

COUNCIL MEETING AGENDA

WEDNESDAY, JANUARY 26, 2022

4:00 PM - Closed Session (Cancelled)
5:00 PM - Regular Session
Escondido City Council Chambers, 201 North Broadway, Escondido, CA 92025

WELCOME TO YOUR CITY COUNCIL MEETING

We welcome your interest and involvement in the legislative process of Escondido. This agenda includes information about topics coming before the City Council and the action recommended by City staff.

MAYOR

Paul McNamara

DEPUTY MAYOR

Tina Inscoe (District 2)

COUNCILMEMBERS

Consuelo Martinez (District 1)
Joe Garcia (District 3)
Michael Morasco (Disctrict 4)

CITY MANAGER

Sean McGlynn

CITY ATTORNEY

Michael McGuinness

CITY CLERK

Zack Beck

How to Watch

The City of Escondido provides three ways to watch a City Council meeting:

In Person

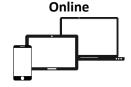


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COUNCIL MEETING AGENDA

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HOW TO PARTICIPATE

The City of Escondido provides two ways to communicate with the City Council during a meeting:

In Person In Writing





Fill out Speaker Slip and Submit to City Clerk

https://escondido-ca.municodemeetings.com/

ASSISTANCE PROVIDED

If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 760-839-4643. Notification 48 hours prior to the meeting will enable to city to make reasonable arrangements to ensure accessibility. Listening devices are available for the hearing impaired – please see the City Clerk.





COUNCIL MEETING AGENDA

Wednesday, January 26, 2022

REGULAR SESSION

5:00 PM Regular Session

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

The City Council conducts the Pledge of Allegiance at the beginning of every City Council meeting.

CALL TO ORDER

Roll Call: Garcia, Inscoe, Martinez, Morasco, McNamara

PRESENTATIONS

Review of Community Opinion Survey Results

ORAL COMMUNICATIONS

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

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) -



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2. APPROVAL OF WARRANT REGISTER (COUNCIL) -

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

a. 359554-359740 dated January 5, 2022

b. 359741 - 359906 dated January 12, 2022

Staff Recommendation: Approval (Finance Department: Christina Holmes)

3. APPROVAL OF MINUTES: Regular Meeting of January 12, 2022

4. RESOLUTION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2022-1 (ECLIPSE AND MOUNTAIN HOUSE -

Request the City Council approve declaring its intent to establish Community Facilities District ("CFD") No. 2022-1 to fund public facilities related costs for the Eclipse and Mountain House Projects ("Projects") and setting a public hearing date of March 2, 2022. It is further recommended that the City Council approve Resolution No. 2022-08, declaring its intent to incur bond indebtedness, and approve a Funding Agreement by and among CWC Escondido 113, LLC, TTLC CALWEST, LLC (collectively, the "Developers") and the City regarding the acquisition and funding of public facilities resulting from the development of the CFD.

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

a. Resolution No. 2022-02

b. Resolution No. 2022-08

5. LOCAL ASSISTANCE GRANT FOR ORGANICS RECYCLING PROGRAM -

Request the City Council approve authorizing the Director of Utilities, or his/her designee, to submit an application to CalRecycle for the SB 1383 Local Assistance Grant. This grant would support the implementation and administration of Escondido's new organics recycling program.

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

a. Resolution No. 2022-19



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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.)

6. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING CHAPTER
32 OF THE MUNICIPAL CODE PERTAINING TO SUBDIVISIONS -

Approved on January 12, 2022 with a vote of 5/0.

a. Ordinance No. 2022-02 (Second Reading and Adoption)

PUBLIC HEARINGS

7. REVIEW AND RE-AFFIRM COMMUNITY DEVELOPMENT PRIORITIES OF THE FISCAL YEAR 2020-2024 CONSOLIDATED PLAN AND APPROVE ALLOCATION PROCESS FOR FISCAL YEAR 2022-2023 CBDG AND ESG FUNDING -

Request the City Council review and re-affirm the community development and homeless priorities of the fiscal year 2020-2024 Consolidated Plan, and provide guidance on an allocation process for fiscal year 2022-2023 Community Development Block Grant ("CDBG") and Emergency Solutions Grant ("ESG") funds, and authorize the release of Requests for Proposals for the use of CDBG and ESG funds.

