot their skills by starting a small business, staff recommend leveraging the City’s partnership with the San Diego and Imperial Small Business Development Center, San Diego North Economic Development Council, and Innovate78 collaborative to launch “*Jumpstart Small Businesses.*” This effort would include offering online business classes, tools, and support for local residents who want to transform their business idea from a concept into a thriving small business.
3. **Permit Time Limit Extension Program.** Due to the COVID-19 coronavirus crisis, many projects have encountered an unforeseeable delay in the application and construction process. Staff recommend retroactively tolling all Municipal Code provisions and other time limits imposed regarding the City’s time to act on filed applications or existing entitlements for one year. This measure would extend approvals that would otherwise expire during the effective period of the Program, and extend the time limits that apply to projects that would otherwise expire after the March 18, 2020 proclamation. The Program would “freeze” the time limits for a period of one year to give property owners, applicants, and contractors additional time to complete their work due to various delay factors beyond their control.

Regulatory measures:

1. **Temporary Signage Relief.** Temporary signs are permitted for display up to a maximum of sixty days per calendar year per business, not to exceed thirty consecutive days at any time. COVID-19 restrictions on businesses have necessitated additional signage regarding business hours or closures, and recovery efforts will involve signage outlining revised operating conditions. In consideration of this need, staff recommend temporary banner signs and suspending the current display time limits. Because additional signage may be compulsory for most business, this measure would include suspending any permitting requirement associated with temporary banner signs. The City Council could also consider allowing a temporary increase of allowable signage. However, it is recommended that other types of temporary signs (such as feather flags) that are not reasonably associated with the COVID-19 coronavirus crisis or social distancing practices would continue to be processed and regulated under the existing rules. This measure would be effective for one year, or until the emergency order and social distancing requirements are lifted.
2. **Alcohol Sales Relief.** In some cases, the City's permit restrictions for restaurants do not allow for off-sale or delivery of alcohol. The Department of Alcoholic Beverages ("ABC") has, through a series of Notices of Regulatory Relief (collectively "ABC Notices"), temporarily suspended enforcement of certain legal prohibitions relating to the off-site sale of alcohol by ABC licensed restaurants. The ABC Notices provide that bona fide eating places (i.e. restaurants) selling beer, wine and pre-mixed drinks or cocktails for consumption on the premises pursuant to an ABC license, may sell alcohol for off premise consumption in conjunction with meals prepared for pick-up or delivery. However, the ABC Notices do not exempt licensees from local ordinances, zoning restrictions or conditional use permits which the ABC has no jurisdiction or control. The City Council could support local restaurants by suspending the City's local permit restrictions that prevent off-site sale and delivery of alcohol during the state of emergency. This measure would be effective for the duration as specified by the ABC Notices.
3. **Outdoor Display and Sale Events Relief.** Outdoor display and sales of merchandise in parking lots are generally limited to three days during a three-month period, subject to the terms and limitations of the Zoning Code. The purpose of this article is to encourage the economic vitality of established commercial areas by affording increased merchandise visibility. To accommodate social distancing guidelines, staff recommend suspending these time limits temporarily to allow more and longer outdoor displays and sale events. Under this measure, staff still recommend a permitting process (i.e. temporary use permit) to ensure that parking lot sale events satisfy basic safety standards and do not compromise the integrity of on-site vehicle operations. This measure would be effective for one year, or until the emergency order and social distancing requirements are lifted.

4. **Repurposing Off-Street Parking Provisions.** Restaurants in several states have begun offering on premise dining, or plan to do so in the near future. California will soon follow suit, with dining areas limited to between 25 percent to 50 percent capacity thresholds in order to maintain social distancing protocols. The on premise dining restrictions will adversely affect restaurants' profitability. With lower levels of restaurant capacity and patronage, customer-parking areas may be underutilized. Staff recommend the following business relief measures, which could be implemented as needed over the next year, or until the emergency order and social distancing requirements are lifted:
 - a. The City would establish a program designating underutilized parking spaces to facilitate Restaurant Carryout Zones. This would provide restaurants with dedicated parking spaces so they can continue advertising and selling meals for pick-up. The City could temporarily waive parking requirements and wayfinding signage requirements to help facilitate this objective. A similar approach for retail establishments who want to establish dedicated parking spaces for product pick-up would also be considered.
 - b. The City would establish a program designating underutilized parking spaces for outdoor dining areas. This would allow large shopping centers on private property to remove spaces and repurpose the spaces to accommodate temporary outdoor cafes. Under this measure, City staff recommends a permitting process (i.e. temporary use permit) to ensure that outdoor dining areas satisfy basic safety standards and do not compromise the integrity of on-site vehicle operations.
5. **Repurposing On-Street Parking.** Under existing regulations, the display of merchandise within the public right-of-way is permissible only within the Downtown Retail Core District subject to approval of an encroachment permit and compliance with City standards. Outdoor dining is also limited to 300 square feet in other areas of the City on private property, or in the public right-of-way with an encroachment permit. Staff recommend allowing businesses and restaurants to expand their outdoor operations beyond the City's current standards on a case-by-case basis through the following strategies:
 - a. "Parklets" would serve as expanded outdoor dining areas in on-street curbside parking spots adjacent to restaurants and/or businesses that have an approved food and/or beverage permit and subject to defined standards including adequate vehicle sight distancing and protective barriers. Ideally, Parklets would be permitted on streets where the speed limit is no higher than 30 MPH and less than 12,000 Average Daily Trips. For that reason, Parklets would likely be limited to the Downtown area.
 - b. The City would allow businesses exclusive use of adjacent on-street curbside parking spaces for expanding service delivery to patrons or Restaurant Carryout Zones utilizing appropriate signage for designation.
 - c. The City would allow businesses to provide additional outdoor display areas for selling goods and conducting more outdoor transactions than currently permitted.

6. **Full or Partial Closure of Grand Avenue.** On a larger scale, the City could implement a partial or full closure of a segment of Grand Avenue to allow for expanded retail and dining options in the public right-of-way and adjacent traffic lane(s) in both directions. This is similar to the aforementioned measure to repurpose on street curbside parking. If a full closure of Grand Avenue were to occur, the local business community has expressed interest in establishing a secured area for a beer and wine garden.
7. **Permitted accessory uses in industrial zones.** Under existing Zoning regulations, sales and services in industrial zones are permitted to occupy no more than 15 percent of the gross building square footage. Staff recommend temporarily rescinding the City's current standard to accommodate compliance with social distancing protocols. This measure would be effective for one year, or until the emergency order and social distancing requirements are lifted.

Industry Feedback

During the course of developing the conceptual Business Recovery Strategy, ideas and input were gathered in multiple ways, including from partnerships with local stakeholders, and discussions with staff in neighboring communities who shared their local challenges and best practices. Economic Development staff collaborated with the Escondido Chamber of Commerce and the Downtown Business Association to conduct an online survey from April 27, 2020, through May 5, 2020 (Attachment 4). The survey provided industry feedback regarding the Business Recovery Strategy recommendations, and an understanding of business preferences on how the City may support operators in compliance with updated Public Health Order restrictions anticipated in the future.

Of the 31 respondents who provided feedback, those representing businesses on Grand Avenue strongly supported a partial and/or full temporary closure of Grand Avenue to allow for the adjacent curbside parking areas and traffic lanes to be used for the Parklet dining and retail concept.

The City requested feedback regarding designating portions of City public parking lots for temporary outdoor dining and retail spaces. The majority of responding businesses did not support this recommendation, therefore, it is not included in the Business Recovery Strategy. Further, there was low interest in offering dining options in Maple Street Plaza and/or the Juniper/Grand mini-park.

In addition, the City received a comment regarding Cruisin' Grand, a signature Escondido event. If a partial or full temporary closure of Grand Avenue were to occur, the City would work with the dining and retail operators on Grand Avenue and the Cruisin' Grand organizer to ensure this signature event is not adversely impacted.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The Business Recovery Strategy is exempt from CEQA under Public Resources Code section 21080(b)(4) and CEQA Guidelines section 15269(c), as a project undertaken to prevent or mitigate an emergency.

CONCLUSION/NEXT STEPS:

The purpose of the May 13, 2020 meeting is for the City Council to review the conceptual business recovery measures, hear public comment, ask questions, and ultimately confirm next steps for implementing the Business Recovery Strategy. If one or more of the recommended measures are endorsed, staff will return to the City Council on May 20, 2020, with an Urgency Ordinance, which would allow the measures to be effective immediately.

The implementation of a Business Recovery Strategy coincides with the implementation of the new *Cityworks* software platform that will significantly improve the processing of development applications by creating efficiencies, and improving processes, to meet the needs of City staff and the community. The web portal will allow for faster turnaround times, more self-service options, remote document exchange, payments, status updates, cost savings, etc., while complying with social distancing guidelines. Although this new software program has been anticipated for some time, its administration and implementation will have an important role in the Business Recover Strategy and the City's response to the COVID-19 pandemic. The go-live date of *Cityworks* is scheduled for implementation on July 1, 2020.

Business recovery efforts could be lengthy and complex, as it must account for uncertainties about future conditions and potential impacts. Therefore, there might be adjustments, or different phases of business recovery implementation. The focus on outcomes also encourages monitoring and evidence-based assessments. Approval of the Business Recovery Strategy will include staff's monitoring of the adopted strategies, reporting on progress made, and identifying improvements and/or additional measures for implementation as needed.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jay Petrek, Assistant City Manager
5/6/20 3:20 p.m.

Mike Strong, Director of Community Development
5/7/20 10:45 a.m.

Amber Tarrac, Deputy Director of Economic Development
5/6/20 3:21 p.m.

ATTACHMENTS:

1. Attachment 1 – City Council Resolution No. 2020-01
2. Attachment 2 – Governor's Executive Order N-33-20
3. Attachment 3 – Economic Recovery Matrix
4. Attachment 4 – Retail and Dining Business Survey Results

COUNCIL PROCLAMATION NO. 2020-01

A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF ESCONDIDO DECLARING A
LOCAL EMERGENCY EXISTS
THROUGHOUT THE CITY

WHEREAS, on March 16, 2020, pursuant to Chapter 7 of the Escondido Municipal Code, and specifically Section 7-6(a)(1), the City Manager, in his role as the Director of Emergency Services ("Director"), was authorized to and did in fact issue a proclamation, Proclamation No. 2020-01, of the existence or threatened existence of an emergency when the City Council was not in session; and

WHEREAS, at the time of the Director's Proclamation No. 2020-01, the City Council had adjourned to their next scheduled session noticed for Wednesday, March 18, 2020; and

WHEREAS, a novel coronavirus referred to as COVID-19, which causes infectious disease, was first detected in December 2019, and has now spread throughout the world; and

WHEREAS, the COVID-19 disease is believed to be spread through person-to-person contact between people who are in close proximity with others up to 6 feet and through respiratory droplets when a person coughs or sneezes, even when that person is asymptomatic; and

WHEREAS, according to the Centers for Disease Control and Prevention (CDC) there have been numerous deaths attributed to COVID-19 in the United States; and

ATTACHMENT 1

WHEREAS, on January 31, 2020, the U.S. Secretary of Health and Human Services declared a public health emergency related to the COVID-19 outbreak pursuant to Section 319 of the Public Health Service Act; and

WHEREAS, on February 19, 2020, the San Diego County Board of Supervisors ratified the Declaration of Local Health Emergency and Proclamation of Local Emergency arising out of the COVID-19 outbreak; and

WHEREAS, various health organizations throughout the world, including the CDC and the World Health Organization (WHO), consider the COVID-19 virus to be a very serious health threat, a “public health emergency of international concern,” and as of March 11, 2020, the WHO identified it as a pandemic; and

WHEREAS, on March 4, 2020, California Governor Gavin Newsom proclaimed a State of Emergency to exist in the State of California as a result of the threat of COVID-19; and

WHEREAS, on March 12, 2020, Governor Newsom issued Executive order N-25-20 which, in part, took various actions pursuant to the Emergency Services Act (Government Code Sections 8550, *et. seq.*) including an order to all residents “to heed any orders and guidance of state and local public health officials, including the imposition of social distancing measures, to control the spread of COVID-19;” and

WHEREAS, according to various current public health directives, guidelines, and recommendations, gatherings of more than 50 people should be cancelled or postponed and all smaller events should proceed only if a six foot separation of participants can be observed; and

ATTACHMENT 1

WHEREAS, on March 13, 2020, Donald J. Trump, President of the United States, issued a Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak; and

WHEREAS, on March 13, 2020, the County of San Diego Office of Education announced multiple school closures effective March 16, 2020, and school districts and colleges throughout the County of San Diego initiated school closing orders for their schools for durations of approximately one month; and

WHEREAS, the COVID-19 virus has the potential to severely impact the necessary services performed by the City of Escondido, including the response times for police and fire department personnel, the holding of public meetings, as well as the regular functioning of City business should city staff and employees be infected or additional orders of quarantine be implemented; and

WHEREAS, the potential spread of the COVID-19 virus poses an extreme peril to the safety of persons and property within the City of Escondido and such conditions will continue to directly affect the safety of all persons within the City for the near future and are beyond the control of the services, personnel, equipment and facilities of the City.

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

1. That the above recitations are true and correct.
2. That the Director of Emergency Services had authority to, and did in fact properly, issue Proclamation No. 2020-01 on March 16, 2020, declaring a local

ATTACHMENT 1

emergency in the City of Escondido pursuant to Chapter 7 of the Escondido Municipal Code, which such action is hereby ratified.

3. That the City Council hereby finds, declares and proclaims that a local emergency currently exists, has existed since on or about March 13, 2020, and will continue to exist for an unknown period in the City of Escondido due to the continued spread of the COVID-19 virus and the collateral consequences of the virus on residents, businesses, health care providers, social service agencies, and City personnel.
4. That during the existence of this local emergency, the powers, functions and duties of the Disaster Council and Director of Emergency Services established by Chapter 7 of the Escondido Municipal Code, those of the full City Council, and those of all City employees, including police and fire department personnel, shall be those as prescribed by state law and the ordinances and resolutions of the City of Escondido.
5. That this emergency Council Proclamation shall expire upon a Resolution by the City Council of the City of Escondido, or as otherwise required by law.

Dated: _____

3/18/2020

By: _____

Paul M. McNamara

Paul McNamara, Mayor
City of Escondido

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-33-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS in a short period of time, COVID-19 has rapidly spread throughout California, necessitating updated and more stringent guidance from federal, state, and local public health officials; and

WHEREAS for the preservation of public health and safety throughout the entire State of California, I find it necessary for all Californians to heed the State public health directives from the Department of Public Health.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8627, and 8665 do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

- 1) To preserve the public health and safety, and to ensure the healthcare delivery system is capable of serving all, and prioritizing those at the highest risk and vulnerability, all residents are directed to immediately heed the current State public health directives, which I ordered the Department of Public Health to develop for the current statewide status of COVID-19. Those directives are consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>. Those directives follow:

ORDER OF THE STATE PUBLIC HEALTH OFFICER
March 19, 2020

To protect public health, I as State Public Health Officer and Director of the California Department of Public Health order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. In addition, and in consultation with the Director of the Governor's Office of Emergency Services, I may designate additional sectors as critical in order to protect the health and well-being of all Californians.

Pursuant to the authority under the Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145, 120175 and 120150, this order is to go into effect immediately and shall stay in effect until further notice.

The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or

destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof. I order that Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians' health and well-being.

This Order is being issued to protect the public health of Californians. The California Department of Public Health looks to establish consistency across the state in order to ensure that we mitigate the impact of COVID-19. Our goal is simple, we want to bend the curve, and disrupt the spread of the virus.

The supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care. When people need to leave their homes or places of residence, whether to obtain or perform the functions above, or to otherwise facilitate authorized necessary activities, they should at all times practice social distancing.

- 2) The healthcare delivery system shall prioritize services to serving those who are the sickest and shall prioritize resources, including personal protective equipment, for the providers providing direct care to them.
- 3) The Office of Emergency Services is directed to take necessary steps to ensure compliance with this Order.
- 4) This Order shall be enforceable pursuant to California law, including, but not limited to, Government Code section 8665.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 19th day of March 2020.


GAVIN NEWSOM
Governor of California


ATTEST:




ALEX PADILLA
Secretary of State




ATTACHMENT 3

						
	Short-Term Completed - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
1	Ceased utility disconnections and waived reconnect fee	Utilities	Chris McKinney		3/12/20	
2	Created the Escondido COVID-19 News Page	Communications Communications Communications Fire	Joanna Axelrod Teresa Collins Michael Thorne Jeff Murdock		3/13/20	
3	Support Local Food and Drink Directory and Interactive Map	GIS Economic Development Communications Communications	Dante Lee Amber Tarrac Michael Thorne Teresa Collins		3/18/20	
4	Continuous news updates for businesses and the workforce on Business News	Economic Development	Amber Tarrac		3/19/20 (ongoing)	
5	Ceased issuing tickets for street sweeping	Public Works	Joe Goulart		3/20/20	
6	Business outreach - Top 100 Sales Revenue Business Impact Survey	Finance Finance Economic Development OCM	Joan Ryan Christina Holmes Amber Tarrac Megan Cramer		3/31/20	
7	Business outreach - Social Distancing Reminder Guide for Retail and Service	Economic Development Communications Communications	Amber Tarrac Michael Thorne Teresa Collins		3/31/20	
8	Acquisition of hand sanitizer from two local Escondido businesses	Public Works Economic Development	Joe Goulart Amber Tarrac		4/2/20	
9	Residential and Commercial Eviction Moratorium	City Attorney	Mike McGuinness	X	4/8/20	Approved on 4/8/20


ATTACHMENT 3

					
Short-Term In Progress - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
1 CM appointed a "Re-Opening" team to develop a City re-opening plan	Police Fire Planning Economic Development Utility Billing Community Services Public Works	David Cramer Jeff Murdock Adam Finestone Amber Tarrac Kelly Spire Danielle Lopez Jake Nyberg		4/21/20 (Ongoing)	
2 Grand Ave. and other retail and restaurant Business Regulations and Ordinance updates to allow for social distancing, temporary signage, etc. - will present a Business Recovery Strategy to the City Council	Planning Engineering OCM Economic Development City Attorney	Mike Strong Julie Procopio Jay Petrek Amber Tarrac Kurt Whitman	X	5/13/20	5/13 - Council meeting update
			X	5/20/20	5/20 - Council Meeting Urgency Ordinance
3 City partnership to help Start-Ups launch	Fire Department Economic Development	Jeff Murdock Amber Tarrac		5/13/20	5/13 - Council Meeting update
4 Business outreach - restaurant/environmental inspections on hold	Environmental Programs Environmental Programs Economic Development	Alicia Appel Marcus Leso Amber Tarrac		TBD	
5 Develop and upload content for Planning applications online to include step-by-step instructions for various requests	Planning	Mike Strong		TBD	


ATTACHMENT 3

					
Short-Term In Progress - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
6 AB2913 extended the life of building permits: Permits issued by local jurisdictions after 1/1/19 are valid for 1 year - look at granting all qualifying building permit applications and issued building permits an automatic 6-month extension for residential and non-residential construction	Planning	Mike Strong	X	TBD	
7 Provide a more flexible and streamlined pre-application review process to lock-in a freeze period for the imposition of fees. The City is considering the recalibration of User Fees, where fees will increase to reflect full cost recovery. Recent legislation requires housing development projects to be only subject to the ordinances, policies, and standards in effect when a preliminary application is submitted. The City could advertise a more liberal form of intake for preliminary applications and/or circumscribe its application to commercial development.	Planning	Mike Strong		TBD	


ATTACHMENT 3

					
Short-Term In Progress - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
8 The State Legislature amended the Subdivision Map Act, extending the expiration of Tentative Maps. With the COVID-19 outbreak necessitating a joint suspension of the Senate and Assembly until at least 4/3/20, statutory relief seems unlikely anytime soon. In the absence of prompt action by the Legislature, the City could toll all Municipal Code provisions regarding the City's time to act on filed applications and/or toll and extend by six months, time limits for the use of existing entitlements and entitlements approved.	Planning	Mike Strong	X	TBD	
9 CA Alcohol Beverage Control (ABC) temporarily suspended enforcement of certain legal restrictions on alcohol manufacturers, off-sale stores, and restaurants. California bars and restaurants with a beer, wine, and/or liquor license are now permitted (through ABC limitations) to sell alcoholic beverages to-go with delivery becoming a possible option. However, local zoning restrictions must still be followed. Many establishments have a CUP tied to the premises to additionally regulate the use and sale. The City could temporarily allow off-sale of beer, wine, and/liquor.	Planning	Mike Strong	X	TBD	


ATTACHMENT 3

					
Short-Term In Progress - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
10 CEQA exempts from its requirements specific actions necessary to prevent or mitigate an emergency (Public Resource Code Section 21080(b)(2-4). While emergency projects do not need to be unexpected, this exemption does not include long-term projects undertaken for the purpose of preventing or mitigating a situation that has a low probability of occurrence in the short-term. Only projects that directly mitigate the COVID-19 pandemic are likely to qualify. Examples of such projects could include field hospitals or medical ventilator factories.	Planning	Mike Strong	X	TBD	
11 Create and approve accessory dwelling unit (ADU) pre-approved plans	Planning	Mike Strong	X	TBD	SD County approved ADU plans - perhaps consider using these as a model
12 Allow Planning User Fee waivers until project is deemed complete - people may want to take on the risk when they know that the project can move forward	Planning	Mike Strong	X	TBD	
13 Invite applicants to participate in virtual SDC of development service meetings	Planning	Mike Strong		TBD	
14 Develop a Business Reopening Safety Framework	Economic Development	Amber Tarrac		TBD	


ATTACHMENT 3

						
	Short-Term In Progress - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
15	Business License Application Fee and Renewal Deferrals - offer extensions for business license renewals until 7/1/20	Business Licensing Economic Development	Bill Wolfe Amber Tarrac	X	5/4/20	The business license application fees are nominal, therefore, not an undue burden to businesses and other Innovate78 north county cities are also not considering this measure at this time
16	Establish authority to waive late penalties and/or delinquency interest through 7/1/20 to push out the due date (not waive the tax owed)	Business Licensing Economic Development	Bill Wolfe Amber Tarrac	X	5/4/20	The business license application fees are nominal, therefore, not an undue burden to businesses and other Innovate78 north county cities are also not considering this measure at this time

ATTACHMENT 3

 Determined Not Feasible - Business and/or Resident Economic Recovery Topic		Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
1	Recent legislation allows local agencies to form their own banks, which may be used to coordinate the federal business relief efforts	Economic Development	Amber Tarrac	X	4/14/20	Determined not feasible due to current staff resources.
2	Establish a small business relief “fair program” to help jumpstart people’s understanding of the issues and seek business stabilization through supplemental education and awareness. For example, local contact to help navigate Paycheck Protection Program (PPP) or other relief.	Economic Development	Amber Tarrac		4/14/20	Local contacts are the U.S. Small Business Administration - San Diego Small Business Development Center (SBDC) and Economic Development. The SBDC is doing a road show presentation on various loan programs to local business community, Chamber, and DBA. In addition, guides are posted on the Business News website continuously with education, webinars, and program resources.