Staff Recommendation: Provide Direction (Community Development Department: Adam Finestone)

CURRENT BUSINESS

8. MANAGEMENT AND CONCESSION CONTRACT FOR REIDY CREEK GOLF COURSE -

Request the City Council approve authorizing staff to move forward with issuing a Request for Proposals ("RFP") for the management of the Reidy Creek Golf Course and Concessions.

Staff Recommendation: Approval (Communications and Community Services Department: Danielle Lopez)

9. ESCONDIDO CREEK TRAIL EXPANSION AND RENOVATION PROJECT UPDATE -

Request the City Council receive and file an update on the progress of the Escondido Creek Trail Expansion and Renovation Project ("Project") funded through an \$8.5 million Prop 68 grant.

Staff Recommendation: Receive and File (Communications and Community Services: Joanna Axelrod)



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10. AUTHORIZING A SECOND AMENDMENT TO THE ESCONDIDO-VISTA WATER FILTRATION JOINT POWERS AGREEMENT, AND AUTHORIZING THE TRANSFER OF OWNERSHIP OF CERTAIN RAW WATER COMVEYANCE FACILITIES -

Request the City Council approve authorizing the Mayor to execute, on behalf of the City of Escondido: (1) a Second Amendment to the Escondido-Vista Water Filtration Joint Powers Agreement (JPA); (2) an Assignment and Assumption Agreement; (3) a Quitclaim Deed; and (4) a Bill of Sale.

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

a. Resolution No. 2022-05

WORKSHOP

11. CALPERS PENSION FUNDING WORKSHOP -

Request the City Council receive and file information on the City's California Public Employees Retirement System pension obligations.

Staff Recommendation: Receive and File (Finance Department: Christina Holmes)

ORAL COMMUNICATIONS

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FUTURE AGENDA

12. FUTURE AGENDA

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

Staff Recommendation: None (City Clerk's Office: Zack Beck)

COUNCILMEMBERS 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.



COUNCIL MEETING AGENDA

Wednesday, January 26, 2022

ADJOURNMENT

UPCOMING MEETING SCHEDULE

Wednesday, February 02, 2022 4:00 & 5:00 PM Regular Meeting, *Council Chambers* Wednesday, March 02, 2022 4:00 & 5:00 PM Regular Meeting, *Council Chambers*

SUCCESSOR AGENCY

Members of the Escondido City Council also sit as the Successor Agency to the Community Development Commission, Escondido Joint Powers Financing Authority, and the Mobilehome Rent Review Board.



COMMUNITY OPINION SURVEY SUMMARY REPORT

Prepared for the CITY OF ESCONDIDO







DECEMBER **31**, **2021**



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INTRODUCTION

Nestled in the foothills of North County, the City of Escondido is a diverse community known for its rich history, small town-charm, vibrant downtown, world-class arts, and a progressive vision for its future. Established in 1888 and currently home to an estimated 151,038 residents¹, the City's team of full-time and part-time employees provides a full suite of municipal services including police, fire, public works, water and wastewater utilities, planning, parks, and community services.

To monitor its progress in meeting residents' needs, the City of Escondido engages residents on a weekly basis and receives periodic feedback on issue, policy, and performance matters. Although these informal feedback mechanisms are a valuable source of information for the City in that they provide timely and accurate information about the opinions of specific residents, it is important to recognize that they do not necessarily provide an accurate picture of the community as a whole. For the most part, informal feedback mechanisms rely on the resident to initiate feedback, which creates a self-selection bias—the City receives feedback only from those residents who are motivated enough to initiate the feedback process. Because these residents tend to be either very pleased or very displeased with the service they have received, their collective opinions are not necessarily representative of the City's resident population as a whole.

PURPOSE OF STUDY The motivation for the current study was to design and employ a methodology that would avoid the self-selection bias noted above and thereby provide the City with a *statistically reliable* understanding of its residents' satisfaction, priorities, and concerns as they relate to services, facilities, and policies provided by the City. Ultimately, the survey results and analyses presented in this report provide City Council and staff with information that can be used to make sound, strategic decisions in a variety of areas including service improvements and enhancements, measuring and tracking internal performance, planning, budgeting, policymaking, and community engagement.