ATTACHMENT 3

 Determined Not Feasible - Business and/or Resident Economic Recovery Topic	Department Leads	Department Contact(s)	Requires Council Approval	Date	Comments
3 Establish a multi-lingual ombudsman program to complement the PPP, Economic Disaster Loan Program, Small Business Debt Relief Program, and/or Emergency Economic Injury Grant Program. The ombudsman can help augment access to information and ensure collaboration between workforce and economic development organizations, educational programs, private employers, non-profits, etc.	Economic Development	Amber Tarrac	X	4/14/20	The San Diego Small Business Development Center offers multi-lingual services and the road show presentation in multiple languages. In addition, Economic Development serves as the liaison in this capacity.



Retail and Dining Business Survey Results

In concert with preparing a Business Recovery Strategy, the City of Escondido conducted an on-line poll from April 27, 2020 through May 5, 2020 seeking input from local businesses regarding a number of recommendations in the Business Recovery Strategy in order to better understand industry preferences. The questions pertained to businesses temporarily expanding operations into shopping center parking lot spaces, curbside parking spaces and/or travel lanes of traffic on Grand Avenue, temporarily converting public parking lot spaces for dining and retail sales in order for operators to meet social distancing requirements, and operators temporarily assuming control of adjacent parking spaces for curbside carryout. A total of 31 survey responses were received regarding specific questions that included general comments. Following are the tabulated responses and comments received.

Question 1: For the block on which your business is located on Grand Avenue, would you support the temporary partial closure of the parking lane and one lane of traffic to allow downtown businesses to set up tables and shade for outdoor dining and retail? This would allow restaurants and retailers to offer more space for dining and retail options to expand onto the street in an effort to ensure social distancing while allowing a single vehicle travel lane in each direction on Grand Avenue.

Answered: 30 Skipped: 1

ANSWER CHOICES	RESPONSES
Strongly Support	46.67% 14
Strongly support and I would participate	20.00% 6
Somewhat support	6.67% 2
No opinion	13.33% 4
Do not support	3.33% 1
Strongly object	10.00% 3
TOTAL	30

Comments - 8 responses

There are temporary barriers that can be placed on the road side of what is now the parking lane. Create a platform at curb height to allow for smooth transitions. Check out this TED https://youtu.be/LujWrkYsl64
I think it's a great idea!
Moving traffic near customers is a liability, also the health department would need to give a variance to allow for outside operation- how would this even work? Also, when would this take effect and how long is temporary?
Concerned about having traffic next to tables.
I would prefer full street closure
As long this involves Hair/Nail salons
Does not need to be a short term tactic
Please allow this.

Question 2: For the block on which your business is located on Grand Avenue, would you support the temporary full street closure of Grand Avenue prohibiting vehicle traffic which would allow downtown businesses to set up tables, chairs, and shade for outdoor dining and retail? This would allow restaurants and retailers to offer more space for dining and retail options to expand onto the street in an effort to ensure social distancing.

Answered: 30 Skipped: 1

ANSWER CHOICES	RESPONSES	
Strongly Support	36.67%	11
Strongly support and I would participate	10.00%	3
Somewhat support	23.33%	7
No opinion	3.33%	1
Do not support	3.33%	1
Strongly object	20.00%	6
TOTAL		30

Comments – 8 Responses

This would make curbside pickup and delivery driver pickup impossible. Many customers are not going to feel safe eating around others even after dining on premises is allowed again. Most business will continue to be curbside pickup and delivery for a while. Are you going to take your family to eat at restaurants right away, even outside?
Like this idea better so we don't have to worry about traffic and the safety of customers
Better option
As long as this involves hair/nail salons
As long as it was done in a feasible way that wouldn't unduely prohibit customers coming to my venue
This idea is a "Grand" one, considering that there are already major thoroughfares on either side (Valley and 2nd) the idea of closing Grand Ave. to traffic full time should be considered. Creating a shopping/dining 'promenade' would be a draw to guest and a boon to the businesses there. Studies have shown that these types of things have huge economic impact and have been adopted by cities all across this country (Santa Monica, Denver and many more). This, paired with a parking structure (or two) built in the location of current parking lots is the kind of big thinking that should be considered in raising the profile of this great city.
Offer parking somewhere else without time limits.
Maple to Juniper so there is parking further up and down the street and on 2nd avenue

Question 3: If the city were to temporarily fully close down a portion of Grand Avenue daily to allow restaurants and retailers to offer social distancing dining and retail options on the street, would you like to see a fenced beer/wine garden area within this area?

Answered: 31 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	67.74%	21
No	32.26%	10

Question 4: Would you prefer: (Rank in priority order)

Answered: 28 Skipped: 3

	1	2	3	4	5	TOTAL	SCORE
A partial portion of Grand Avenue closed to vehicles to allow for social distancing for dining and shopping located in curb side parking areas and adjacent vehicle travel lane, while allowing a single travel lane in each direction on Grand Avenue	19.23% 5	50.00% 13	11.54% 3	15.38% 4	3.85% 1	26	3.65
A full portion of Grand Avenue closed to vehicles to allow for using a number of street blocks to ensure social distancing for dining and shopping	44.44% 12	14.81% 4	14.81% 4	11.11% 3	14.81% 4	27	3.63
Dining and retail options located in curb side parking areas and adjacent vehicle travel lane, while allowing a single travel lane in each direction on Grand Avenue	15.38% 4	11.54% 3	61.54% 16	11.54% 3	0.00% 0	26	3.31
Outdoor dining at Maple Street Plaza and Juniper/Grand mini-park	11.11% 3	22.22% 6	11.11% 3	51.85% 14	3.70% 1	27	2.85
None of these approaches	16.67% 4	4.17% 1	0.00% 0	8.33% 2	70.83% 17	24	1.88

Question 5: Would you like to see some public parking spaces in public parking lots temporarily converted for restaurants to offer outdoor dining options?

Answered: 29 Skipped: 2

<u>ANSWER CHOICES</u>	<u>RESPONSES</u>	
Yes	31.03%	9
No	65.52%	19

Comments – 5 Responses

Whatever works best for the city and the businesses
Parking won't be hard enough as is once businesses open? Would you want to eat in any of the back alleys downtown? Or just take your food home?
any available
any
Lot 1 makes most sense since it's kind of the center of downtown.

Questions 6: For restaurants and retail establishments that are free-standing and/or located in shopping centers (not located along Grand Avenue in Downtown), would you like to see a portion of the off-street parking areas available for outdoor dining and retail sales?

Answered: 29 Skipped: 2

<u>ANSWER CHOICES</u>	<u>RESPONSES</u>	
Strongly agree	34.48%	10
Agree	24.14%	7
Neither agree nor disagree	24.14%	7
Disagree	10.34%	3
Strongly disagree	6.90%	2
TOTAL		29

Question 7: Any other suggestions or feedback you would like to share:

Comments - 18 responses

https://youtu.be/LujWrkYsl64
I automatically answered the above question in the negative (about allowing non-Grand Ave businesses to set up on the converted parking/street areas), because it seems like it would be unfair competition with the Grand Ave businesses. However, I would be interested in hearing the reasons why you would be considering it.
Please don't overlook Cruisin' Grand. The Committee needs to be brought into the discussion about what will work best.
This proposal should benefit those on Grand Avenue and or downtown. We don't feel it's fair to bring in outside services such as food carts and vendors not located on Grand Avenue.
I believe that converting Grand would provide a wonderful experience for diners and shoppers and would encourage a vibrant renewal of the downtown area.
I don't mean to be rude; maybe I'm missing something with this plan. I closed my business this month to avoid what was supposed to be the worst of the virus, and I'm reopening May 1st. Even if on premises dining was allowed starting the 1st, I think a lot of customers would still be picking up at the curb or ordering delivery. I don't know when you are planning for the road closures to start, but I see it doing more harm than good. Let me know if I'm missing something here.
Downtown is more than Grand Avenue. Orange street needs street lights so we can be open at night.
If you are going to put patrons outside may have to consider security due to the high of known transients on Grand.
I would desperately need additional outdoor options as my restaurant only sets 49 as it is.
I own a salon on Grand avenue and I am in favor of any kind of steps that helps get us reopen again!
Thank you for what you are trying to do let us know how we can help. I love the idea of having extended outside seating on Grand Ave for eating. Like Europe.
Any measures to reopen businesses on Grand Avenue are welcome in my opinion. Just as long as there are still "reasonable" parking spots left for customers that want to come into my business location on Grand.
Please allow the side street retail businesses off Grand to be able to put a table out front of their establishment for sales, too.
we have a lot of other businesses on grand that are in the same boat i think we may be overly cautious social distancing guide lines should be reduced
I own and operate a salon on E Grand. I am one of two operators. We already work 1:1 by appointment only. We are trained, certified & licensed in sanitation & hygiene practices. We can wear masks & gloves as well as our clients.
As a restaurant whose curbside delivery parking spaces are often full, closing down the parking area in front of the store will greatly impact our business. By making parking harder, you will encourage large groups of people traveling to and from businesses. I guess closing down the north side of the street where I am wouldn't be bad. But that would impact that side of the street. I see where you're going with this, but it's hard to predict how many people will continue expecting an preferring curbside and how many will be comfortable parking and walking to eat in a public setting near others.
I'd love to share how everyone at Salon Sultry plans to make sure we are protecting ourselves and clients so we can open in safe way.
I think closing down main streets/parking and encouraging families to go in one car is a great idea. This will be a great family outing, reasonably priced, and allowing for local economy interaction. Maybe encourage more specific times as things get back to normal. I would also consider offering more farmers market-style venues for smaller businesses who have lost their retail location and need to make money. Have a food market on day, a craft market another, or just have all twice per week. People are going to love to get out of their houses. Music and art always lift spirits as well. What other amazing place to have this than on Grand Ave!

CITY COUNCIL STAFF REPORT

Workshop Item No. 9

May 13, 2020

File No. 0430-30

SUBJECT: Fiscal Year 2020/21 Preliminary Operating Budget Status

DEPARTMENT: Finance Department

RECOMMENDATION:

It is requested that the City Council review the proposed Fiscal Year 2020/21 General Fund Preliminary Operating Budget status, provide policy concurrence or alternative direction on the recommendations for closing the structural budget gap, and authorize staff to return with the Fiscal Year 2020/21 General Fund Operating Budget on June 10, 2020.

ANALYSIS:

Pre-COVID-19

The City's budget process begins in December each year with a review and update of the General Fund long-term financial plan. This plan identifies future challenges and opportunities, as well as fiscal imbalances, and serves as the framework for the development of the Fiscal Year 2020/21 General Fund operating budget. As the City Council and the public should be well aware from previous financial updates, the General Fund long-term financial plan projected a \$6 million operating budget deficit in Fiscal Year 2020/21. Annual projected deficits were to grow to \$14 million by Fiscal Year 2023/24 and were to continue over the next 15 years. These deficits are due to projected revenue growth not keeping pace with the projected growth in operational and retirement costs. When the General Fund long-term financial plan was updated in December the economic outlook was trending stable and positive.

To address the predicted structural budget gap for the upcoming fiscal year, Departments were required to submit their Fiscal Year 2020/21 General Fund operating budgets with a 3% reduction using their adopted Fiscal Year 2019/20 budget as the base to determine their reduction. Because department budgets were projected to grow on average by about 5% in Fiscal Year 2020/21, actual department budget reductions averaged around 8%. These proposed budget reductions will have an impact on some programs and services provided to the community. These impacts are outlined later in the Staff Report.

Once all revised General Fund budgets were submitted to the Finance Department, and a summary of projected revenue and expenditures was prepared, it was determined that proposed budget reductions were sufficient to close the projected budget gap.

Post-COVID-19

With the net 8% cuts referenced above having been made to address the structural deficit for Fiscal Year 2020/21, staff was preparing to submit the budget for public comment and Council consideration. However, on March 13, 2020, the City of Escondido, following both the Federal and State government, was forced to declare a state of emergency because of the COVID-19 pandemic. Government

Fiscal Year 2020/21 Preliminary Operating Budget Status

May 13, 2020

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operations and private businesses were forced to close or drastically alter operations. Public attention and effort immediately shifted to addressing the emergency. Public health orders forced the cancellation of planned outreach workshops, and community dialogue focused solely on the pandemic.

As of this report, the emergency remains in effect and the timeline for resuming many operations and businesses is uncertain. With the current social distancing restrictions, travel warnings and closing of non-essential businesses, sales tax and transient occupancy tax revenues have declined significantly and are projected to sharply decline over the remainder of Fiscal Year 2019/20 and to continue to decline at a slower rate in Fiscal Year 2020/21. This sharp and sudden decline in revenues that support the City's core services has resulted in the need for dramatic budget adjustments and use of one-time money for the current fiscal year. These measures were presented to and approved by the City Council on May 6, 2020. In addition, City staff was forced to address the significant budget reductions and alternative funding options to balance the budget in Fiscal Year 2020/21.

The below chart depicts the General Fund operating budget over the past 4 months. The first column shows the projected \$6 million deficit per the long-term financial plan dated December 30, 2019. The second column shows the General Fund balanced budget incorporating the net 8% cuts previously mentioned, prior to the impacts of COVID-19. The third column shows the projected deficit of \$4 million due to projected revenue declines resulting from the economic downturn caused by the government response to the pandemic.

Sources of Funds:

	FY 2020/21 as of 12/30/19	FY 2020/21 as of 4/2/20	FY 2020/21 as of 5/6/20
Operating Revenue	\$106,227,800	\$106,074,270	\$102,017,820
Transfers In	2,055,000	2,085,000	2,085,000
Deposits	11,000	100,600	100,600
Successor Agency Loan Payback	5,910,820	5,982,930	5,982,930
TOTAL, Sources	\$114,204,620	\$114,242,800	\$110,186,350

Uses of Funds:

Operating Budget	\$112,616,505	\$107,698,100	\$107,581,200
Transfers Out	1,680,710	561,770	603,970
Transfer to Section 115 Pension Trust	5,910,820	5,982,930	5,982,930
TOTAL, Uses	\$120,208,035	\$114,242,800	\$114,168,100
TOTAL, Sources Over/(Under) Uses	\$(6,003,415)	\$0	\$(3,981,750)

The City of Escondido has the tools to grapple with this emergency and resulting downturn in the economy. In addition to efficient administration of core City services, the General Fund Reserve balance is \$17.4 million. This Reserve balance provides a one-time funding source available for unanticipated expenditure requirements or when actual revenues are less than the amounts budgeted. The City also set aside monies in a Section 115 Irrevocable Pension Trust that currently has a balance of approximately \$9.9 million. Funds placed in this Trust are irrevocably committed for the payment of pension obligations. Finally, City staff has identified at least one additional option for use of one-time funds in balancing the budget.

Nonetheless, the structural budget gap consistently present in Escondido's finances, plus the inevitable lingering impacts of the COVID-19 pandemic make addressing future City revenue the highest priority of staff, policymakers and the community in upcoming months.

REVENUE PROJECTIONS

The projected Fiscal Year 2020/21 General Fund revenue estimate is \$102 million. This projection starts with the Fiscal Year 2019/20 revenue as the base. The base was then adjusted for the financial impacts of the COVID-19 pandemic through June 30, 2020, which estimated a loss of \$4.6 million primarily due to lower sales tax and transient occupancy tax, which is reflected in the Fiscal Year 2019/20 table below. The Fiscal Year 2019/20 amended revenue is the starting point to forecast revenue in the next fiscal year based on factors such as economic indicators, development in the City, past revenue history, and of course, ongoing impacts from the pandemic. The Fiscal Year 2020/21 projected revenue is estimated to increase \$813,000 or 1% over the Fiscal Year 2019/20 amended revenue projection. The following are the basic components underlying the revenue projections in Fiscal Year 2020/21, followed by an explanation of each category in the following paragraphs:

<u>Revenue</u>	<u>2019/20</u> <u>Amended</u>	<u>2020/21</u> <u>Projected</u>	<u>Change</u>	<u>%</u> <u>Change</u>
Sales Tax	\$36,936,200	\$35,991,300	\$(944,900)	-3%
Property Tax	13,951,000	14,228,000	277,000	2
Property Tax in Lieu of VLF	14,628,000	15,213,000	585,000	4
Other Taxes	13,399,285	14,085,800	686,515	5
Permits and Licenses	944,500	1,003,500	59,000	6
Fines and Forfeitures	1,226,000	1,226,000	0	0
Intergovernmental	3,205,000	3,165,000	(40,000)	-1
Charges for Services	12,127,400	12,331,020	203,620	2
Investment and Rental Income	4,018,710	4,018,000	(710)	0
Other Revenue	768,550	756,200	(12,350)	-2
One-time Revenue	6,299,985	0	(6,299,985)	
Total with One-Time Revenue	\$107,504,630	\$102,017,820	\$(5,486,810)	-5%
Total excluding One-Time Revenue	\$101,204,645	\$102,017,820	\$813,175	1%

- Sales tax is the largest General Fund revenue source at 35% of total revenue. Sales tax revenue is projected to decline in Fiscal Year 2020/21 by 3% to reach \$36 million. This decrease is mainly due to declines in sales tax receipts from brick and mortar stores, which are projected to decline by \$1.8 million or 6% over the prior year. This amount is offset by increases in projected sales tax revenue collected from online sales of about \$900,000, as explained below.

Economic indicators that drive spending and growth in sales tax receipts include the unemployment rate, total number of persons employed, and consumer confidence. While these numbers were at record highs leading into 2020, the impacts from COVID-19 have created much uncertainty and volatility, and it is difficult to estimate the full impact on our local economy. Working with the City's sales tax consultant, declines are being projected in every economic segment in our local economy. The two largest economic segments for the City, transportation and general retail, account for 60% of local sales tax, and are experiencing the largest declines. The transportation segment includes new and used auto sales and service stations, and is projected to decline by \$714,000 or 6% over prior year. General retail, which includes department stores, apparel stores, and furniture stores, is projected to fall by \$470,000 or 8% over the prior year.