To assist in this effort, the City selected True North Research to design the research plan and conduct the study. Broadly defined, the study was designed to:

- · Identify key issues of importance for residents, as well as their perceptions of the quality of life in Escondido;
- Measure residents' overall satisfaction with the City's efforts to provide municipal services, and their satisfaction with a variety of specific services;
- Gather opinions on specific topics including affordable housing, land use, parks and recreation, and Council term limits.
- · Determine satisfaction with the City's communication with residents; and
- · Collect additional background and demographic data that are relevant to understanding residents' perceptions, needs, and interests.

^{1.} Source: US Census April 1, 2020.

OVERVIEW OF METHODOLOGY A full description of the methodology used for this study is included later in this report (see Methodology on page 38). In brief, the survey was administered to a random sample of 1,298 adults who reside within the City of Escondido. The survey followed a mixed-method design that employed multiple recruiting methods (email, text and telephone) and multiple data collection methods (telephone and online). Administered in English and Spanish between December 3 and December 10, 2021, the average interview lasted 18 minutes.

ORGANIZATION OF REPORT This report is designed to meet the needs of readers who prefer a summary of the findings as well as those who are interested in the details of the results. For those who seek an overview of the findings, the sections titled Just the Facts and Conclusions are for you. They provide a summary of the most important factual findings of the survey in bullet-point format and a discussion of their implications. For the interested reader, this section is followed by a more detailed question-by-question discussion of the results from the survey by topic area (see Table of Contents), as well as a description of the methodology employed for collecting and analyzing the data. And, for the truly ambitious reader, the questionnaire used for the interviews is contained at the back of this report (see Questionnaire & Toplines on page 41), and a complete set of crosstabulations for the survey results is contained in Appendix A.

STATISTICAL SIGNIFICANCE This is not the first statistically reliable community survey conducted for the City of Escondido. A similar study was conducted by True North for the City in 2020, and many of the questions included in the 2021 survey were purposely tracked from the baseline survey conducted in 2020.

Because there is a natural interest in tracking the City's performance in meeting the evolving needs of its residents, where appropriate the results of the current study are compared with the results of identical questions included in the prior study. In such cases, True North conducted the appropriate tests of statistical significance to identify changes that likely reflect actual changes in public opinion between the prior survey (2020) and the current (2021)—as opposed to being due to chance associated with selecting two samples independently and at random. Differences between the two studies are identified as statistically significant if we can be 95% confident that the differences reflect an actual change in public opinion between the two studies. Statistically significant differences within response categories over time are denoted by the † symbol which appears in the figure next to the appropriate response value for 2021.

ACKNOWLEDGEMENTS True North thanks the City of Escondido for the opportunity to conduct the study and for contributing valuable input during the design stage of this study. The collective experience, insight, and local knowledge provided by City representatives and staff improved the overall quality of the research presented here.

DISCLAIMER The statements and conclusions in this report are those of the authors (Dr. Timothy McLarney and Richard Sarles) at True North Research, Inc. and not necessarily those of the City of Escondido. Any errors and omissions are the responsibility of the authors.

ABOUT TRUE NORTH True North is a full-service survey research firm that is dedicated to providing public agencies with a clear understanding of the values, perceptions, priorities, and concerns of their residents and customers. Through designing and implementing scientific surveys, focus groups, and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas—such as planning, policy evaluation, performance management, establishing fiscal priorities, passing revenue measures, and developing effective public information campaigns.

During their careers, Dr. McLarney (President) and Mr. Sarles (Principal Researcher) have designed and conducted over 1,200 survey research studies for public agencies—including more than 400 studies for California municipalities and special districts.

JUST THE FACTS

The following is an outline of the main factual findings from the survey. For the reader's convenience, we have organized the findings according to the section titles used in the body of this report. Thus, if you would like to learn more about a particular finding, simply turn to the appropriate report section.