Fortunately, this lower sales tax from brick and mortar stores is being offset by increases in sales tax revenue collected from online sales. The U.S. Supreme Court decided in the *Wayfair* case that state and local governments could require online retailers to collect sales tax even if the retailer did not have a physical presence in the state or local tax jurisdiction. Based on this decision, changes were made to California state law that effective on April 1, 2019, out-of-state retailers that meet a threshold of having \$500,000 in cumulative sales in California during the preceding 12 months must begin collecting sales tax in California, even if the retailer does not have a physical presence in the state. Second, effective October 1, 2019, Marketplace Facilitators such as Amazon, Ebay and Etsy became obligated to collect and remit sales and use taxes for third party retailers who contract with the facilitator to provide sales related services. The same \$500,000 threshold applies to Marketplace Facilitators. The local portions of these tax collections are being allocated to cities and counties on a pro-rata basis through the State and County Pools.

- Property tax revenue is projected to increase by 2%, totaling \$14.3 million. Prior year property tax growth was estimated at 3% and the City is on target to exceed this projection by 1%. The major factors influencing property tax revenue are the California Consumer Price Index ("CCPI"), number of home sales, and increased median home prices. Proposition 13, passed by voters in 1979, specifies that a property's assessed value may increase at the rate of the CCPI, but cannot exceed 2% per year unless the property is improved or sold to establish a new assessed value. The State Board of Equalization determined that the CCPI increased by 2.98%; the Proposition 13 inflation factor for assessment role 2020 is 2%. This means that the assessed valuation of properties not improved or sold will increase by 2% in Fiscal Year 2020/21. In

addition, the median sales price for a home in Escondido for January 2020 averaged \$545,000, which is an increase of 3%, compared to the January 2019 median sales price. As homes sell, this increased price will become the new assessed value for property tax purposes. Property tax has a general delay of 12 – 18 months from when assessed valuations are established to when taxes are received by the City. Therefore, the City continues to project growth in property tax revenue and does not anticipate a major impact from the COVID-19 pandemic.

- Property tax in lieu of Vehicle License Fees (“VLF”) is estimated to increase by 4% to reach projected revenue of \$15.2 million. Growth in this revenue is based on the change in assessed property tax values in the City on the prior year assessment role. This is different from property tax growth, which is based on the change in assessed property tax values on the current year assessment role.
- There are a variety of other taxes, which include franchise fees, transient occupancy tax, business license fees, property transfer tax and the Redevelopment Property Tax Trust Fund (“RPTTF”) residual payment. These other taxes are projected to increase by 5% to reach projected revenue of \$14.1 million. Staff estimates additional revenue from the RPTTF residual payment and increased franchise fees from Escondido Disposal’s amended franchise agreement reached last June. These increases will be offset by decreases in transient occupancy tax due to declines in travel and decreases in business license fees due to the economic slowdown.
- Permits and licenses that are collected for building, plumbing, electrical, mechanical, fire code and mobile-home permits are projected to increase by 6% in the upcoming year to reach a projected revenue of \$1 million. The majority of this increase is due to a projected increase in building permits.
- Fines and forfeitures are projected to remain flat at \$1.2 million. Fines and forfeitures are collected by the City for vehicle code fines, parking ticket fines, other court fines, library fines, code enforcement citations and impound fees.
- Charges for services are projected to increase by 2% to reach estimated revenue of \$12.3 million. Charges for services include developer processing fees, paramedic fees and community services fees. The majority of the increase is attributable to the anticipated additional revenue collected from three new school sites participating in the After-School Program. Staff are still awaiting confirmation from the Escondido Union School District about their plan to expand After-School Programs at these additional sites.
- Income from interest and property includes rent received from leased City property and interest income on City investments. This revenue from investment income and rental income is projected to remain flat to reach revenue of \$4 million. The City plans to prepay the annual unfunded accrued liability (“UAL”) for the Safety and Miscellaneous Plans in July 2020, which

will result in additional investment earnings to the General Fund of \$187,000. This amount should offset declines in lease payments and lower investment earnings due to the City's declining portfolio yield.

- Currently, the City is not budgeting any one-time revenue in Fiscal Year 2020/21. The City's financial policy allows for the use of one-time resources to pay for non-recurring expenditures, provide transitional funding of operations for a limited time period, add to reserves, or pay down unfunded liabilities. One-time revenue budgeted in Fiscal Year 2019/20 included developer reimbursements of \$636,000, unclaimed deposits of \$1.2 million, the sale of Windsor Gardens of \$4.1 million and fire assistance of \$320,000.

OPERATING BUDGET

The total proposed Fiscal Year 2020/21 General Fund Operating Budget is \$107,581,200. It has increased by approximately \$777,000 or 1% compared to the Fiscal Year 2019/20 Operating Budget adopted on June 12, 2019. The following chart shows General Fund expenditures by department. The chart compares total Fiscal Year 2020/21 projected expenditures to the amounts budgeted in the previous years. A brief description of each department, the services it provides, and a summary of significant department budget changes in the Fiscal Year 2020/21 Operating Budget, are noted on the pages following the chart.

<u>Department</u>	<u>2019/20 Adopted Expenditures</u>	<u>2020/21 Projected Expenditures</u>	<u>Dollar Change</u>	<u>% Change</u>
General Govt. Support Services	\$5,942,870	\$5,655,070	\$(287,800)	-5%
Community Services	8,164,810	8,827,290	662,480	8
Community Development	4,780,800	4,610,390	(170,410)	-4
Public Works	10,288,210	10,100,860	(187,350)	-2
Engineering	2,737,210	2,551,590	(185,620)	-7
Police	45,928,340	45,633,100	(295,240)	-1
Fire	24,746,230	25,764,270	1,018,040	4
Community Relations & CCAE	2,491,560	2,535,050	43,490	2
Non-departmental	1,724,420	1,903,580	179,160	10
Total Expenditures	\$106,804,450	\$107,581,200	\$776,750	1%

- General Government Services include the following departments: City Council, City Manager, City Attorney, City Clerk, City Treasurer, Finance, Human Resources, Risk, and Information Systems and Geographic Information Systems ("GIS"). These combined department operating

budgets total \$5.7 million and have decreased by 5% compared to the prior year due to efficiencies. Examples of these efficiencies include the relocation of the City Clerk Records Center from an off-site location to City Hall eliminating the lease, maintenance and security costs on the off-site location. The City Treasurer outsourcing investment management services has improved investment returns and reduced staff time necessary to select investments. Efficiencies to the utility billing process allow customers to receive paperless utility bills and pay their utility bills on-line which reduces Finance staffing needs. The Human Resources Department utilizes technology to streamline the new hire onboarding process saving staff time preparing new hire packets. Information Systems expanded online services to customers in Community Development as well as improved workflows and accessibility to information for staff using Cityworks software. New technologies in networking and telephones have also been implemented that have improved data and voice communication and reduced costs.

- Community Services includes the following departments: Communications, Video Services, Recreation, Library Services, Older Adult Services, and Senior Nutrition. These combined department operating budgets total \$8.8 million in Fiscal Year 2020/21 and have increased \$662,480 or 8% over the prior year. Below is a brief description of each department, a summary of significant budget changes, and an explanation of how the reductions were achieved.

Communications staff contribute to the efficient and effective operations of the City by coordinating the creation and distribution of content to key internal and external constituents; producing and distributing public information; and facilitating coordination with departments, divisions, and outside agencies. Communications is the contact point for media relations, public relations, crisis communication, employee communication, social media, community outreach, and a variety of other communication services. The Graphics staff produce high-quality, professional, on-brand materials that aid not only in the communication of important City information to the public, but also with legally required Planning notifications. In order to achieve the 3% reduction, "Visit Escondido" operations have been moved out of the Grand Avenue storefront and into City Hall. The full-time Tourism and Marketing Administrator position, which was vacated due to retirement, will not be filled. Instead, a part-time employee will staff an information desk at City Hall and a professional services contract for digital brand management will round out the support for this service. These proposed changes resulted in savings of \$21,000.

Video Services staff ensure that residents have access to high quality broadcasts of weekly City Council meetings as well as public, educational, and governmental information through Cox Cable Channel 19 and AT&T U-Verse Channel 99 broadcasts. The Video Services budget decreased by \$4,500 over the prior year budget or 4%.

Recreation provides healthy, innovative and educational opportunities to unify our community. Recreation staff have been transitioning out of the grant-funded After School Education & Safety ("ASES") program due to grant mandates that require operational costs beyond what the grant

can provide. Staff are instead pursuing opportunities with Escondido Union School District to expand the fee-based, revenue-generating After School Program (“ASP”) at three new school sites plus a new morning program at an existing site. The expenditure increases to the Recreation budget of about \$588,000 are due to zeroing out the grant funded ASES budget, which was in a Special Revenue Fund, and moving the staffing and related costs needed to operate the After School Program into the Recreation budget. The projected revenue from the After School Program will entirely cover the operational costs so even though the Recreation budget increased by \$588,000, this increase was covered by increased revenue. Staff are still awaiting confirmation from the Escondido Union School District about their plan to expand After School Programs at these additional sites. Reorganization of staffing responsibilities, program areas, and service delivery models; a reduction to the overtime line item for Public Works staff time assisting with sports tournaments and special events; elimination of \$10,000 from Professional Services for lifeguard training as we currently have staff members who are trained to perform lifeguard certifications in-house; reductions to Maintenance of Equipment; and decreases to M&O costs associated with program support resulted in a 3% reduction of \$90,000.

The Escondido Public Library provides free access to resources and materials that promote the joy of reading, study, research, and learning. The Library budget increased by \$91,000 or 3% over prior year due to the library services contractual agreement and increased utility costs.

Older Adult Services provides a safe environment where older adults can participate in life-long learning instruction. Older Adult Services overall budgeted expenditures remained flat over the prior year but staff were able to achieve a 3% savings to the General Fund by transferring \$18,600 from the Joslyn Trust. This is not a sustainable, long-term solution as the Trust has a limited balance and no significant sources of revenue.

The Senior Nutrition division serves nutritious, well-balanced meals, Monday through Friday, to low and moderate income adults, 60 years and older. The Senior Nutrition Center budget increased by \$70,000 compared to prior year due to increased professional services agreements with the food and transportations providers. Despite this, 3% savings to the General fund was achieved by transferring \$82,000 from the Joslyn Trust. This is not a sustainable, long-term solution as the Trust has a limited balance and no significant sources of revenue.

- Community Development includes Planning, Code Enforcement, and Building. These departments guide the physical development of the City, protect life and property through the application of building codes and standards, and enhance the image and appearance of the City. These combined department operating budgets total \$4.6 million and have decreased 4% compared to the prior year. The Building and Planning Departments achieved these savings by reducing contracted consulting services. Code Enforcement savings were achieved by staffing reductions that may cause slowdowns in case management and proactive code enforcement.

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- Public Works includes the Streets and Parks Department operating budgets. The Streets Department is responsible for filling potholes, maintaining sidewalks, cleaning storm water channels, replacing traffic signs, sweeping and lane striping City streets, and graffiti eradication. The Parks Department maintains the City's parks, median and parkway landscaping, open spaces, trees and landscaping at City facilities. These combined operating budgets total \$10.1 million and have decreased \$187,350 compared to the prior year. This decrease was achieved in the Parks Department by eliminating all the part-time positions. This staffing reduction will have a major impact on the maintenance of the ballfields at Kit Carson Park. Additional cost savings were also achieved by reducing how often the parks parking lots are striped and sealed, reducing the pest control measures at the parks, and reducing the replanting and refreshing of existing landscaping at City facilities and the parks. The decrease in the Streets Department was achieved by lowering contract services paid for street maintenance due to a new piece of equipment, which allows Streets to perform the function in house.
- The Engineering Department coordinates engineering review of private development projects, planning applications, and environmental studies; oversees and maintains the City's inventory of real property assets; designs and administers bidding of all capital improvement projects; inspects all public construction projects including those initiated by private developers; and administers all traffic and transportation projects including those for traffic signals. The Engineering Department budget totals \$2.6 million and has decreased 7% compared to the prior year. This decrease was achieved by increasing allocations out to capital projects by ensuring that the full cost of an employee is charged to projects maximizing contributions from grant funds and other Capital funding sources.
- The Police Department enhances public safety and the quality of life in our community by fostering trust and preserving peace. Overall, the Police Department's costs are decreasing by \$295,240 or 1% compared to the prior year to reach projected expenditures of \$45.6 million. The Police Department budget in Fiscal Year 2020/21 was projected to increase by \$1.6 million or 3.5% over the prior year. In order to achieve a 1% budget reduction, budget cuts of \$1.9 million were needed and are outlined below.

Savings to employee services of \$1.2 million was achieved by freezing seven full-time police department positions and vacating six part-time positions. The full-time positions include one Police Lieutenant, four Police Officers, one Public Safety Dispatcher, and 1 Police Records Technician. The part-time positions include one Department Specialist in Internal Affairs, one Department Specialist in the Investigations Bureau and four Department Specialists at the Range. Impacts to freezing the Lieutenant and Police Officers include: jeopardizing Patrol staffing levels that could force COPPS Division officers back to Patrol to maintain minimum staffing levels; and vacant positions could create staff shortages within the Investigations Bureau, forcing a reduction in the investigation of lower level criminal cases. Impacts to freezing the Lieutenant position creates an increase to management span of control. Freezing the Police Records Technician position and Department Specialists increases the workload for the

Investigations Bureau. Other Police Department cuts that totaled about \$700,000 included a reduction in overtime, community outreach, lease vehicles and replacement laptops. Cuts to community outreach will reduce efforts in crime prevention and youth engagement.

- The Fire Department provides emergency operations, emergency preparedness, and fire prevention services to safeguard lives and property. The Fiscal Year 2020/21 operating budget reflects an increase of \$1 million or a 4% increase compared to the prior year to reach projected expenditures of \$25.8 million. The Fire Department has little ability to cut costs and yet experiences the same cost increases applicable to other employees, such as increased worker's compensation costs, increased pension costs, and increased salary costs. The Fire Department budget for Fiscal Year 2020/21 leaves the number of personnel unchanged from the prior year.

The Fire Department budget maintains a fixed level of staffing for seven fire engines, five ambulances, one ladder truck and one Battalion Chief. These pieces of equipment are staged at seven stations throughout the City and are available and ready to respond 24 hours per day, 7 days per week. In addition, when calls are dispatched through the Communications Center, the dispatch response plan calls for specific pieces of equipment, in addition to the fixed personnel for each of those pieces of equipment. For example, when the Communications Center dispatches a response to a residential structure fire, the Department always sends a minimum of three fire engines, one ladder truck, one rescue ambulance and one Battalion Chief so that there are enough firefighters to execute multiple tasks including search and rescue, fire suppression, ventilation, safety/backup for rapid intervention and overall scene command.

The Department does not have additional positions to provide relief coverage for station personnel. Thus, any time employees are ill, on vacation, or injured, replacement personnel must be called in (and paid overtime) to maintain the fixed staffing levels for each piece of equipment. It should be noted that the Overtime budget does not include overtime costs associated with Escondido Fire providing assistance to other communities during large scale emergencies throughout the State that are reimbursed. Because requests for assistance are unpredictable, those costs and revenues are accounted for during midyear budget reports and adjustment requests.

In the proposed budget for the Fire Department for Fiscal Year 2020/21, PERS and PERS Unfunded Liability increased \$685,000 over the prior year. Workers Compensation costs increased nearly \$200,000 because in Fiscal Year 2019/20 the Fire Department had several large workers compensation claims including chronic conditions and one serious injury resulting from a roof collapse at a fire in a commercial building. These costs impact rates for subsequent years. Salaries for Fire Department personnel increased \$531,000 due to contracted employee and management salary increases, step raises, and an hourly increase for entry level Paramedics from \$13.50 to \$16.00 per hour to address recruitment and retention.

Finally, the State of California has recently implemented a new fee imposed for each ambulance transport provided by the City. This "Quality Assurance Fee" ("QAF") revenue is then used by the State to leverage Federal funding, and this consequently enhances ambulance transportation revenue for Medi-Cal patients. Because of the number of Medi-Cal patients transported by the Escondido Fire Department, the total new revenue anticipated for the City is \$612,000. However, the immediate impact to the Department is the anticipated payment of the fee throughout the year in the amount of \$280,000, less other cuts the Department made to maintenance and operations for a net increase of \$166,030.

- The Community Relations (Community Fireworks, Cruisin' Grand, and Christmas Parade) and California Center for the Arts Escondido Departments bring people together in the community to celebrate visual and performing arts. Increased community participation has been a focal point of the current City Council. The combined budgets total \$2.5 million and increased 2% over the prior year. Some form of these events will be a priority in spite of the pandemic, and cost increases are primarily due to increased building maintenance costs allocated to these budgets.

The following "Other Funds" which propose an increase or decrease of more than 10% as compared to the prior year adopted budget are as follows:

Warehouse

The City's Warehouse provides a centralized location to store goods and materials that are necessary for daily City operations, and essential for unforeseen emergencies or immediate repairs. This budget is projected to decrease by about \$109,000 or 70% compared to the prior year. This was achieved by automating the inventory system using barcodes to track inventory items. This system will help manage the inventory by providing staff with more real time information on the inventory quantity, location, and status. The new inventory system will allow each division the ability to checkout its own inventory making it possible for the Warehouse to operate with less staff.

Telecommunications

Telecommunications manages the City's unified communication and collaboration services that include voice and data communications for City Hall and 24 remote locations. The Telecommunications budget is proposing a decrease of \$58,000 compared to the prior year budget. Last year, Telecommunications paid the cost to upgrade the City's phone system to Voice over Internet Protocol ("VoIP"). This technology allows staff to make voice calls using a broadband Internet connection instead of a regular (or analog) phone lines, which improves efficiencies that have led to reduced costs.

Property Insurance

The Property Insurance Fund accounts for the transactions related to obtaining property insurance for the City. This fund is proposing a \$207,000 increase to its total operating budget due to an

increase in the property insurance premium. Recent California wildfires have effected this rate and caused this premium increase.

HOME Fund

The HOME Program administers a variety of programs providing affordable housing for low-income households including building, buying, and/or rehabilitating affordable housing for rent or homeownership. This fund is proposing a decrease of \$7,500 or 12% to its operating budget primarily because of lower allocations in from the Successor Agency-Housing Fund.

Successor Agency- Housing

The Successor Agency-Housing Fund administers a variety of programs providing affordable housing for low-income households including building, buying, and/or rehabilitating affordable housing for rent or homeownership. This fund proposes an increase in the operating budget of approximately \$43,000 or 12%, primarily due to a decrease in the administrative allowance from the Redevelopment Agency.

The City's Enterprise Funds account for the financial activity of the City's water utility and the wastewater utility. The costs for providing these services to the public are recovered through user charges. Both the Water and Wastewater funds are investing in technology to reduce costs and maximize efficiencies. Below is a brief description of each department and a summary of the significant changes in their Fiscal Year 2020/21 Operating Budget.

Water Fund

The Water Fund operates the Water Treatment Plant that supplies water to approximately 26,000 residential, commercial and agricultural customers in the City. This Department also provides maintenance on the Escondido Canal that carries untreated water 14 miles from the intake on the San Luis Rey River to Lake Wohlford. The Department's Lakes and Open Space Division maintains Daley Ranch, Dixon Lake, and Lake Wohlford that provides fishing and boating to the community. The Water Fund budget increased by \$1.3 million or 2.3% compared to the prior year. These increases were primarily from increased employee service costs of \$519,000, increased software costs of \$326,000 from the planned investment in the City-Works project, increased chemical costs of \$200,000, and increased interest expense of \$490,000 to finance the Lindley Reservoir Tank Replacement project.

Wastewater Fund

The Wastewater Fund operates the Hale Avenue Resource Recovery Facility ("HARRF") for the effective treatment of wastewater within the City's jurisdiction. The Recycled Water division produces recycled water from the HARRF and distributes it to various City landscape irrigation customers including golf courses, school fields, City parks and green belts. The Environmental Programs Division administers a number of programs relating to water, wastewater and storm water compliance. The Wastewater Fund budget increased by \$848,000 or 2.9% compared to the prior year. These increases were primarily due to employee service cost increases of \$568,000

and increased capital outlay of \$232,000 due to end of life or aging equipment that needed to be replaced to maintain reliability and functionality.

OPTIONS TO CLOSE FISCAL YEAR 2020/21 GENERAL FUND DEFICIT

At the present time, staff is projecting a General Fund deficit in Fiscal Year 2020/21 of \$4 million due to all of the factors previously discussed, and after taking into account the reductions called for in the original budget preparation.

The staff recommendation to address this remaining \$4 million deficit and achieve a balanced budget for Fiscal Year 2020/21 is to divert the transfer of funds in the same amount from the Redevelopment Loan payment to the City. Such funds would have normally been placed in the Section 115 Irrevocable Pension Trust pursuant to prior City Council policy direction for use of one-time funds. Background regarding the Redevelopment Loan is attached to this staff report. (See Attachment A). This recommendation includes an assumption that ongoing work by the City Manager will occur to streamline operations and lower costs.

However, if the City Council determines it would not be desirable to utilize all or part of the Redevelopment Loan payment towards closing the remaining budget gap, other and further cost cutting measures can be utilized. If the City Council decides to pursue such an avenue, the following additional cuts would be recommended. Indeed, such cuts may still be required in the event the economic downturn is more significant than projected, or may be required in future years if the structural budget gap is not addressed through increased revenue. Options include:

- Close a Fire Station for an estimated annual cost savings of \$1.3 million. Closing a fire station will achieve cost savings by eliminating the following full-time positions: three Fire Captains, three Fire Engineers, three Firefighter/Paramedics for a total of nine positions. This reduction in staffing would then result in the loss of one fire engine/paramedic assessment unit (“PAU”). Because units would have to be dispatched from other locations, the loss of a fire engine will likely result in increased response times in certain circumstances, particularly to the areas surrounding the closed fire station.
- Reduce Animal Control services for an estimated annual savings of \$1 million. State law requires certain minimum animal control services. The Police Department budget includes approximately \$1,064,110 for animal control services provided by the San Diego Humane Society (“SDHS”). The SDHS has currently agreed to extend their contract for services that would not include any funding increase for the upcoming year, with increases in subsequent years. The City could determine not to renew the contract and arrange for in-house services sufficient to meet minimum legal thresholds resulting in a savings of approximately \$1 million.
- Propose a 25% reduction in the management fee paid to Library Systems & Services, LLC (“LS&S”) to provide day-to-day operational services at the Escondido Public Library. The annual savings of this reduction would be about \$675,000. City Staff and the Library Board would work with LS&S to determine what services the Library would continue to provide.

- Close the two City Pools for an estimated annual cost savings of \$307,000. This savings is offset by the loss in revenue generated by the pools that is estimated to be \$176,000, so the net savings to the General Fund would be about \$131,000 annually.
- Propose a 25% reduction in the management fee paid to the California Center for the Arts Escondido (“CCAЕ”) for estimated annual savings of about \$200,000. The CCAЕ board would determine what services would continue to be provided.

All of the above cost reductions will have a significant impact on the services the City provides to the community.

LOCAL SALES TAX MEASURE

As noted earlier in this report, it is imperative that Escondido’s policymakers and community address the structural budget gap for future years. In terms of municipal services, it should be noted that the City of Escondido has been consistently doing more with less. Escondido has the lowest per capita spending for the services it provides in comparison to other cities in San Diego North County. Choosing one of the proposed budget reductions will reduce this pre capita expenditure even more. That is why the City needs to move forward with the proposed sales tax measure now more than ever.

City	Expenditures Per Capita
Escondido	\$ 699
Vista	\$ 736
San Marcos	\$ 818
Poway	\$ 943
Oceanside	\$ 971
Encinitas	\$1,014
Carlsbad	\$1,354
Solana Beach	\$1,389

The City will face significant challenges in years beyond Fiscal Year 2020/21. The City’s most recent Multi-Year Financial Plan forecasts that projected revenue growth will not keep up with projected expenditure growth. According to this Plan, the City is potentially facing a budget deficit of \$10 million

by Fiscal Year 2021/22. It is becoming increasingly challenging to keep residents safe and to maintain municipal services at their current levels due to the rising cost of providing services.

Eliminating a deficit this large is extremely challenging when 84% of the total General Fund budget pays for the cost of staffing to provide City services, and nearly 80% is dedicated to public safety and public works personnel for law enforcement, emergency services, street and park maintenance, graffiti removal and addressing homelessness issues.

In order to maintain these essential services, the City must secure a reliable, locally-controlled source of funding. One such funding source is a voter-approved local sales tax increase. The current sales tax rate applied in Escondido is 7.75%, which is the base rate for San Diego County. This includes a combined state/local rate of 7.25% and a San Diego County district tax of .50% for the TransNet Program. Of the total 7.75% collected, Escondido receives only 1%. The City could obtain voter approval of local transactions and use tax (aka sales tax) increase at the next general election on November 3, 2020. A general tax measure requires approval of 50% of voters, plus one.

For example, if a sales tax rate increase of 1% was approved by the voters, the local sales tax rate in Escondido will increase from 7.75% to 8.75%. For each \$100 spent on taxable items in the City, an additional \$1 would be collected that would stay in Escondido. Cumulatively, this increase would annually generate approximately \$25 million in new revenue for the City; none of funds could be taken away by the County or Sacramento.

This funding mechanism has been enacted by nearly 45% of all California cities, including Oceanside, Vista, National City, Del Mar, La Mesa, El Cajon and Chula Vista, with the major benefit of ensuring local control over how these funds are spent and that they are spent locally. Another benefit to a sales tax increase is that out-of-town visitors spending money in Escondido share in paying this tax. In addition, sales tax is not levied on food items (groceries), prescriptions, certain medical devices, and other "Necessities of Life" as they are exempt from sales tax.

The City is at a financial crossroads and is running out of options. Approval of a sales tax increase could avoid City service reductions that will have significant impacts to the community. Without a new revenue source, the City faces risk to the quality of life that residents and visitors have come to expect.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Joan Ryan, Director of Finance
5/7/20 11:12 a.m.

ATTACHMENTS:

1. Attachment A – Successor Agency Redevelopment City Loans

Attachment A

Successor Agency – Redevelopment City Loans

The City of Escondido and the Redevelopment Agency entered into a Cooperation Agreement in 1988 that authorized the advance of monies for Civic Center projects and other redevelopment projects outside the Civic Center. This 1988 Cooperation Agreement provided a repayment schedule to the City from future tax increment, and provided for a specific interest rate formula that was tied to the City's cost of funds. The repayment schedule provided that any balances remaining unpaid rolled over to the next year. The City and the Redevelopment Agency have operated under the terms of this Cooperation Agreement since its adoption and have maintained ongoing information on annual reports regarding the balances due and payable. The outstanding principal balance at the time of the dissolution of Redevelopment was \$9,832,652.

On January 24, 2017, the Oversight Board approved Resolution No. OB 2017-02 to find that the City Loans were for legitimate redevelopment purposes that meet the definition of a loan eligible for reinstatement pursuant to Health and Safety Code Section 34191.4(b)(2)(A) and approved the agreement to reinstate the City Loans made to the former Redevelopment Agency. On April 26, 2017, the Department of Finance approved the action taken by the Oversight Board and found that the City loans were for legitimate redevelopment purposes and eligible for reinstatement.

As a result of the reinstatement, the loan obligation of \$17,682,611 was placed on ROPS18-19. The outstanding balance included \$9,832,652 of principal. In addition, in accordance with Health and Safety Code 34191.4(b)(3)(A), interest on the remaining principal of the loan was recalculated at a simple interest rate of three percent from the date of the origination of the loan. This resulted in interest outstanding of \$7,849,959. ROPS18-19 approved a payment for \$4,645,228 and ROPS19-20 approved a payment of \$3,322,326 leaving a remaining balance of \$10,221,612 at June 30, 2020, that includes principal and accrued interest.

The annual repayment amount is calculated pursuant to Health and Safety Code Section 34191.4(b)(3)(A), which requires repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the Fiscal Year 2012-13 base year. For the Successor Agency, the ROPS residual pass-through amounts for Fiscal Year 2012-13 and 2019-20 are zero and \$14,957,320, respectively. Therefore, \$7,478,660 is the repayment authorized for FY 2020-21. Of this amount, 20% or \$1,495,730 must be repaid to the Successor Agency – Housing Fund leaving a balance of \$5,982,930 to be repaid to the General Fund.

On April 25, 2018, the City Council approved staff's recommendation that all Successor Agency Loan Repayments made over the next four years shall all be contributed to the Section 115 Irrevocable Pension Trust.

CITY COUNCIL STAFF REPORT

Workshop Item No. 10

May 13, 2020

File No. 0430-30

SUBJECT: Five-Year Capital Improvement Program and Fiscal Year 2020/21 Capital Improvement Program Budget Status

DEPARTMENT: Finance

RECOMMENDATION:

It is requested that the City Council review the proposed Fiscal Year 2020/21 Five-Year Capital Improvement Program and Budget status, and authorize staff to return with the final 2020/21 Capital Improvement Program and Budget on June 10, 2020.

FISCAL ANALYSIS:

The Five-Year Capital Improvement Program (“CIP”) is a five-year planning tool which is developed and updated annually. Nearly all capital projects in the City of Escondido (“City”) are paid for using funds which are restricted in some fashion by the funding source. Attached are the project budget requests which are organized by funding sources in three broad categories: General Funds, Street Funds, and Public Utilities Funds. Also, attached is a detailed description of each project by project type. Currently, the FY 2020/21 CIP Budget utilizes approximately \$82,000 for general projects, \$10.2 million for street projects, and \$95 million for public utilities projects.

Development Impact fees, that are restricted to paying for projects which offset the costs of the new development were over projected for the 2019/20 fiscal year. From a timing perspective, these projects did not occur at the anticipated pace, and will show up in a future budget. Therefore, for the current CIP, reductions of approximately \$858,000 for general projects and \$808,000 for street type projects have been incorporated in the FY 20/21 budget. (See Attachment 1).

Staff is also recommending a reallocation of Park Development funds based on reprioritized project needs. The reprioritization generally adds additional funds to complete the Grape Day Park restrooms and adds funds to the NFC Fitness Courts situated in neighborhoods around the City. Those additions are offset by decreases in other projects with less priority.

There are currently \$10.6 million in projects in the City’s CIP which are either ultimately necessary or desirable from a policy perspective, however, have no identified funding source. These fall into the following categories: General City, Parks and Recreation, Public Safety, Public Works and Streets and are also identified on the Attachment.

PREVIOUS ACTION:

The preliminary Five-Year CIP and FY 2019/20 CIP Budget update was taken to the City Council on May 8, 2019. The City Council approved the Five-Year CIP and Budget for FY 2019/20 on June 12, 2019.

Five-Year Capital Improvement Program and Fiscal Year 2018/19 Capital Improvement Program
Budget Update
May 13, 2020
Page 2

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Joan Ryan, Director of Finance
5/6/20 3:13 p.m.

ATTACHMENTS:

1. Attachment 1- FY 2020/21 Preliminary Capital Project Budget Requests

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS			
EXECUTIVE SUMMARY BY FUNDING SOURCE			
List of Projects by Fund	Pg #	Proposed FY 2020/21	Forecast FYs2022/25
GENERAL FUNDS			
GENERAL CAPITAL FUND			
<i>This fund was created to account for transactions related to general-type capital projects. The funding for these expenditures is typically received through interfund transfers from the City's General Fund. General capital funding consists of remaining General Capital Fund balances from closed projects plus proportional shares of the interest earned on the City's portfolio.</i>			
Projected Available Balance		39,580	95,900
Transfer from the General Fund		42,200	
City Hall UPS Replacement NEW	pg 5	67,200	-
Electronic Plans Table NEW	pg 5	6,000	-
Fire Station Security Cameras	pg 8	3,580	34,420
Video Conference System for the EOC NEW	pg 8	5,000	-
Total General Capital Funded Project Requests		81,780	34,420
General Capital Fund Remaining Balance		-	61,480
LIBRARY TRUST FUND			
<i>This fund was established to account for donations that are administered by the Library's Board of Trustees to supplement expenditures related to Library operations, maintenance, and capital outlay needs.</i>			
Projected Available Balance		287,380	31,300
Total Library Trust Fund Project Requests		-	-
Library Trust Fund Remaining Balance		287,380	31,300
PARK DEVELOPMENT FUND			
<i>This fund was established to account for transactions related to the acquisition of park land and the development of recreational facilities. Funding is received from Park Development Fees collected from developers of residential projects at a rate of \$6,849.30 per single family residential dwelling unit and \$6,533.10 per multi family residential dwelling unit.</i>			
Projected Available Balance		(347,885)	4,248,700
Aquatic Facility Improvements	pg 6	(1,204,395)	-
City Skate Parks	pg 6	-	950,000
El Caballo Environmental Review	pg 6	(40,000)	
Expanded Arena Sports	pg 6	(50,000)	
Grape Day Park Expansion	pg 6	(438,395)	-
Grape Day Park Restrooms	pg 6	1,400,000	
Jim Stone Pool Improvements	pg 6	(137,110)	-
Kit Carson Park Sports Center Restroom	pg 6	(53,344)	53,344
Kit Carson Park Tennis Courts	pg 6	(9,562)	
Multipurpose Artificial Turf Field	pg 6	-	1,452,356
NFC Fitness Courts NEW	pg 7	400,000	-
Park Ball Field	pg 7	-	1,018,800
Park Development Outreach	pg 5	(9,943)	-
Park Signage	pg 7	(20,617)	-
Play Equipment Shade Structures	pg 7	(156,376)	250,000
Pump Track/Bike Park NEW	pg 7	-	225,000
Ryan Park Field Expansion and Lighting	pg 7	-	299,200
Washington Park Improvements	pg 7	(11,094)	299,200
Washington Park Tennis Courts	pg 7	(17,049)	-
Total Park Development Fund Project Requests		(347,885)	4,248,700
Park Development Fund Remaining Balance		-	-
PUBLIC ART FUND			
<i>This fund was established to account for expenditures that promote and provide public art throughout the City. Public art fees are assessed at a rate of \$0.30 per square foot when building permits are issued for both residential and commercial development projects. For details of potential exceptions to this fee, refer to the City's "Fee Guide for Development Projects."</i>			
Projected Available Balance		(152,270)	216,100
City Murals NEW	pg 7	-	135,200

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS			
EXECUTIVE SUMMARY BY FUNDING SOURCE			
List of Projects by Fund	Pg #	Proposed FY 2020/21	Forecast FYs2022/25
Escondido Creek Art	pg 7	(13,335)	15,900
Grand Avenue Art Project	pg 8	(50,000)	40,000
Pedestrian Pathfinders	pg 8	(88,935)	-
Queen Califia Education	pg 8	-	25,000
Total Public Art Fund Project Requests		(152,270)	216,100
Public Art Fund Remaining Balance		-	-
PUBLIC FACILITIES FUND			
<i>This fund was created to account for developer fees that ensure public facility standards, established by the City, are met with respect to additional needs that are created as the result of growth and development in the City. The current Public Facility Fees are assessed as follows: \$4,872.54 per dwelling unit; \$2.21 per sq. ft of Commercial building area, \$1.67 per sq. ft. of Industrial building area.</i>			
Projected Available Balance		(358,120)	3,949,100
Automated Materials Handling System	pg 5	(75,000)	-
Bleeding Control Stations NEW	pg 8	14,000	-
Free-standing Library Kiosk NEW	pg 5	-	400,000
Library Circulating Materials	pg 5	250,000	1,000,000
Library Expansion Project	pg 5	(99,377)	-
Public Works Yard Relocation	pg 8	(769,569)	1,109,100
Radio Frequency Identification	pg 5	(38,174)	-
Traffic Signal Communication Project NEW	pg 10	360,000	1,440,000
Total Public Facilities Fund Project Requests		(358,120)	3,949,100
Public Facilities Fund Remaining Balance		-	-
STREET FUNDS			
GAS TAX FUND			
<i>This fund was established to account for revenue received from a gasoline excise tax of 18 cents per gallon of fuel under Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code. In July 2010, Proposition 42 funding, which was state sales tax on the sale of gasoline, was "swapped" for a gasoline excise tax under Section 2013 of the Streets and Highways Code. This amount is indexed annually by the California State Board of Equalization (BOE) in order to ensure the new excise tax keeps pace with the revenues that were expected from the sales tax on gasoline and changes the overall excise tax on gasoline on an annual basis. All resources are legally restricted for street-related expenditures within the public right-of-ways.</i>			
Projected Available Balance		2,959,670	16,119,100
Bridge Maintenance	pg 9	-	725,000
East Valley Pkwy & Midway Drainage Improvements	pg 9	-	820,000
LED Conversions	pg 10	200,000	1,200,000
Pavement Maintenance	pg 10	-	50,000
Street Tree Maintenance	pg 8	-	420,000
Storm Drain Repair and Improvements	pg 10	527,670	3,676,100
Traffic Infrastructure	pg 10	127,000	508,000
Traffic Signal Synchronization	pg 10	-	300,000
Transfer to General Fund (Street Maintenance)	pg 10	2,055,000	8,220,000
Transportation & Community Safety	pg 10	50,000	200,000
Total Gas Tax Fund Project Requests		2,959,670	16,119,100
Gas Tax Fund Remaining Balance		-	-
ROAD MAINTENANCE AND REHABILITATION ACCOUNT			
<i>This fund was established to account for revenue allocated to the City based on section 2031 of the Streets & Highway Code and the Road Repair and Accountability Act of 2017 (SB1 Beall). These revenues come from an additional 12 cent per gallon increase to the gasoline excise tax and additional 20 cent per gallon increase to the diesel fuel excise tax effective November 1, 2017. In addition a "Transportation Improvement Fee" was added to vehicle registrations beginning January 1, 2018.</i>			
Projected Available Balance		3,207,905	12,044,600
Pavement Maintenance	pg 10	3,207,905	12,044,600
Total Street Fund Project Requests		3,207,905	12,044,600
RMRA Fund Remaining Balance		-	-

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS			
EXECUTIVE SUMMARY BY FUNDING SOURCE			
List of Projects by Fund	Pg #	Proposed FY 2020/21	Forecast FYs2022/25
STREET FUND			
<i>This fund was generated from General Fund balances remaining in street projects that were constructed during prior years plus its proportional share of the interest earned on the City's portfolio. It is also used to account for street-related reimbursements received from other agencies. These funds are designated by the City to be used only for street-related construction, improvements, and right-of-way acquisitions.</i>			
Projected Available Balance		135,280	209,900
City Entrance Monument Signage NEW	pg 9	-	54,300
Storm Drain Repair and Improvements	pg 10	135,280	155,600
Total Street Fund Project Requests		135,280	209,900
Street Fund Remaining Balance		-	-
STORM DRAIN FUND			
<i>This fund was established to account for fees collected from developers to ensure that the storm water drainage infrastructure meets the requirements established by the City's Drainage Master Plan. The current Drainage Facility Fees are assessed as follows: \$1,113.84 per dwelling unit, \$460.02 per dwelling unit for multi family development and all other uses \$0.72 per sq. ft of building roof area.</i>			
Projected Available Balance		(36,455)	740,600
East Valley Pkwy & Midway Drainage Improvements	pg 9	(47,075)	740,600
FY 20 Fees Available for Developer Reimb in FY 21	pg 9	10,620	-
Total Storm Drain Fund Project Requests		(36,455)	740,600
Storm Drain Fund Remaining Balance		-	-
TRAFFIC IMPACT FUND			
<i>This fund was established to account for fees collected from developers to ensure accelerated circulation improvements required as a result of growth and new development. For a Traffic Impact Fee schedule, see City Council Resolution No. 2008-10R. Beginning July 1, 2008 this fund will also account for the Regional Transportation Congestion Improvement Program (RTCIP) in compliance with the TransNet Extension Ordinance, as administered by SANDAG. A \$2,533.15 traffic fee for each residential unit from each residential building permit issued will be collected. These Regional Traffic Impact Fees can only be spent on eligible improvements to the Regional Arterial System (RAS) in SANDAG's 2030 Regional Transportation Plan. An annual SANDAG audit of these revenues and expenditures will be completed.</i>			
Projected Available Balance		(771,510)	4,177,200
Bear Valley Pkwy Widening at Sunset/Ranchito NEW	pg 9	-	1,075,000
Citracado Pkwy Extension	pg 9	(771,510)	1,080,700
Felicita & Juniper/Escondido Blvd to Chestnut	pg 9	-	2,021,500
Total Traffic Impact Fund Project Requests		(771,510)	4,177,200
Traffic Impact Fund Remaining Balance		-	-
TRANSNET FUND			
<i>This fund was established to account for transactions related to the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (TransNet) administered by the San Diego Association of Governments (SANDAG). TransNet allocations are funded by a one-half of one percent Transaction and Use Tax, which was established in 1987 under Proposition-A and extended by voters in November 2004. All resources are legally restricted to expenditures for street, pedestrian, and bicycle transportation programs. SANDAG develops and monitors projects, in addition to allocating funds, as part of a continuous comprehensive regional transportation planning program.</i>			
Projected Available Balance		3,939,940	17,635,000
Centre City Pkwy Signals	pg 9	-	100,000
Citracado Pkwy-I15 to West Valley Pkwy	pg 9	(624,219)	-
Citracado Pkwy Extension	pg 9	1,966,159	725,000
Felicita & Juniper/Escondido Blvd to Chestnut	pg 9	150,000	2,400,000
Grand Avenue Streetscape Improvements	pg 10	150,000	-
Lincoln Parkway Widening NEW	pg 10	-	700,000
Pavement Maintenance and Rehabilitation	pg 10	2,248,000	12,910,000
Traffic Signals	pg 10	50,000	800,000
Total Transnet Fund Project Requests		3,939,940	17,635,000
Transnet Fund Remaining Balance		-	-