OUALITY OF LIFE

- When asked to rate Escondido on a number of dimensions, residents provided the most positive ratings for the overall quality of life in the City (54% excellent or good), followed by Escondido as a place to shop and dine (44%), as a place to raise a family (43%), as a place to retire (39%), and as a place to play and recreate (37%).
- When compared to the other dimensions tested, residents provided softer ratings for Escondido as a place to work (30% excellent or good), to operate a business (25%), or advance their career (16%), although each of these dimensions also had a comparatively higher percentage of respondents who were unsure or unwilling to answer the question.
- · When asked what change the city government could make to improve the quality of life in the City, approximately 14% could not think of a change they desire (11%) or reported that no changes are needed/everything is fine (3%), both of which are indicative of a respondent who does not perceive any pressing issues or problems in the City. Among specific changes desired, the most common were addressing homeless issues (25%), improve public safety/increasing police presence (17%), improving infrastructure, streets, and sidewalks (13%), providing more affordable housing (9%), and cleaning-up the City and landscaping/removing graffiti (9%).

CITY SERVICES

- Two-thirds (66%) of Escondido residents indicated they were either very (13%) or somewhat (53%) satisfied with the City's overall efforts to provide municipal services. Approximately one quarter (26%) were very or somewhat dissatisfied, whereas 8% were unsure or unwilling to share their opinion.
- · When asked to rate their satisfaction with 18 specific services provided by the City, respondents were most satisfied with the City's efforts to provide fire protection and prevention services (87% very or somewhat satisfied), followed by provide paramedic and emergency medical services (86%), maintain sewer and storm drain systems (80%), provide library services (79%), and maintain parks, sports fields, and recreation facilities (75%).
- At the other end of the spectrum, respondents were notably less satisfied with the City's efforts to address homelessness (12%), attract businesses and good paying jobs to the City (36%), reduce crime and gang activity (38%), maintain and repair local streets and roads (42%), and manage traffic congestion (49%).
- More than six-in-ten respondents felt that Escondido is either a very safe (8%) or somewhat safe (55%) place to live, whereas 29% rated the City as somewhat unsafe, 7% very unsafe, and 1% preferred to not answer the question.

PARKS & RECREATION PRIORITIES

- Among 12 projects tested, sports fields for multiple sports such as soccer, football, and rugby was viewed as the highest priority for future funding (80% high or medium priority), followed by acquiring land to create additional parks and green spaces (77%), community gardens for growing food (68%), and creating a Nature Center at Dixon Lake that can be reserved for events (65%).
- Dedicated pickleball courts (28%), indoor soccer fields (37%), and an agricultural history museum (42%) were the three lowest priorities among the potential projects tested.

POLICY ISSUES

- Approximately two-thirds (68%) of Escondido residents favored limiting City Councilmembers to two consecutive four-year terms, whereas 22% preferred no term limits and 10% were unsure or unwilling to answer the question.
- After receiving background information about the City Treasurer position, most respondents (55%) agreed that The City should eliminate the City Treasurer position. They shouldn't pay a person \$135,000 a year to do a job they may not be qualified to do, and for which the City is outsourcing the work anyway. Approximately one-quarter of respondents (26%) felt The City should keep the elected City Treasurer position. The Treasurer is meant to oversee the City's investment decisions and answers directly to the voters. An additional 18% were either unsure or unwilling to answer the question.
- · Most respondents held the opinion that there is too little housing in the City of Escondido that is affordable for middle-income families (58%), low-income families (56%), people working in essential jobs like teachers, nurses, police officers, and firefighters (54%), and seniors (51%). The most common alternative view in each case was that the amount of housing is about right, ranging from 17% to 29%. Few respondents (4% to 15%) perceived that there is too much affordable housing of any type in the City.
- To meet the State's new housing requirements, most respondents supported the City allowing underutilized commercial or industrial properties to be redeveloped into housing (80%), allowing mixed-use housing projects with housing built on top of or next to commercial buildings (61%), and building multi-family housing in an outlying area of the Westfield Mall parking lot that is rarely used for parking (52%). Options that had the potential to impact existing residential neighborhoods found less support, including allowing single family homes to be redeveloped with up to three units per parcel (42%) and allowing condominiums or apartments to be built in areas currently zoned for single family houses (35%).

CUSTOMER SERVICE

- Twenty-seven percent (27%) of respondents indicated that they had contacted Escondido city staff at least once during the 12 months prior to the interview.
- Respondents with staff contact during this period generally provided high ratings for city staff, with the vast majority describing staff as professional (90%), accessible (86%), and helpful (83%).

COMMUNICATION

- Overall, 52% of respondents indicated they were satisfied with the City's efforts to communicate with residents through newsletters, the Internet, social media, and other means. The remaining respondents were either dissatisfied with the City's efforts in this respect (31%), unsure of their opinion (16%), or preferred to not answer the question (1%).
- · When asked to identify their *primary* source for information about Escondido news and events, 36% indicated that they primarily rely on social media, 33% rely on the Internet (not including social media), and 12% rely on television. The remaining sources—newspapers and radio—were identified as primary information sources for news and events in Escondido by 9% and 2% of respondents, respectively. Approximately 6% offered that they don't pay attention to Escondido news and events, and an additional 3% preferred to not answer the question.

CONCLUSIONS

As noted in the *Introduction*, this study was designed to provide the City of Escondido with a statistically reliable understanding of its residents' opinions, satisfaction, and priorities as they relate to services and facilities provided by the City. Whereas subsequent sections of this report are devoted to conveying the detailed results of the survey, in this section we attempt to 'see the forest through the trees' and note how the results of the survey answer some of the key questions that motivated the research. The following conclusions are based on True North's interpretations of the results, as well as the firm's experience conducting similar studies for government agencies throughout the State.

Have residents' opinions been impacted by the pandemic?

The 18 months leading up to the *2021 Community Opinion Survey* were punctuated by difficult and dramatic events in Escondido. The coronavirus pandemic that arrived in early 2020 has taken lives, threatened livelihoods, and forced dramatic changes in the way residents live, work, socialize, and play. Non-essential businesses were shuttered for weeks or months at a time to curb the spread of COVID-19, and the City's operations were also adjusted to protect public health and adhere to State guidelines. Services that could be effectively moved to an online format were able to continue in that form, whereas other programs and services were modified, curtailed, or canceled to protect the safety of the public and Escondido employees. The pandemic also aggravated certain underlying issues including housing affordability and homelessness, and presented entirely new public health challenges that continue to shape many aspects of daily life.

The events of the past 18 months form the backdrop necessary for understanding and interpreting the results of the 2021 Community Opinion Survey. Although the majority of Escondido residents continue to have positive opinions of the overall quality of life in Escondido (54% rated it as excellent or good) and are satisfied with the City's overall performance in providing municipal services (66% very or somewhat satisfied), many of the metrics tracked in the survey were somewhat lower in 2021 when compared to the 2020 survey which was conducted shortly after the pandemic started.

In what service areas is the City performing best?

Respondents were asked to provide their assessment of the City's performance in more than 18 service areas spanning across most City departments. At the top of the list, respondents provided the most positive ratings for the City's efforts to provide fire protection and prevention services (87% very or somewhat satisfied), provide paramedic and emergency medical services (86%), maintain sewer and storm drain systems (80%), provide library services (79%), and maintain parks, sports fields, and recreation facilities (75%). Nearly three-quarters of respondents were also satisfied with the City's efforts to provide arts and cultural activities (73%), preserve natural open space and parkland (73%), and provide police services (72%).

City staff are also a bright spot and appear to be instrumental in keeping residents satisfied with the City overall. Indeed, City staff are often the "face" of the City for residents who are using City facilities, participating in various programs or events, or in need of assistance from the City on any number of matters. Approximately one-quarter (27%) of respondents indicated that they had personally interacted with Escondido staff at least once during the 12 months prior to the interview, and the vast majority described staff as accessible (86%), professional (90%), and helpful (83%).

Where should the City focus on improvement?

In addition to measuring the City's current performance, a primary goal of this study was to look *forward* and identify opportunities to adjust services, improve facilities, and/or refine strategies to best meet the community's evolving needs and expectations. Although residents were generally satisfied with the City's performance in many areas (as described above), there is always room for improvement. Below we note some of the areas that present the best opportunities in this regard.

Considering respondents' verbatim answers regarding what the city government could do to make Escondido a better place to live (see *What Should Be Changed About Escondido?* on page 13), the performance ratings they assigned to a wide variety of services (see *Specific Services* on page 17), and their responses on other topics, addressing homelessness, improving public safety/greater police presence, reducing crime and gang activity, improving infrastructure, streets and sidewalks, providing more affordable housing, and attracting businesses and good paying jobs to the City stood out as key areas of opportunity and interest for residents.