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS			
EXECUTIVE SUMMARY BY FUNDING SOURCE			
List of Projects by Fund	Pg #	Proposed FY 2020/21	Forecast FYs2022/25
PUBLIC UTILITIES FUNDS			
WASTEWATER CAPITAL PROJECTS FUND			
<i>This fund was created to account for capital projects associated with the construction and maintenance of the City's wastewater and recycled-water distribution system. The wastewater utilities system is financed and operated in a manner similar to a private enterprise with construction and maintenance cost financed or recovered primarily through charges for services. These revenues are recorded in the Wastewater Utilities Operating Fund and then transferred to the Wastewater Capital Projects Fund when projects are budgeted.</i>			
Recycled Water Easterly Agriculture Distribution	pg 11	4,300,000	-
Recycled Water Easterly Agriculture RO & PS	pg 11	49,000,000	
Total SRF/I-Bank Loans		53,300,000	-
City Wide Storm Drain Maintenance	pg 11	700,000	3,000,000
Eagle Scout Lake Maintenance	pg 11	125,000	665,000
Habitat Remediation-Spruce St	pg 11	75,000	-
Permitted Channel Maintenance and Mitigation	pg 11	375,000	1,600,000
Recycled Water Easterly Agriculture RO & PS	pg 11	-	4,000,000
Storm Water Alternative Compliance Program	pg 11	180,000	630,000
Trash Capture Devices	pg 11	255,000	960,000
Total Customer Fees		1,710,000	10,855,000
Total Wastewater Fund Project Requests		55,010,000	10,855,000
WATER CAPITAL PROJECTS FUND			
<i>This fund was created to account for capital projects associated with the construction and maintenance of the City's water distribution system. The water utilities system is financed and operated in a manner similar to a private enterprise with construction and maintenance costs financed or recovered primarily through charges for services. These revenues are recorded in the Water Utilities Operating Fund and then transferred to the Water Capital Projects Fund when projects are budgeted.</i>			
San Pasqual Undergrounding	pg 12	20,000,000	-
Total SRF/I-Bank Loans		20,000,000	-
San Pasqual Undergrounding	pg 12	20,000,000	-
Total Reimbursement from Vista Irrigation District		20,000,000	-
W 7th Ave and S Broadway Water Main Replacement	pg 12	-	4,000,000
Total Customer Fees		-	4,000,000
Total Water Fund Project Requests		40,000,000	4,000,000
UNFUNDED CAPITAL PROJECTS			
Audio Visual System Upgrade for the EOC and Conference Rooms at the Police and Fire Headquarters NEW	pg 13	250,000	-
Batting Cages NEW	pg 13	300,000	-
City Hall Front Counter Replacement	pg 14	45,000	-
Citywide Ballfield Fence Replacement	pg 14	205,000	820,000
Citywide Playground Equipment Replacement	pg 13	225,000	900,000
Citywide Smart Irrigation Controller Replacement	pg 14	85,000	340,000
Citywide Sidewalk Repairs	pg 15	300,000	1,200,000
Council Chamber Auditorium Seating	pg 15	120,000	-
East Valley Community Center Sign	pg 13	30,000	-
Escondido Sports Center Community Room	pg 13	300,000	1,200,000
Fire Electrocardiogram (EKG) Replacemen	pg 14	495,000	-
Fire Station 1 Training Tower Service and Repair	pg 14	85,000	-
GIS Systems Expansion & Stability Project NEW	pg 13	59,000	406,000
Hubbard Hill Fire Suppression System	pg 15	100,000	-
Major Drainage Maintenance	pg 15	353,000	1,412,000
Mountain View Field House Restoration	pg 13	250,000	1,000,000
VHF Digital Mobile Radios NEW	pg 14	43,000	-
VHF Portable Radios NEW	pg 14	135,000	-
Total Unfunded Project Requests		3,380,000	7,278,000

**FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS
PROJECT DETAIL BY TYPE OF PROJECT**

COMMUNITY SERVICES

Park Development Outreach	Community outreach to facilitate the scope and design of improvements to the Escondido Creek Trail including the extension to Citracado Parkway. Plan will be used for an \$8.5 million dollar grant application for Statewide Park Development and Community Revitalization Program funds. Reduction needed to accommodate reprioritized park needs. This project is complete. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (9,943)	\$ -	\$ -	\$ -	\$ -

GENERAL CITY

City Hall UPS Replacement	Information Systems uses several servers located in the City Hall server room to provide the network services for the City. In the event of a power issue or outage, the servers require an uninterruptible power supply (UPS), to provide power until the generator at City Hall can start up and provide power to the servers once again. Without a UPS present, all network resources would have to be restarted.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
General Capital	\$ 67,200	\$ -	\$ -	\$ -	\$ -

Electronic Plans Tables	All City departments are moving toward electronic plan submittal and review in an effort to streamline the plan review process, reduce paper waste, and reduce the expense and inconvenience of printing multiple copies of construction documents. Electronic plan review will allow concurrent reviews by City staff which will reduce review turnaround times and will support a consolidated corrections letter that applicants can use to track and respond to staff comments in a consistent and efficient manner. The electronic plans tables are touchscreen workstation that will address the needs of City staff to quickly, accurately and more comfortably review thousands of plan pages.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
General Capital Fund	\$ 6,000	\$ -	\$ -	\$ -	\$ -

LIBRARY

Automated Materials Handling System	The Automated Materials Handling (AMH) System is designed to automate library check-in and sorting processes. The AMH uses self-return and real-time check-in. It utilizes Radio Frequency Identification (RFID) detection, multi-bin sorting with damage reduction technology. AMH improves material turn-around time, staff productivity, and decreases repetitive-motion injuries. The selected vendor will install the hardware and software, which includes an automated sorter, 7 bins, printer, two inductions, with Command Center software. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project would be \$21,594.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ (75,000)	\$ -	\$ -	\$ -	\$ -

Free-standing Library Kiosk	This project will provide funding for one free-standing library kiosk that will provide convenient, affordable, alternative library services in a public, high access area such as the Transit Center or mall. The kiosk can check items out and in, and dispenses all types of library materials including books, CDs, DVDs, magazines, and games. Base model maximum capacity includes 1,000 dynamic horizontal storage positions.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ -	\$ 400,000	\$ -	\$ -	\$ -

Library Circulating Materials	Professional Librarians from Library Systems & Services purchase new titles in all formats to meet needs of Escondido's increasing population in accordance with the General Plan Standards for the Library throughout Fiscal Year. Funds will be expended by the end of the fiscal year.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

Library Expansion Project	The project will provide an operations study to focus the new building on staff efficiency. It will also provide resources for preliminary environmental and conceptual development of the new 40,000 square foot addition to the existing main library. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project would be \$100,000.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ (99,377)	\$ -	\$ -	\$ -	\$ -

Radio Frequency Identification	In Fiscal Year 2015/16 the Library will plan and implement the RFID project with the expected completion date by June 30, 2016. RFID is the latest comprehensive technology system used as a library theft detection method. It is also used as an inventory control and manages the check-out and check-in of library materials. RFID is a technology system using radio frequency tags in the materials, tag-reading devices and self-service stations with security gates at the Library's entrance/exit doors. This system replaces existing, defunct technology purchased 20 years ago. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ (38,174)	\$ -	\$ -	\$ -	\$ -

**FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS
PROJECT DETAIL BY TYPE OF PROJECT**

PARKS AND RECREATION

Aquatic Facility Improvements	This project proposes to modernize Shower and Locker Facilities at Washington Park and Jim Stone Pool. The facilities will be evaluated to determine the best course of action to meet future anticipated demand, which could include remodeling, expansion or replacement of the pool buildings. After evaluation, a plan will be presented to City Council to select the preferred method to modernize Shower and Locker Facilities. Reduction needed to accommodate reduced revenue estimates and reprioritized park needs. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (1,204,395)	\$ -	\$ -	\$ -	\$ -
City Skate Parks	This project, previously named Washington Park Skate Spot, will ensure funding for future design and construction of skate spots throughout the City. Skate spot locations will be prioritized based on public outreach meetings and Council direction. We anticipate that per capital Prop 68 funds could be used to supplement this project.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ -	\$ -	\$ 250,000	\$ 350,000	\$ 350,000
El Caballo Master Plan- Environmental Review	The purpose of this budget is to provide environmental review for the proposed El Caballo Park as described in the El Caballo Park Master Plan. A consultant will be hired to assist City staff to complete this review. Reduction needed to accommodate reprioritized park needs. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (40,000)	\$ -	\$ -	\$ -	\$ -
Expanded Arena Sports	Due to the growing population of Escondido, additional programs are required at the Escondido Sports Center. Expanded programs will include lacrosse, flag football and Ultimate Frisbee. Improvements will include new turf on both soccer arenas and shade structures. We anticipate that per capita Prop 68 funds could be used to supplement this project. Reduction needed to accommodate reprioritized park needs. Remaining budget in this project would be \$245,200.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (50,000)	\$ -	\$ -	\$ -	\$ -
Grape Day Park Expansion	Evaluate the expansion of Grape Day Park including the possibility of building a new library and aquatic center. Develop a phasing plan and begin implementation of the initial phase including community outreach efforts. Reduction needed to accommodate reprioritized park needs. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (438,395)	\$ -	\$ -	\$ -	\$ -
Grape Day Park Restrooms	Replace and expand the existing Grape Day Park restrooms with a new facility, designed for family and individual use with appropriate safety measures. Design will commence in FY 15/16 with construction to begin in FY 16/17. The result of the project will be additional restroom stalls, increasing safe use of the Park and addressing a component of the Grape Day Park Master Plan.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -
Jim Stone Pool Improvements	The purpose of this budget is to fund the expansion of the deck area around the Jim Stone Pool complex in Grape Day Park to include fencing, concrete decking, storage shed, bleachers, and shade structures. A private contractor will be hired to do the work. Reduction needed to accommodate reprioritized park needs. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (137,110)	\$ -	\$ -	\$ -	\$ -
Kit Carson Park Sports Center Restroom	The project will install a unisex restroom in the Sport Center office as currently there is no bathroom for staff use. Public Works-Building Maintenance will assist with the development and implementation of the project. Reduction needed to accommodate reprioritized park needs. This project is being postponed; remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (53,344)	\$ 53,344	\$ -	\$ -	\$ -
Kit Carson Park Tennis Courts	Due to community growth and subsequent increased use by youth, this project proposes to repurpose 10 tennis courts at the Ray Love Tennis Center to include resurfacing with both regulation adult and youth game striping as well as select striping for pickle ball. This will expand the versatility of the courts and increase the number of users served. Additionally, instead of adding youth specific courts, this will make the courts accessible to all. This work will be performed by a professional tennis contractor. Reduction needed to accommodate reprioritized park needs. This project is complete. Remaining budget in this project would be \$0.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ (9,562)	\$ -	\$ -	\$ -	\$ -
Multipurpose Artificial Turf Fields	This project will construct a multipurpose, multisport, artificial turf field. The project will provide a space for community sports such as softball, baseball, kickball, Ultimate Frisbee, Lacrosse, football, and soccer. It will allow for additional practice and game space, allow the City to accommodate larger sports tournaments thereby increasing revenue, and provide an alternate location to host sporting activities while other fields rest. The artificial turf will also allow for year round rentals, increasing revenue. Park location will be prioritized through a series of public meetings. We anticipate that per capita Prop 68 funds could be used to supplement this project.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Park Development	\$ -	\$ 296,656	\$ 355,700	\$ 400,000	\$ 400,000

FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS						
PROJECT DETAIL BY TYPE OF PROJECT						
NFC Fitness Courts	This project will provide four new National Fitness Campaign (NFC) Fitness Courts with coordinating shade structures. In addition to bringing new free fitness opportunities, the fitness courts will also provide a new revenue stream, as these areas will provide for future instructor led fitness classes. Park locations will be prioritized through public feedback, site appropriateness, and Council direction. We anticipate that per capita Prop 68 funds could be used to supplement this project.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ 400,000	\$ -	\$ -	\$ -	\$ -	
Park Ball Field	The City's youth leagues continue to grow, as does the need for additional practice and game space. The current little league fields are at capacity and can not accommodate additional use. The Ball Field Project will provide funding to construct a new ball field, including lights and fencing. Park location will be prioritized through a series of public meetings. We anticipate that per capita Prop 68 funds could be used to supplement this project.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ -	\$ 225,000	\$ 225,000	\$ 299,800	\$ 269,000	
Park Signage	Improve the appearance and functionality of visitor information signage at City parks to welcome and orient visitors as well as increase promotion of local businesses. Reduction needed to accommodate reprioritized park needs. This project is complete. Remaining budget in this project would be \$0.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ (20,617)	\$ -	\$ -	\$ -	\$ -	
Play Equipment Shade Structures	Due to community growth and subsequent increased use of the play equipment at Washington Park as well as the new equipment in Grape Day Park and to mitigate the heat on the structures and the children from the direct sun, staff will issue a Request For Proposal to bid the projects to a vendor to provide the materials and installation of the shade structures. We anticipate that per capita Prop 68 funds could be used to supplement this project. Reduction needed in FY 2020/21 to accommodate reprioritized park needs. Remaining budget in this project would be \$93,624.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ (156,376)	\$ -	\$ 250,000	\$ -	\$ -	
Pump Track/Bike Park	Design and development of a pump track/bike park. The location will be prioritized based on public feedback, site appropriateness, and Council direction. We anticipate that per capita Prop 68 funds could be used to supplement this project.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ -	\$ 225,000	\$ -	\$ -	\$ -	
Ryan Park Field Expansion and Lighting	Ryan Park hosts year round youth & adult soccer leagues and tournaments. The continued growth of our community and rise in popularity of soccer requires the expansion of the sports fields to accommodate more players, games, and practice space. This project addresses the expansion of one field of approximately 67,000 square feet (1.5 acres). The installation of two new light poles will accommodate additional playing and practice times. We anticipate that per capita Prop 68 funds could be used to supplement this project.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ -	\$ 299,200	\$ -	\$ -	\$ -	
Washington Park Improvements	Project will include an 8', ADA compliant, concrete path from the parking lot, extending around the ballfield and ending midway between 3rd base and left field. Within the scope of the project, two concrete pads will be installed for future bleachers. Reduction needed to accommodate reprioritized park needs. This project is complete. Remaining budget in this project would be \$0.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ (11,094)	\$ -	\$ -	\$ -	\$ -	
Washington Park Tennis Courts	The purpose of this project is to repurpose the Washington Park tennis courts from single to multiple-use courts, which will accommodate games such as pickleball. Repurposing these courts to multi-use will increase the playability of these areas and increase usage of the facility. The work will be completed by a contractor who specializes in court resurfacing and relining. Reduction needed to accommodate reprioritized park needs. This project is complete. Remaining budget in this project would be \$0.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Park Development	\$ (17,049)	\$ -	\$ -	\$ -	\$ -	
PUBLIC ART						
City Murals	This Project will provide funding for new Murals located throughout the city.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Public Art Fund	\$ -	\$ -	\$ 30,000	\$ 53,400	\$ 51,800	
Escondido Creek Art	This project sets aside funds for planning and constructing potential public art in conformance with the Escondido Creek Master Plan. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project for FY 2020/21 would be \$50,000 with the \$13,335 proposed reduction.					
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Public Art Fund	\$ (13,335)	\$ 15,900	\$ -	\$ -	\$ -	

FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS					
PROJECT DETAIL BY TYPE OF PROJECT					
Grand Avenue Art Project	This project sets aside funding for planning and construction of potential public art in conjunction with the Grand Avenue street improvements. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project for FY 2020/21 would be \$250,000 with the \$50,000 proposed reduction.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Art Fund	\$ (50,000)	\$ 40,000	\$ -	\$ -	\$ -
Pedestrian Pathfinders	Creating a series of visual markers to direct pedestrians along the Transit Center/ downtown corridor. Anticipated completion 2010. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project would be \$61,180 with the \$88,935 proposed reduction.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Art Fund	\$ (88,935)	\$ -	\$ -	\$ -	\$ -
Queen Califia Education	Interest and contributions in the Endowment Fund can fund educational opportunities related to Queen Califia, including publication of the exhibition book for the upcoming Queen Califia Exhibit at the CCAE.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Art Fund	\$ -	\$ -	\$ 25,000	\$ -	\$ -
PUBLIC SAFETY					
Bleeding Control Stations	This project will purchase 23 wall mounted bleeding control stations that will be installed at all city facilities next to the existing Automatic External Defibrillators (AED). Among these locations include, California Center for the Arts, the Library, Washington and James Stone Pools, Park Avenue Community Center, the Escondido Sports Center, East Valley Community Center and City Hall. The project will also purchase two training kits that will be used to provide city employees with bleeding control training during CPR/First Aid classes that are regularly offered throughout the year. The purpose of the bleeding control stations is to provide the supplies necessary for employees or knowledgeable bystanders to control bleeding, particularly when there are multiple victims. Studies have shown that quick action to slow or stop traumatic wound bleeding greatly increases the chances for victims to survive. Similar to having AEDs at public facilities in case someone has a heart attack, bleeding control stations will help save lives in the event of a tragic event with multiple victims. Each bleeding control station will include six bleeding control kits that contain supplies such as tourniquets, chest seals, blankets and gauze. The kits also include a bleeding control instruction card.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ 14,000	\$ -	\$ -	\$ -	\$ -
Fire Station Security System	In today's society where our first responders are often a target, improved security for City fire stations and our firefighters is essential. The currently installed security cameras and video systems are out of date and nonoperational. Upgrading our security cameras and systems at all fire stations will provide improved security for our firefighters and provide law enforcement a tool to assist in identifying those that vandalize City property.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
General Capital Fund	\$ 3,580	\$ 24,800	\$ 9,620	\$ -	\$ -
Video Conference System for the EOC	The City's Emergency Operating Center currently does not have a video conference system. A video conferencing system will aid in our ability to interact with various agencies located at different sites during regional emergencies. Being able to communicate in real time with video, web and audio conferencing would increase efficiencies and coordination capabilities when time is a critical component in responding to threats to both Escondido and our surrounding jurisdictions.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
General Capital Fund	\$ 5,000	\$ -	\$ -	\$ -	\$ -
PUBLIC WORKS					
Public Works Yard Relocation	This project supports the future relocation of the Public Works Yard. The new facility will be sized to meet current and future maintenance demands of the City. Project components will include site selection, acquisition, environmental documentation, and design for the future site. This project implements a component of the Comprehensive Economic Development Strategy (CEDs) that identifies the current yard site as a high priority area targeted for redevelopment. Reduction needed to accommodate reduced revenue estimates. Remaining budget in this project in FY 2020/21 would be \$6,037,221 with the \$755,569 proposed reduction.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ (769,569)	\$ 11,700	\$ 394,500	\$ 365,800	\$ 337,100
Street Tree Maintenance	With the completion of the Urban Forest Inventory, the need for tree maintenance exceeds the capacity of the City Tree Crew. The city has over 53,000 trees to maintain. At present there are over 360 trees needing immediate removal, approximately 33,000 trees needing pruning/maintenance, over 3,000 new trees to plant, and approximately 300 tree stumps to be removed. An annual tree maintenance contract would significantly improve the health of the City's Urban Forest.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ -	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000

FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS					
PROJECT DETAIL BY TYPE OF PROJECT					
STREETS					
Bear Valley Pkwy Widening at Sunset/Ranchito	This project funds the widening of Bear Valley Parkway from the southerly limit of the Wohlford Residential project to Sunset/Ranchito, in accordance with the Development Agreement approved for this project. The development project will add one north-bound lane on Bear Valley Parkway from Sunset/Ranchito to the City limits at Cholla Canyon. The timing will be based on the developer's schedule to complete the development project.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Traffic Impact	\$ -	\$ -	\$ -	\$ 575,000	\$ 500,000
Bridge Maintenance	To preserve the long-term condition of the City's 34-bridges, preventative maintenance, including deck maintenance, joint seal replacement and railing repairs are required. This project designates a budget to perform preventative maintenance at the highest priority locations, based on condition rating. Staff will pursue Caltrans bridge program funding, where available, to perform maintenance and address required repairs.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ -	\$ 125,000	\$ 200,000	\$ 200,000	\$ 200,000
Centre City Pkwy Traffic Signals	This project provides for funding for design of a new signal at Centre City Parkway and Brotherton and modification of the signal at Centre City Parkway and Citracado Parkway. Staff expects to re-apply for Highway Safety Improvement Program (HSIP) grant funding in 2020. Additional matching funds are needed to support the grant application. funding in the next cycle.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Transnet	\$ -	\$ 100,000	\$ -	\$ -	\$ -
Citracado Pkwy-I15 to West Valley Pkwy	Widen Citracado Parkway with Major Road improvements from two-lanes to four-lanes with turn pockets and extend it from Interstate 15 to West Valley Parkway. Construction to include curbs and gutters, sidewalks, street lights, and raised landscaped medians. Reduction to reallocate funds to the first phase of Citracado. Remaining project budget will be \$0 with this reallocation of funds.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Transnet	\$ (624,219)	\$ -	\$ -	\$ -	\$ -
Citracado Pkwy Extension	This project extends Citracado Pkwy from Harmony Grove Village Pkwy to Andreasen Dr., and will construct new pavement, streets, curb and gutter, center medians, landscaping, traffic signals, a bridge over Escondido Creek, and utility infrastructure. The project will be administered by City staff with Construction Management support by consultant. Construction of the project will be performed by the awarded contractor. Reduction in FY 2020/21 needed to accommodate reduced Traffic Impact revenue estimates.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Traffic Impact	(771,510)	1,080,700			
Transnet	1,966,159	725,000			
Total	\$ 1,194,649	\$ 1,805,700	\$ -	\$ -	\$ -
City Entrance Monument Signage	This project installs signage at two key entry points to the City. Lighted, stone-faced monument signs are proposed to be located on major arterial roadways, including Centre City Parkway, Bear Valley Parkway, Valley Parkway, Lincoln Parkway and El Norte Parkway as a part of phased project to welcome visitors and residents to the City.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Streets Fund	\$ -	\$ 54,300	\$ -	\$ -	\$ -
East Valley Pkwy & Midway Drainage Improvements	This project will study the FEMA floodplain areas along East Valley Parkway, between Ash and Citrus, and along Midway Drive, between Bear Valley Pkwy. and Lincoln Ave, to design improvements to Master Drainage Facilities. It is anticipated that drainage improvements will be made in phases as funding becomes available. Total project cost is estimated at \$5.5-Million. Reduction in FY 2020/21 needed to accommodate reduced storm drain revenue estimates.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Storm Drain	\$ (47,075)	\$ 191,600	\$ 188,400	\$ 183,000	\$ 177,600
Gas Tax	-	175,000	200,000	215,000	230,000
Total Cost	\$ (47,075)	\$ 366,600	\$ 388,400	\$ 398,000	\$ 407,600
FY20 Developer Fees Available for Reimbursement in FY21	10% of annual Storm Drain Basin Fees to be used for reimbursements for eligible improvements constructed by developers who submit a request.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Storm Drain	\$ 10,620	\$ -	\$ -	\$ -	\$ -
Felicita & Juniper/Escondido Blvd to Chestnut	The first phase of this project widens Juniper Street between Felicita Avenue and Chestnut Street with Active Transportation Program grant (Juniper Safe Routes to School Project) and Transnet funding. This phase is expected to be constructed during FY20/21. The second phase of the project will widen Felicita Avenue from Escondido Boulevard to Juniper Street. Construction to include new pavement, curbs and gutters, sidewalks, and traffic signal modifications.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Traffic Impact	\$ -	\$ -	\$ 1,062,500	\$ 457,200	\$ 501,800
Transnet	150,000	250,000	900,000	600,000	650,000
Total Cost	\$ 150,000	\$ 250,000	\$ 1,962,500	\$ 1,057,200	\$ 1,151,800

FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS					
PROJECT DETAIL BY TYPE OF PROJECT					
Grand Avenue Streetscape Improvements	Phase I funding for the Grand Avenue Streetscaping project. Project will include reducing Grand Avenue to one lane in each direction between Juniper and Escondido. Diagonal parking would be added on one side of the street (except between Broadway and Kalmia where diagonal parking could be on both sides of the street, if desired). Between Maple and Kalmia, the medians would be removed and the sidewalk widened on one-side of the street between Maple and Broadway. Lighting enhancements and improved pedestrian crossings would also be incorporated.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Transnet	\$ 150,000	\$ -	\$ -	\$ -	\$ -
LED Streetlight Conversions	This project provides funding to convert high pressure and low pressure sodium street lights to light emitting diode (LED). LED provides a whiter light that appears brighter and provides a truer color rendering. Conversion to LED results in savings both in maintenance and energy costs.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ 200,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Lincoln Parkway Widening	This project updates the adopted Specific Alignment Plan for the widening of Lincoln Parkway/Avenue between Garrick Way to Fig Street.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Transnet	\$ -	\$ -	\$ -	\$ 300,000	\$ 400,000
Pavement Maintenance & Rehabilitation	This annual project provides for the maintenance and repair of City streets. Work is focused in one of eight residential zones each year. Resurfacing of Major and Collector streets is performed Citywide based on pavement condition. Work includes subgrade repairs, asphalt replacement and seal coating. In addition, the project repairs lifted sidewalks and stripes bike lanes on resurfaced streets in accordance with the Bicycle Master Plan. In order to increase the City's PCI to 70 a budget of \$7.1 million would be needed.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ -	\$ 50,000	\$ -	\$ -	
Transnet-Maint	1,070,100	1,208,700	1,316,400	1,359,600	1,405,800
Transnet-Rehab	1,177,900	1,695,300	1,921,600	2,022,400	1,980,200
RMRA Funds	3,207,905	2,967,500	2,996,600	3,025,700	3,054,800
Total Cost	\$ 5,455,905	\$ 5,921,500	\$ 6,234,600	\$ 6,407,700	\$ 6,440,800
Storm Drain Repair and Improvements	There are over 15 miles of corrugated metal storm drain pipe (CMP) within the City. The majority of this pipeline is beyond its service life. This project designates funding for repair and improvement of priority drainage facilities, including deteriorated storm drains and failing channels, as well as to make improvements to drainage facilities to extend their service life.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ 527,670	\$ 909,400	\$ 898,300	\$ 922,200	\$ 946,200
Streets Fund	135,280	-	53,400	51,900	50,300
Total Cost	\$ 662,950	\$ 909,400	\$ 951,700	\$ 974,100	\$ 996,500
Traffic Infrastructure	This project includes installation of signage, striping and other traffic-related infrastructure Citywide.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ 127,000	\$ 127,000	\$ 127,000	\$ 127,000	\$ 127,000
Traffic Signal Communication Project	This project installs a high speed communication system for the City's traffic signals that will improve operation. The projects supports installation of upgraded signal controllers and controller cabinets that are more responsive, provide more data to support operational improvements, and will allow deployment of technology to support the ultimate build-out of the City.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Public Facility Fees	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Traffic Signals	This project is for construction of new signals and modification of existing signals Citywide. Signals will be constructed in accordance with the adopted traffic signal priority list.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Transnet	\$ 50,000	\$ 50,000	\$ 250,000	\$ 250,000	\$ 250,000
Traffic Signal Synchronization	This project is for timing and coordination of signal corridors Citywide. The funds will be used to conduct traffic counts and re-time signals along two major street corridors each year.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Transfer to General Fund	Transfer to General Fund - Street Maintenance Department				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ 2,055,000	\$ 2,055,000	\$ 2,055,000	\$ 2,055,000	\$ 2,055,000
Transportation & Community Safety	This is an annual budget designated for the Transportation and Community Safety Commission to select traffic safety and traffic calming projects.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Gas Tax	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000

**FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS
PROJECT DETAIL BY TYPE OF PROJECT**

WASTEWATER UTILITIES

Citywide Storm Drain Maintenance	The City is required to conduct annual inspections and cleaning/maintenance of its storm conveyance system infrastructure including inlets, catch basins, pipes, and curb and gutter. Funds provide equipment and staff costs to remove and dispose of trash, debris, sediment, and leaves and properly document and report on these City activities related to pollution prevention. New requirements to install trash screens in storm drains will increase maintenance and staff costs in future Fiscal Years. The project is overseen by the Environmental Programs Division and implemented by the Public Works Department.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater	\$ 700,000	\$ 700,000	\$ 750,000	\$ 775,000	\$ 775,000
Eagle Scout Lake Maintenance	Eagle Scout Lake in Kit Carson Park provides value to the community as a park water feature and as a sediment detention basin to improve downstream water quality. The City completed major dredging project in 2014 and periodic maintenance since then. FY 2019/20 activities include minor maintenance and planning for future lake improvements including design of bank stabilization and easier maintenance locations upstream of the lake. Environmental Programs Division staff oversee the project and coordinate maintenance with Public Works and Engineering.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater	\$ 125,000	\$ 165,000	\$ 100,000	\$ 100,000	\$ 300,000
Habitat Remediation- Spruce St.	This projects corrects drainage problems in the Spruce Street stormwater conveyance channel. Grading variances, non-native plants, and sediment deposits led to standing water in the upper channel, functioning as habitat for breeding mosquitoes and presenting water quality concerns. The City has worked since 2013 to redesign the channel (within existing constraints) and complete CEQA and environmental permitting. The City secured grant funding totaling \$638,500 from County Vector Habitat Grant and \$258,000 from State Proposition 1 funds. After project completion (expected 2020) minor maintenance and monitoring will be needed until the site is incorporated into the Permitted Channel Maintenance CIP (#807502). The Environmental Programs Division is leading this effort in coordination with Engineering.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater	75,000	-			
Permitted Channel Maintenance and Mitigation	Permits for channel maintenance were issued in August 2015. Since then City staff have been maintaining the channels and have completed the project in Kit Carson to mitigate the impacts of maintenance to wetland habitat. The permit will be renewed and hopefully expanded to additional locations in 2020; significant efforts to prepare the renewal application are underway. The permit renewal may require additional wetland mitigation, along with monitoring and maintenance activities for existing mitigation areas. This CIP includes staff time and equipment to continue maintenance work. The project is funded through the wastewater fund. Environmental Programs Division oversee the project and coordinate maintenance with Public Works.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater	\$ 375,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Recycled Water Easterly Agriculture Distribution	Design and construction of the recycled water distribution system for agricultural users and recycled water emergency storage pond.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
SRF Loan	\$ 4,300,000				
Recycled Water Easterly Agriculture RO & PS	Construction of a Membrane Filtration Reverse Osmosis facility and pump station to improve recycled water quality for agricultural uses.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
I-Bank Loan	\$ 20,000,000				
SRF Loan	29,000,000				
Wastewater		\$ 4,000,000			
Total	\$ 49,000,000	\$ 4,000,000	\$ -	\$ -	\$ -
Storm Water Alternative Compliance Program	The City's storm water permit allows for new and re-development projects to achieve "alternative compliance" by funding, contributing to, or implementing water quality improvement infrastructure at an offsite location through a credit system. Projects can be constructed by a private developer or the City, and only upon approval with extensive documentation and review as part of pre-project planning/engineering design. The City seeks to develop an alternative compliance program by designing and building a storm drain retrofit project, which would be used as part of the crediting system for future projects. The program will be administered by the Environmental Programs Division and Engineering Department.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater	\$ 180,000	\$ 230,000	\$ 200,000	\$ 200,000	\$ -
Trash Capture Devices	The San Diego Regional Municipal Separate Storm Sewer System (MS4) Permit from the Regional Water Quality Control Board will be renewed in 2020 to include new regulations to capture and remove trash from storm drain systems. The new requirements will install screens in storm drains in certain land uses (commercial, industrial, high density residential) and include a ten-year compliance timeframe. The Environmental Programs Division works closely with Engineering and Public Works to implement this new program, and Public Works performs maintenance under the MS4 Maintenance CIP (807601).				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Wastewater	\$ 255,000	\$ 265,000	\$ 230,000	\$ 230,000	\$ 235,000

**FY 2019/20 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS
PROJECT DETAIL BY TYPE OF PROJECT**

WATER UTILITIES

San Pasqual Undergrounding	Underground a portion of the Escondido Canal through the San Pasqual Reservation as per the Settlement Agreement with the Indian Bands.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
I-Bank Loan	\$ 20,000,000				
Reimbursement from VID	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -
Total	\$ 40,000,000	\$ -	\$ -	\$ -	\$ -
W 7th Ave and S Broadway Water Main Replacement	Replacement of approximately 2,500 feet of water main in West 7th Avenue and approximately 2,800 feet in South Broadway.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Water	\$ -	\$ 3,000,000	\$ 1,000,000	\$ -	\$ -

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS
UNFUNDED PROJECTS

GENERAL CITY

East Valley Community Center Sign	East Valley Community Center sign is outdated and incorrect. The old sign and decorative details will be removed and a modern, accurate, sign will be installed.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 30,000	\$ -	\$ -	\$ -	\$ -

GIS Systems Expansion & Stability Project	This project will ensure adequate funding for the expansion and stabilization of GIS software and systems that underpin such enterprise software applications including the asset management system and the permit land and licensing system. Additionally, this project will address implementation of a full GIS system for supporting the Public Safety Dispatch environment.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 59,000	\$ 79,000	\$ 109,000	\$ 109,000	\$ 109,000

PARKS AND RECREATION

Batting Cages	Installation of an 18,000 square foot batting cage facility (nine cages) in Kit Carson Park, including all associated equipment. We anticipate that per capita Prop 68 funds could be used to supplement this project.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 300,000	\$ -	\$ -	\$ -	\$ -

Citywide Playground Equipment Replacement	This is an annual budget for the replacement of playground equipment in City Parks. The equipment scheduled for replacement consists of composite play structures, swings, slides, a wooden train, a balance beam, parallel bars, and spring rockers. Most of the City playground equipment has exceeded the normal life expectancy, beyond the product life for replacement parts availability, and is in need of repairs due to age and continued use. Play equipment installed prior to 2000 would be prioritized for replacement.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000

Escondido Sports Center Community Room	Construction of a new 2,400 square foot multipurpose community meeting room at the Escondido Sports Center. The project will also include restrooms, storage, and a kitchenette.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000

Mountain View Park Field House Restoration	Renovation of the Mountain View Park Field House.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

PUBLIC SAFETY

Audio Visual System Upgrade for the EOC and Conference Rooms at the Police and Fire Headquarters Building	The analog audio visual systems in the conference rooms at the Police & Fire Headquarters building are nearing the end of their life. The systems are no longer supported by the manufacturer and are in need of replacement. The systems are used every day and City staff heavily rely on the equipment to function when needed, particularly during disaster and emergency operations. Technology has advanced from the initial installation in 2009 and newer systems will be more energy efficient and more cost effective when replacement parts are needed. The conference rooms that need to be upgraded: Emergency Operation Center (EOC), PD Briefing Room, Fire Chief's Conference Room, PD Chief's Conference Room, PD Training.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 250,000	\$ -	\$ -	\$ -	\$ -

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS
UNFUNDED PROJECTS

Fire Electrocardiogram (EKG) Replacement	The Fire Department ambulances and fire engines are Advanced Life Support units. They are staffed with paramedics and are required by State and County EMS regulations to have a cardiac monitor. Cardiac monitors are used to deliver electrical cardioversion (shock the heart), patient vital sign monitoring, diagnostic measurements, resuscitation therapies and CPR guidance. The monitors have a finite lifespan due to technology changes and wear and tear due to high usage. The Department's 15 EKG monitors were purchased in 2013. These monitors will need to be replaced when no longer supported with software updates and parts by the manufacturer, which is estimated to be the end of 2021. The estimated cost for replacement of this equipment is approximately \$33,000.00 per unit.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 495,000	\$ -	\$ -	\$ -	\$ -
Fire Station 1 Training Tower Service and Repair	The Escondido Fire Department Training Tower is an integral part of ongoing training necessary for all firefighters to maintain skills and abilities. The training tower is approaching 13 years old and is in need of extensive refurbishment. The tower is used for live fire training activities in addition to activities that introduce water into the building. Over the years the water has begun to cause rust and corrosion to structural members inside the tower. In addition, there are a number of window frames and other components that have corroded to the point of failure. In order to maintain the tower and prevent greater repair cost in the future, the following preventative maintenance is necessary: Ice Blasting and repainting all rusted surfaces \$45,000.00, Replace rusted out window frames and repaint \$20,000.00, Repair and replace all defective lighting \$5,000.00, Repair of the out-of-service water clarification system for the underground water storage cistern \$15,000.00				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 85,000	\$ -	\$ -	\$ -	\$ -
VHF Digital Mobile Radios	Our current 240 channel VHF mobile radios that are used for wildfire and other large scale emergencies must be replaced no later than 2023 in order to meet new technology standards. The new VHF radios will be digital, have a capacity for 400 channels, and will allow firefighters to communicate and coordinate during large scale emergencies. Escondido Fire will need to replace 26 VHF mobile radios (the radios installed in vehicles and apparatus) to be in compliance with the new standards.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2023/24
Unfunded	\$ 43,000	\$ -	\$ -	\$ -	\$ -
VHF Portable Radios	Our current 240 channel VHF portable radios that are used wildfire and other large scale emergencies must be replaced no later than 2023 in order to meet new technology standards. The new VHF radios will be digital, have a capacity for 400 channels, and will allow firefighters to communicate and coordinate during large scale emergencies. Escondido Fire will need to replace 75 VHF portable radios (handheld) to be in compliance with the new standards.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2023/24
Unfunded	\$ 135,000	\$ -	\$ -	\$ -	\$ -
PUBLIC WORKS					
City Hall Counter Resurface	Building Maintenance proposes to resurface the front counters at City Hall with a scratch resistant material. This project can be completed in fiscal year 2021.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 45,000	\$ -	\$ -	\$ -	\$ -
Citywide Ballfield Fence Replacement	Replacement of damaged ballfield perimeter fencing and backstops at City Parks. There are thirteen (13) ballfields at Kit Carson Park, three (3) fields at Mountain View Park, and three (3) fields at Jesmond Dene Park in need of fencing replacement. If the ballfield fence replacement project is funded, four (4) ballfields will be completed each fiscal year until all nineteen (19) fields are completed. Adult softball at Kit Carson Park would be the highest priority.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
Citywide Smart Irrigation Controller Replacement	Existing City irrigation controllers need to be replaced with controllers capable of being remotely programmed and controlled for increased water savings and staff efficiency. Currently, we have smart irrigation controllers installed in all of our Landscape Maintenance Districts and in several parks. There are approximately eighty (80) controllers in our right-of-ways, twenty (20) controllers in our parks, and twenty (20) controllers at City facilities in need of replacement. The proposed project will replace approximately one hundred twenty (120) irrigation controllers. There may be rebates available to offset costs, but rebates cannot be determined at this time.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Unfunded	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000

FY 2020/21 PRELIMINARY CAPITAL PROJECT BUDGET REQUESTS					
UNFUNDED PROJECTS					
Council Chamber Auditorium Seats	Building Maintenance proposes to reupholster the Council Chamber auditorium seating that are thirty (30) years old. Currently, the seating is showing its age, many seats are discolored, threadbare, and have fabric missing from seat				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<i>Unfunded</i>	\$ 120,000	\$ -	\$ -	\$ -	\$ -
Hubbard Hill Fire Suppression System	Building Maintenance proposes to install a chemical fire suppression system to protect emergency communications infrastructure at Hubbard Hill. This project can be completed during fiscal year 2021.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<i>Unfunded</i>	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Major Drainage Maintenance	This project is for major major maintenance and rehabilitation of drainage facilities. This includes replacement of failing drainage ditches and channels. The highest priority project is replacement of the failing sections of the Indian Creek Channel Walls. The estimated total cost is \$353,000 per year or \$1,765,000 over the five year CIP.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<i>Unfunded</i>	\$ 353,000	\$ 353,000	\$ 353,000	\$ 353,000	\$ 353,000
STREETS					
Citywide Sidewalk Repairs	There are approximately 1,100 known sidewalk, curb and gutter, and driveway apron locations citywide that are in need of concrete repairs to reduce City liabilities from tripping hazards and ADA compliance. Public Works repairs approximately forty (40) sidewalk locations and grinds approximately one hundred fifty sidewalk lifts annually. We have identified 120,000 square feet of sidewalk, 2,700 linear feet of curb and gutter, and 2,700 square feet of driveway aprons in need of replacement. An annual concrete repair contract would have a significant impact on reducing our maintenance backlog and City liability.				
Funding Source	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<i>Unfunded</i>	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000



FUTURE CITY COUNCIL AGENDA ITEMS

Updated May 7, 2020

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

<p>May 20, 2020 6:00 p.m.</p>
<p>PRESENTATIONS</p>
<p>Stormwater Pollution Prevention Program (C. McKinney)</p> <p><i>A group of 83 fifth-grade students studied stormwater runoff in their school parking lot and on campus. The students collected and tested samples, analyzed results, and are recommending sustainable solutions to reduce runoff pollution.</i></p>
<p>CONSENT CALENDAR</p>
<p>First Quarter 2020 Treasurer's Report (D. Shultz)</p> <p><i>In accordance with the City's Investment Policy, the City Treasurer is required to submit an investment report to the City Council for review on a quarterly basis. The report will include the type of investment, issuer, date of maturity, par value, book value, and market value for each security held by the City.</i></p>
<p>Bid Award for the Escondido Sports Center Turf Project (J. Axelrod)</p> <p><i>It is requested that the City Council adopt Resolution 2020-63 authorizing the Mayor to execute a Public Services Agreement in the amount of \$XXX,XXX with NAME OF VENDOR for the Escondido Sports Center Turf Project. This Project will consist of new artificial turf on both soccer arenas at the Escondido Sports Center. This will allow for expanded use and additional revenue-generating program opportunities including but not limited to lacrosse, flag football, and Ultimate Frisbee.</i></p>
<p>Contract Award for Escondido Creek Trail Expansion and Renovation Design Project (J. Axelrod)</p> <p><i>It is requested that the City Council adopt Resolution No. 2020-60 authorizing a consulting agreement with RRM Design Group in the amount of \$XXX,XXX.XX for the Escondido Creek Trail Expansion and Renovation Design Project.</i></p>
<p>FY 2019 Urban Area Security Initiative (UASI) Grant (E. Varso)</p> <p><i>The Escondido Police and Fire Departments received a total of \$258,236 in FY 2019 UASI Grant funds. The funding must be spent on the following: \$220,000 for regional law enforcement equipment including a portable security tower with camera system, and \$38,326 for Fire and Police Department training. Training includes Confined Space Rescue training, Rescue Systems 1 training and CFED Conference for the Fire Department and California Narcotics Canine training, Western States Canine Conference, and California Association of Tactical Officers (CATO) Conference for the Police Department.</i></p>

May 20, 2020
Continued

San Diego County Cal-ID Grant
(E. Varso)

The San Diego County Cal-ID Remote Access Network (RAN) Board authorized the use of Cal-ID revenue to fund a Forensic Technician position devoted to latent print work in the City of Escondido Police Department Crime Laboratory. Funding will cover the cost of salary and benefits for a Forensic Technician and will renew annually through June 30, 2025. Grant funds are based on actual salary and benefit expenses. Funding for each fiscal year is estimated at \$98,499. The five-year total grant award is estimated at \$492,500

PUBLIC HEARINGS

Short-Form Rent Review Board Hearing for Escondido Views Mobilehome Park (Case #: 0697-20-10244)
(M. Strong)

The application meets all the eligibility criteria for submittal of a short-form rent increase application. The amount requested covers a 24-month period of consideration from December 31, 2017, to December 31, 2019. Seventy-five percent of the change in the CPI for the period is 4.285 percent. The average space rent for the four spaces subject to rent control is \$424.80. The average requested increase per space is approximately \$18.20.

Short-Form Rent Review Board Hearing for Shadow Mountains Mobilehome Park (Case #: 0697-20-10245)
(M. Strong)

The application meets all the eligibility criteria for submittal of a short-form rent increase application. The amount requested covers a 24-month period of consideration from December 31, 2017, to December 31, 2019. Seventy-five percent of the change in the CPI for the period is 4.285 percent. The average space rent for the 22 spaces subject to rent control is \$362.35. The average requested increase per space is approximately \$15.53

Approval of Final Consolidated Plan for 2020-2024 CDBG, ESG, and HOME Funding and FY 2020-2021 Annual Action Plan
(M. Strong)

This is the second of two required Public Hearings for CDBG and ESG funds for City Council to review and approve the 2020-2024 Consolidated Plan. In 2020-2021 the City of Escondido will receive \$1,818,942 in CDBG funds for community development, \$160,313 in ESG funds to address homeless needs, and \$622,298 in HOME funds for affordable housing. City Council is being asked to adopt the final 2020-2024 Consolidated Plan and related 2020-2021 Annual Action Plan.

Second Substantial Amendment to FY 19-20 HUD Action Plan
(M. Strong)

It is proposed that the FY 2019-20 HUD Action Plan be amended to accept new Community Development Block Grant- CV (CDBG-CV) and Emergency Solutions Grant-CC (ESG-CV) funds and allocate these funds to new projects. Due to new funding created by the federal CARES Act, HUD is allocating \$1,070,024 in new CDBG-CV funds and \$552,803 in new ESG-CV funds to Escondido in order to prevent, prepare for, and respond to COVID-19.

CURRENT BUSINESS

The City of Escondido's Investment Policy and Economic Update
(D. Shultz)

In accordance with California Government Code Section 53646 (a)(2), the City Treasurer may prepare and submit to the legislative body a statement of Investment Policy and any changes thereto, which will be considered at a public meeting. The Investment Policy provides the City with guidelines for the investment of City funds.

May 20, 2020
Continued

Economic Recovery Plan (COVID -19)
(J. Petrek)

Staff will present an Economic Recovery Plan related to the effects of COVID-19

FUTURE AGENDA ITEMS

May 27, 2020
NO MEETING (Memorial Day)

June 3, 2020
6:00 p.m.

CONSENT CALENDAR

Award of Bid for Legal Advertising – Fiscal Year 2020/21
(Z. Beck)

The California Public Contract Code requires when there is more than one newspaper of general circulation in a community that the public bidding process occur annually for the purpose of publishing legal notices. The award of bid will complete the process for the upcoming fiscal year.

Review and Approve FY 2020-2024 San Diego Regional Analysis of Impediments to Fair Housing Choice
(M. Strong)

Pursuant to federal Community Development Block Grant (CDBG) regulations [24 CFR Subtitle A, § 91.225(a)(1)], in order to receive CDBG funds, each jurisdiction must complete an Analysis of Impediments to Fair Housing Choice (AI). The City of Escondido participates in creating a San Diego County-wide analysis, presenting a demographic profile of San Diego County, assessment the extent of housing needs among specific income groups, and evaluates the availability of a range of housing choices for residents.

Local Resource Program Agreement for the Membrane Filtration Reverse Osmosis Facility Project
(C. McKinney)

The Local Resource Program (LRP) provides a financial incentive to encourage and assist local water agencies to develop and expand water recycling programs to reduce the need to import potable water. The City's MFRO Project is eligible to receive an LRP rebate incentive.

PUBLIC HEARINGS

CURRENT BUSINESS

Lindley Reservoir Replacement Project: Bid Award, Consulting Agreements, and Budget Adjustment
(C. McKinney)

The Lindley Reservoir Replacement Project will replace a deteriorating 2 MG aboveground steel reservoir that was originally constructed in the early 1950's. This project will construct two new partially buried 1.5 MG pre-stressed concrete reservoirs, new valve vault structure, and associated site piping. The Consulting Agreements provide for Construction Management Services and Engineering Services during construction.

FUTURE AGENDA ITEMS

Weekly Activity Report



May 7, 2020

COVID-19 UPDATES



Message from City Manager, Jeffrey Epp

Parks and Open Space:

Good News! As of Saturday, May 2 all City of Escondido parks and open spaces are open in accordance with the County of San Diego Public Health Order. All parking lots are open at 50% capacity and active recreation areas such as basketball, disc golf, and tennis courts are open for limited use by members of a single household only. Play structures will remain closed at all parks per the County order.

Please make sure to follow all posted signage, wear a facial covering and follow physical distancing guidelines from anyone not in your household.

Online Services:

With City facilities closed to the public there are many ways to do business online with the City by using our [Online Services Portal](#).

You can get preparedness tips, the latest details and a host of resources (videos, fact sheets, etc.) on the County's website at [coronavirus-sd.com](https://www.coronavirus-sd.com).

American Strong and United Campaign:

The Escondido Police and Fire Departments along with Park Rangers are participating in the *America Strong & United* campaign by wearing badge bands during the month of May. Non-uniformed personnel may also wear red white and blue ribbons to show support.



The America Strong and United badge bands and ribbons include three colors to symbolize the sacrifice of essential workers. Blue to represent police officers, healthcare professionals, park rangers and other safety and enforcement professionals: Red to represent firefighters, lifeguards, emergency medical personnel and others in the first responder life-safety fields. White to represent grocery and food service workers, social service providers and volunteers

and other essential workers. Together, the red, white, and blue America Strong and United badge bands and ribbons represent all those who continue to serve their communities. We are proud to join in the recognition of the all the extraordinary service and sacrifice to our community by both first responders and essential workers during the pandemic.



Washington Park Skate Spot and Parking Lot Expansion

This project consists of two components, a 7,000 square foot skate spot and new parking lot located on the corner of Washington Avenue and Rose Street. Three skate spot design workshops were held over several months. These provided the community with the opportunity to engage with the consultant and take part in the planning and design of the space. All were very well attended, with approximately 50 participants at each. The result of these workshops was a beautifully designed skate spot that represents the culture and character of our community.

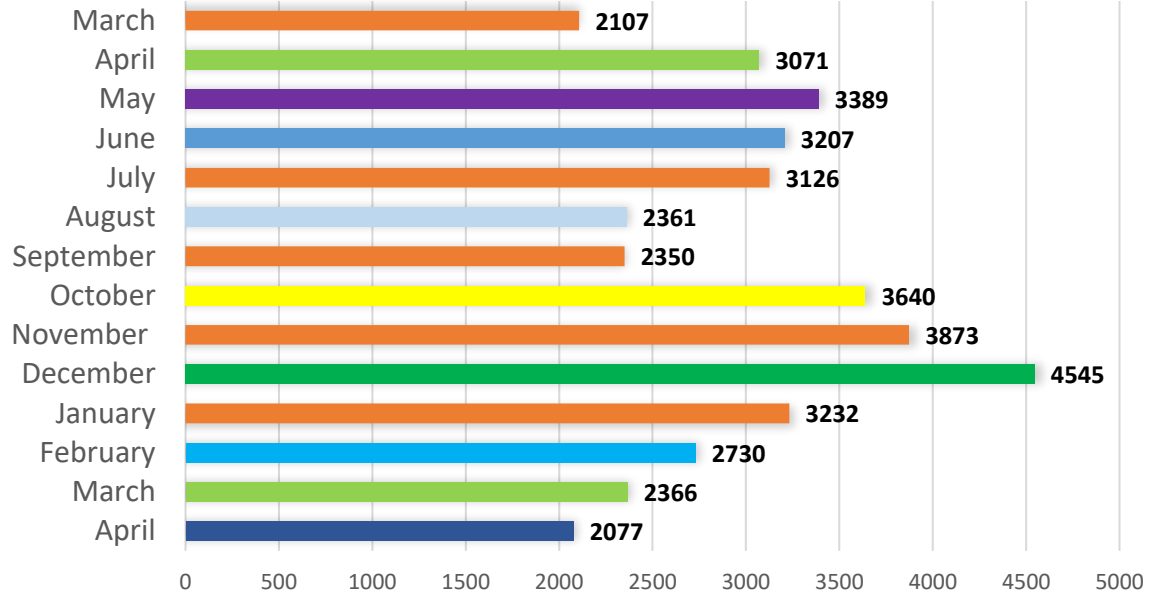


The second component of this project is a new parking lot that will be located along Rose St. 30% plans were submitted in December 2019. After staff review, it was requested that the parking lot location, originally proposed for Washington Avenue, be redesigned and relocated off of Rose St. On May 1, revised 50% plans addressing staff’s concerns and comments were submitted for review. Over the next two weeks, plans will be analyzed by the appropriate departments and comments will be sent back to the contractor. The entire project will be presented to the Planning Commission and the City Council in the coming months. We anticipate construction of this project going out to bid late Fall 2020.

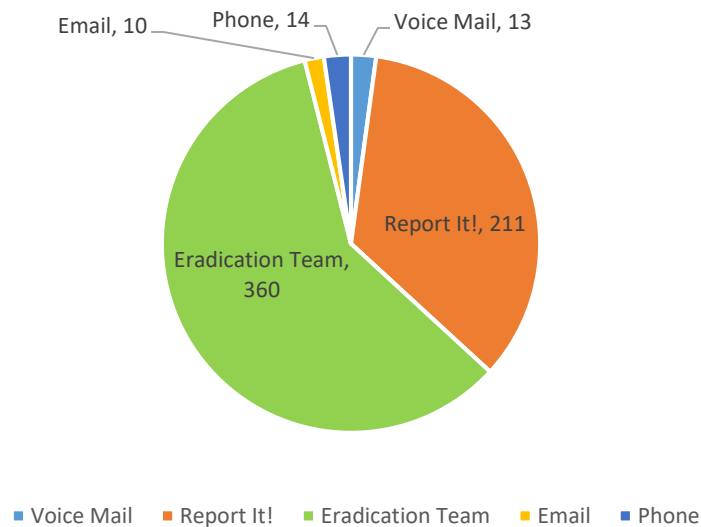
BY THE NUMBERS

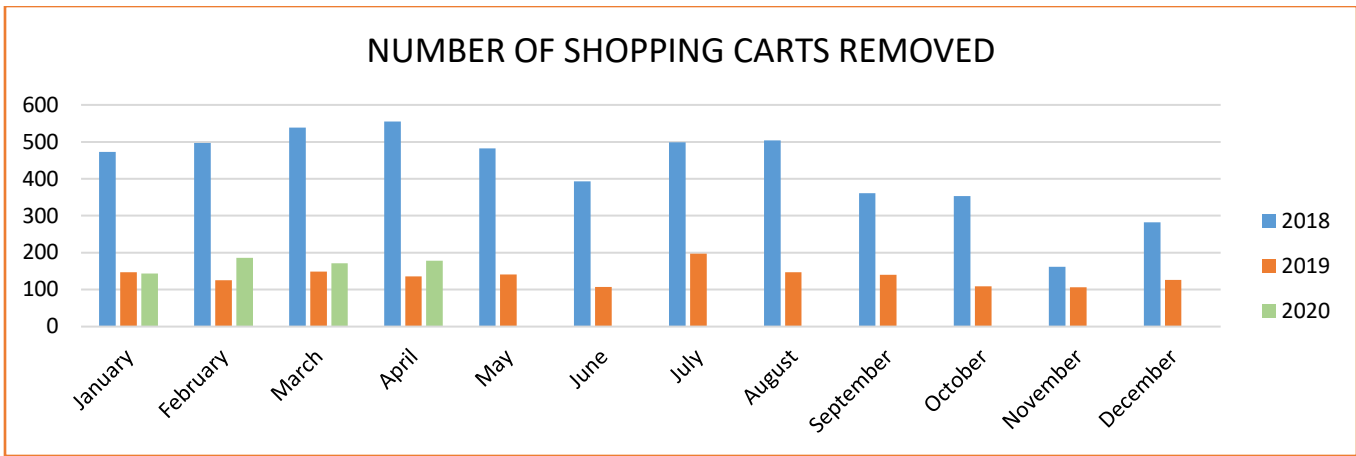
Public Works:

Number of Graffiti Tags Removed 2019 - 2020

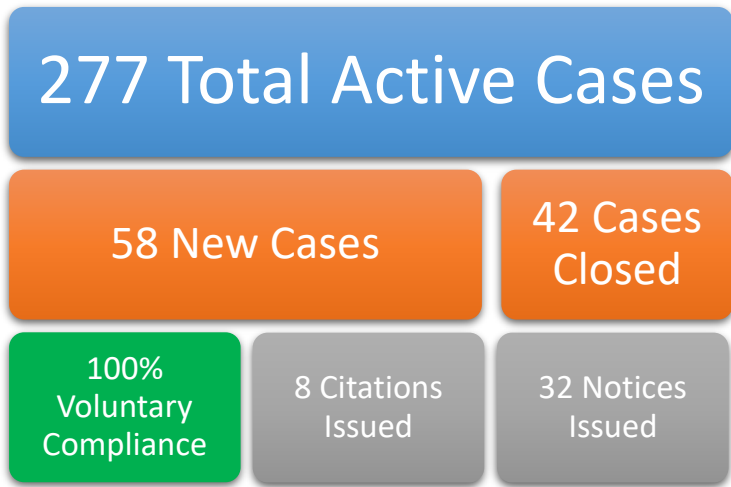


How Graffiti Was Reported - April 2020



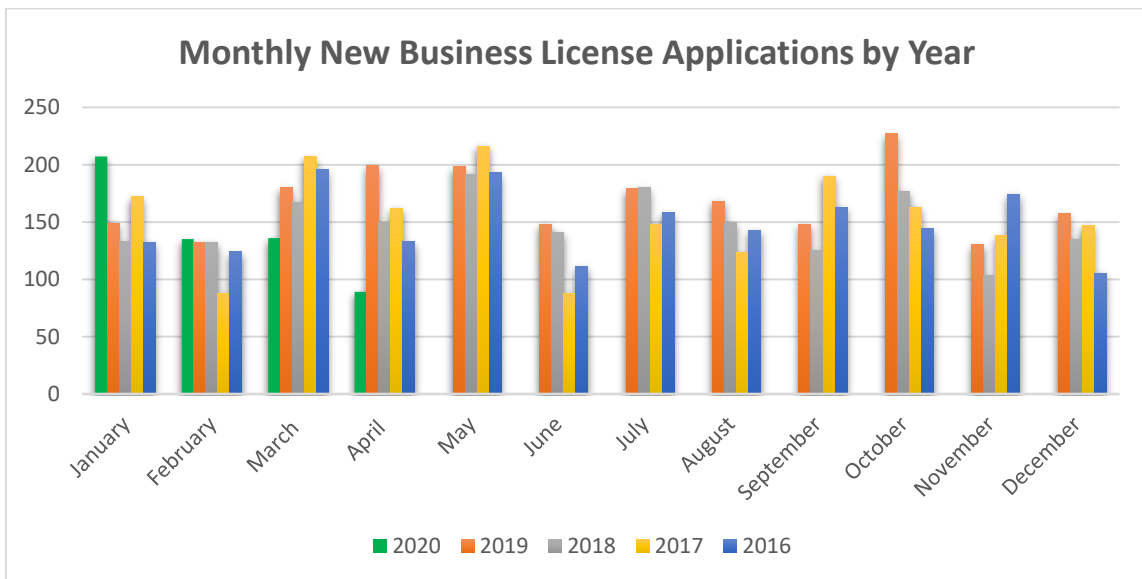


Code Enforcement:



Total Code Cases (Year To Date)	1,007
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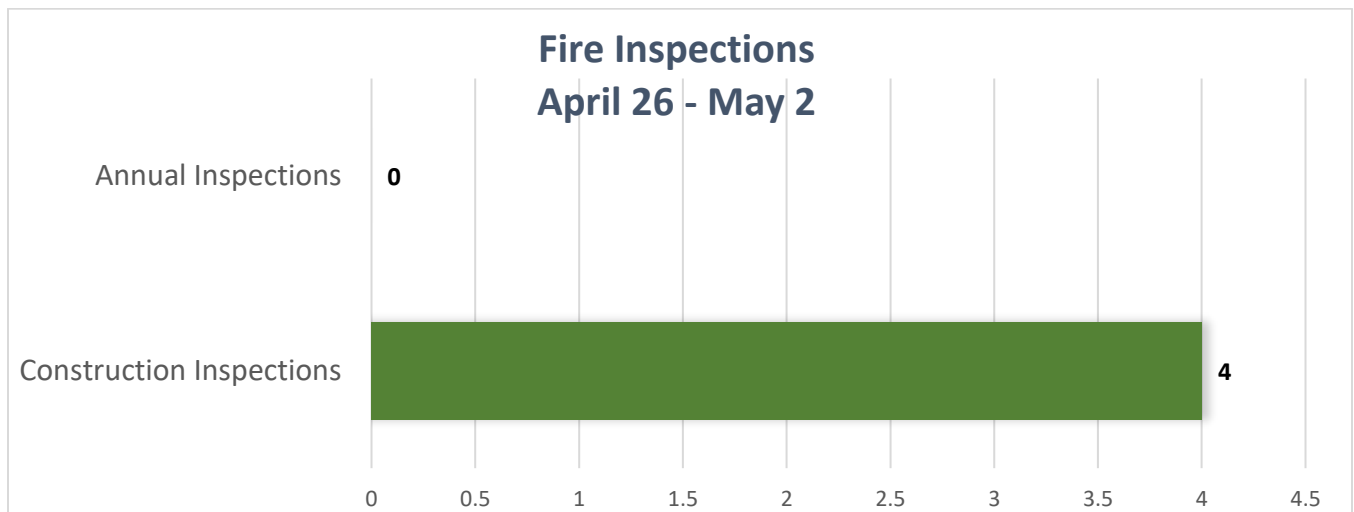
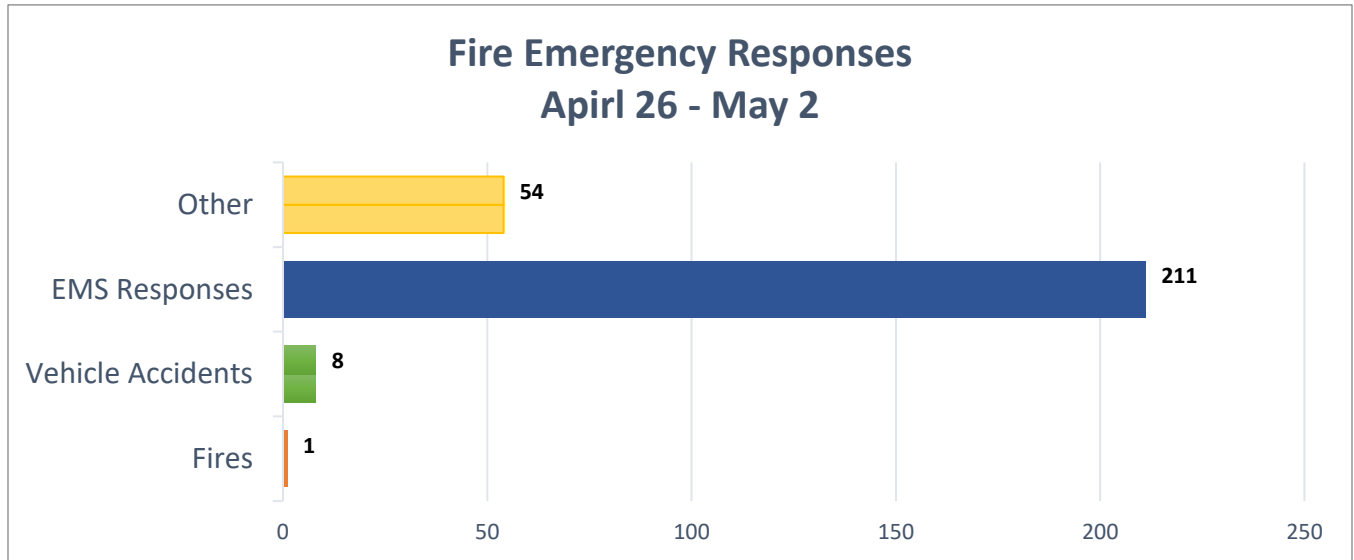
Business Licenses



Graffiti Restitution

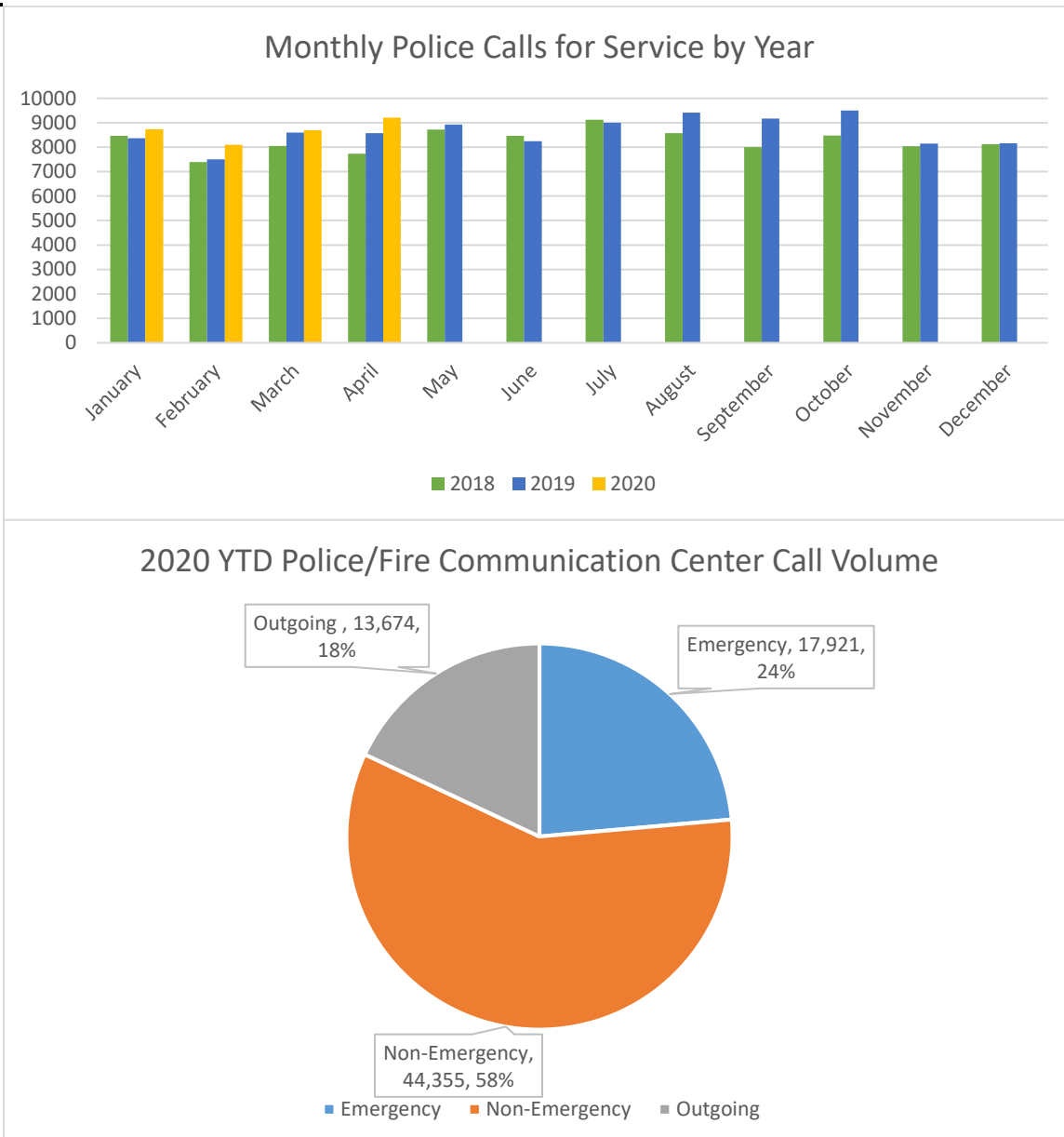
Collected Past Week	Collected Year to Date
\$30.06	\$4,717.14

Fire:



Total Emergency Responses (Year To Date)	5,011
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Police:



POLICE DEPARTMENT UPDATES:

The Police Department continues full staffing and operations:

- The public lobby will continue to be closed
- Some employees will continue to telecommute
- Online reporting will still be required for certain crime types
- Social distancing practices will continue to be maintained

Incidents:

Suspect Apprehended After Gang Related Shooting

On April 27, officers responded to the area of 9th Ave and Quince St. to reports of a shooting that occurred during a gang fight. One victim was shot in the arm and was transported to a local hospital. His injuries were not life threatening. A short time later, Officers were able to identify

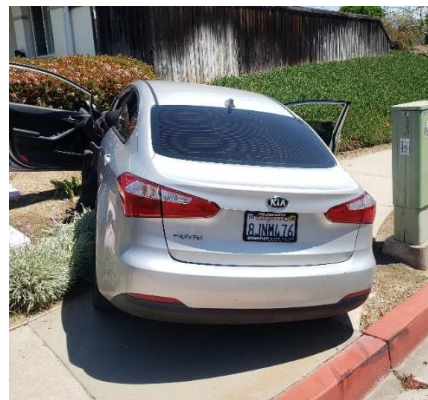
and locate one of the suspects in the shooting. Eric Carrillo (29) from Escondido was arrested on multiple felony charges for his involvement in the shooting.

Public Works Truck Stolen from Job Site

On April 30, a City of Escondido Public Works Ford F-250 work truck was stolen from a job site in the 1200 block of E. Grand Ave. Officers quickly located the truck being driven by Daniel Barron and were able to recover the truck. Barron was arrested for auto theft and DUI. This was Barron's third arrest this month, and the second time for auto theft.

2 Vehicle Pursuits End in Crashes with Suspects in Custody

On May 2, the police were involved in two separate vehicle pursuits. The first one involved a stolen Toyota Tacoma truck. The suspect eventually crashed on the Ramona Grade and was quickly apprehended. The second involved a female suspect with a suspended driver's license who eventually crashed into a curb in the area of Rock Springs Rd. Both suspects were arrested for evading officers among other charges.



Community Policing:

Commercial Burglaries and Thefts from Cars

Since the COVID-19 stay at home orders, Escondido has seen a significant increase in commercial burglaries and thefts from cars. Most of these crimes occur overnight. Throughout the past week, Crimes of Property (COP) detectives worked undercover at night in order to catch thieves in progress. Paired up with uniformed officers, COP detectives were able to contact potential thieves before they were able to commit their crimes. Numerous citations and several arrests have been made, many of which were for narcotics related charges.

Focused Enforcement Efforts in High Call Volume Areas:

- 5 Arrests
- 11 Citations
- 163 Extra Patrols / Calls for Service

FIRE DEPARTMENT UPDATES:

Last week the Fire Department responded to an average of three emergency calls per day involving flu-like symptoms, which is similar to last week. Overall, emergency calls are trending upward. Since mid-March, when one Firefighter tested positive for COVID19, there have been no further fire personnel affected by the virus. We continue to monitor our personnel daily and continue heightened sanitation practices for our equipment, vehicles and facilities.

Blood Drive:

On Thursday April 30, Police and Fire Headquarters hosted the Red Cross for a blood drive that included precautions and social distancing. During the pandemic, there is still a need for blood and the Red Cross appreciates donations!



ECONOMIC DEVELOPMENT:

“Escondido Eats” – where the community and businesses go for daily dining deals!

The City and the Escondido Chamber of Commerce partnered to bring the community [“Escondido Eats”](#), an on-line resource to encourage the community to shop local for daily meal and beverage promotions offered by local establishments. Please check back often to find out what specials your favorite place is offering any day of the week.

If you know of an Escondido restaurant that would like to submit their promotion or special, they are invited to add the promotion [here](#). And don't forget to check out the [Escondido Eats FaceBook group](#) for more!

Escondido Business Recovery Strategy

With COVID-19 on everyone's mind and in anticipation of the State Public Health Order update on Thursday, May 7, 2020, which may allow for certain businesses to begin reopening under modified conditions, the City has been proactively gathering feedback from stakeholders to see what measures the City may consider adopting in order to support local residents, the workforce, and businesses on the road to economic recovery. Economic Development and Community Development will be presenting the Escondido Business Recovery Strategy recommendations to the City Council on May 13, 2020. You may view the Business Recovery Strategy item [here](#) once the agenda is posted on Thursday afternoon.

COMMUNITY DEVELOPMENT:

Governor Newsom has determined that construction is an essential service that is not subject to the current shutdown. The Community Development Department remains committed to serving our customer's needs during these difficult times to keep entitlement projects and construction moving forward.

Planning Division:

Although City Hall is temporarily closed to the public, the Planning Division is accepting project entitlement and permit submittals by appointment. Please call the Planning Division at 760-839-4671 to be directed to the appropriate planner for your project. All plan review services are continuing as before and public hearings have been shifted to an electronic format to maintain critical project timeframes.

The Planning Division received the following project submittal last week:

- The Villages Base Camp – The commercial center and recreational clubhouse for the Escondido Golf Course conversion was submitted and routed for department review. The application is intended to implement some of the requirements of the Villages specific plan, which was approved in 2017.

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 the last week.

Commercial / Office / Industrial:

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. Department comments on the traffic study were provided on January 10, 2020, and revised traffic info was received from the applicant on February 21, 2020. Most of the traffic issues have been resolved. The applicant is currently trying to coordinate early design feedback on proposed improvements within the CALTRANS right-of-way.
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 showroom, office, parts storage and service building. The application was submitted on November 20, 2019. The applicant informed Planning during the week of January 27, 2020 that they are pursuing a redesign to meet the most recent generation of Mercedes design specifications for dealerships. 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 applicant submitted a traffic study on December 17, 2019, and the latest staff comments were returned on February 11, 2020. The comments identify anticipated traffic impacts as well as suggested mitigation. The applicant met with Engineering on February 19, 2020 to discuss traffic issues.

City Projects:

4. Membrane-Filtration Reverse Osmosis/MFRO (Developer: City of Escondido Utilities Department) 901 W. Washington – A Plot Plan application was submitted for review on October 14, 2019. The second draft of the proposed Mitigated Negative Declaration (MND) is expected to be submitted this week. A 60% design meeting occurred on December 9, 2019, and a follow-up meeting to discuss architecture occurred on January 30, 2020. The MND was adopted by the Zoning Administrator on April 30, 2020.
5. Lake Wohlford Replacement Dam (Developer: City of Escondido Utilities Department) – Utilities and Planning staff met with the environmental consultant on February 24, 2020, to discuss biological mitigation and recirculation of the Draft EIR. A teleconference meeting with the wildlife agencies occurred in April to confirm the path forward. Revisions to the draft EIR are in development and a recirculation of the document for public comment is expected to occur in June.

Residential:

6. Harvest Hills (aka Safari Highlands Ranch) (Developer: Jeb Hall, Concordia Homes) 550 lots east of Rancho San Pasqual – 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>
A revised tentative map addressing previous staff comments was submitted on November 6, 2019. A second revision to the Draft Specific Plan was received on January 14, 2020. The most recent revised tentative map was received on February 24, 2020. The revised tentative map and exhibits will be posted on-line at the link above.
7. The Villages at Escondido Country Club (Builder: Lennar Homes) 380 residences – Building permit applications for the model homes were submitted on December 18, 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. Planning met with the applicant on February 4 to discuss proposed modifications to the Village Center amenities and design. Park plans and Village Center plans have been received and routed for department review and comment. Revised final engineering plans for Villages 2 and 3 and a Precise Grading Plan were submitted by the applicant on February 13, 2020. Model home and sales office permits for Village 1 were issued on May 7, 2020. It is expected that additional earth work and vertical construction will commence immediately.
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>
8. North Avenue Estates (Developer: Casey Johnson) 34 lots at North Ave./Conway Dr. – 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.

9. 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 – 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. The project has not had any activity since then.
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>
10. Nutmeg Condo General Plan Amendment (Developer: Jim Simmons, CCI) 137 townhome condo units on both sides of Nutmeg between I-15 and Centre City Parkway – The City Council approved the portion of the project on the northern side of Nutmeg on November 20, 2019. Staff is now awaiting resubmittal of the southern portion of the project.
11. Oak Creek (Builder: KB Homes) 65 single-family residential lots on approximately 44 acres at Felicita Road and Hamilton Lane – KB Homes has constructed model homes and is interested in filing the final map as soon as possible to continue construction. However, several items remain incomplete including revisions to improvement plans, final map and drainage study. In June 2019, the County of San Diego provided KB Homes a checklist of items that should be submitted with a watercourse permit application required to construct a storm drain under Felicita extending onto County land. To date, KB Homes has not provided the application materials to the County. The City is working with the developer to allow the project to continue to move forward while the developer obtains the County watercourse permit and constructs all necessary drainage improvements.
12. Villa Portofino (Developer: Chris Post, ATC Design Group) 15 apartment units in a three-story building with parking garage at 2690 S. Escondido Blvd. – Revised elevations for staff design review were received on February 21, 2020. Staff has returned comments and is now awaiting resubmittal of the project.
13. 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 – Utilities met with the applicant on February 20 to discuss sewer and water issues. Public review of the Draft EIR was scheduled to conclude on May 4, 2020, but the City extended the deadline by two weeks. The public is encouraged to review this environmental and provide comments as provided on the project page.

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>
14. 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 project site is currently being graded. CC&Rs for the entire project and a road maintenance agreement for the upper agricultural lots are in for review. Improvement plans are ready for approval.
15. 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 - staff comments on the grading and improvement plans were provided the week of February 3, 2020. Staff is aware of easement issues regarding the SDG&E access easement and are still working with the applicant on that driveway design.

16. 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. Fire is working with the applicant on fire flow and circulation issues through the site. A proposed Mitigated Negative Declaration (MND) was prepared and the review and comment period began on March 16, 2020 and ended on April 6, 2020. City staff is working with the applicant and coordinating a response to comments.
17. Casa Mercado Apartments (Developer: Paul Mayer, Pemcor) A four-story, 120-unit apartment complex on 2.31 acres – The most recent project design was submitted on January 21, 2020. Staff comments were provided back to the applicant on February 21, 2020.
18. Accessory Dwelling Units – Planning staff is currently working on twelve (12) applications for accessory dwelling units. Seventeen (17) accessory dwelling units have been approved so far this year. 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:

The Building Department continues to see an increase in the number of applications and inspections. In keeping with the policy to advance projects that promote the public welfare and medical project the Building Department was able to issue a medical tenant improvement. The Primary Care facility, an 8500 square foot facility, had a valuation of \$1,197,420.00. The counter staff was able to process 58 applications and issue 47 permits and responded to 237 contacts from the public. The inspection staff completed 162 inspections.

ENGINEERING DEPARTMENT:

Engineering staff continue to support the City's essential services. Construction inspection services are being provided to SDG&E's Gas Main Replacement Project on Midway, several Cox and AT&T communications projects, and multiple housing construction projects in accordance with the Governor's Order. The City is accepting permit applications by appointment. Some staff are working remotely to continue processing plans for proposed development projects. To make a submittal appointment please contact engineering@escondido.org

Capital Improvement Projects:

1. El Norte Parkway Improvements – The bridge work has been completed and the lane realignment has taken place. Median concrete infill is scheduled for 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>.

2. Spruce Street/Transit Center Pedestrian Bridge Project –The pedestrian bridge has been completed, the contractor is currently working on the channel access ramp walls. Work is continuing on the channel grading.
3. 2019 Street Rehabilitation and Maintenance Project Rebid – All concrete work has been completed and the asphalt replacement is 50% completed. This year's project will resurface approximately 71-lane miles of pavement, replace 0.59- miles of sidewalk, restripe 2.5- miles of bike lanes, install 51 pedestrian ramps, and replace 90 street trees that are damaging concrete improvements. This year's project is Maintenance Zone W. More information can be found at <https://www.escondido.org/city-of-escondido-street-maintenance-program.aspx>

Private Development:

1. Henry Ranch Tract 920 –The contractor is installing the in-track utilities. The project is located at the intersection of El Norte Parkway/Lincoln Avenue.
2. The Villages – The 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.
3. SDG&E 16" Gas Main Replacement – Work is continuing with potholing for the new 16" gas main along the Midway corridor. Construction for the gas main installation is currently between Mission and Washington, moving south.

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