With the recommendation that the City focus on these areas, it is equally important to stress that when it comes to improving satisfaction in service areas, the appropriate strategy is often a combination of better communication and actual service improvements. It may be, for example, that many residents are simply not aware of the City's ongoing infrastructure improvement efforts, or the limits of what a city can do to address homelessness. Choosing the appropriate balance of actual service improvements and efforts to raise awareness on these matters will be a key to maintaining and improving the community's overall satisfaction in the short- and long-term.

What are residents' priorities for future parks and recreation improvements? The City of Escondido is currently home to a wide variety of parks and recreational opportunities, including hundreds of acres of preserved open space and trails, Dixon Lake, Lake Wohlford, Daley Ranch, and more than 20 urban parks, recreation facilities, and community centers. By providing much-needed spaces to recreate, relax, and play, Escondido's parks and recreation facilities help to promote a strong sense of community in the City, improve property values, enhance the business

climate and local economy, and generally contribute to a higher quality of life for residents and visitors alike.

The 2021 survey sought to identify how residents would prioritize potential parks and recreation projects for the future, recognizing that funding is limited. Among the 12 projects tested, sports fields for multiple sports such as soccer, football, and rugby was viewed as the highest priority, followed by acquiring land to create additional parks and green spaces, community gardens for growing food, and creating a Nature Center at Dixon Lake that can be reserved for events. Second-tier projects included outdoor soccer fields, bike parks and pump tracks, skate parks, and offleash dog parks. Among the items tested, dedicated pickleball courts, indoor soccer fields, an agricultural history museum, and batting cages were the four lowest priorities.

Do residents support term limits for City Council?

Currently, Escondido City Councilmembers serve a four-year term and there is no limit on how many terms a Councilmember can serve provided that they are re-elected by voters. When asked whether they think members of the City Council should be able to serve as many terms as they want so long as voters choose to re-elect them, or if they should be limited to two consecutive four-year terms, approximately two-thirds (68%) of respondents favored limiting City Councilmembers to two consecutive terms. The remaining respondents were split between those who preferred no term limits (22%) and those who were unsure or unwilling to answer the question (10%).

Support for Council term limits was also widespread. In every identified subgroup, those who favored term limits outnumbered those who did not by at least 2-to-1.

Do residents support eliminating the City Treasurer position?

The position of City Treasurer in the City of Escondido is currently elected by the voters. Although the position requires expertise in finance, accounting, investment and other skills to be performed well, candidates are not required to have these skills when running for Treasurer. For this and other reasons, the City of Escondido outsources its investment decisions to companies with the needed expertise.

After providing respondents with this background information, the survey presented respondents with two opposing opinions regarding the City Treasurer position and asked to identify that which is closest to their own. Most respondents (55%) agreed that The City should eliminate the City Treasurer position. They shouldn't pay a person \$135,000 a year to do a job they may not be qualified to do, and for which the City is outsourcing the work anyway. Approximately one-quarter of respondents (26%) felt The City should keep the elected City Treasurer position. The Treasurer is meant to oversee the City's investment decisions and

answers directly to the voters. An additional 18% were either unsure or unwilling to answer the question.

Similar to the issue of Council term limits, support for eliminating the City Treasurer position was also widespread. Across all resident subgroups, the percentage that favored *eliminating* the City Treasurer position ranged between 50% to 65%, whereas the percentage that favored *keeping* the position ranged between 20% to 33%.

When planning for future housing, which strategies do residents support?

Affordable housing (or lack thereof) has become a hot topic in many communities, increasing in saliency during the past few years along with rising rents and home prices. When asked directly, most respondents felt there was too little affordable housing (of any type) in Escondido, and increasing the availability of affordable housing was among the top five improvements that residents indicated would make Escondido a better place to live, now and in the future.

To build more affordable housing and meet the State's new housing requirements,² Escondido residents supported a number of creative solutions tested in the survey. Allowing underutilized commercial or industrial properties to be redeveloped into housing garnered strong support from residents (80%), as did allowing mixed-use housing projects with housing built on top of or next to commercial buildings (61%). Building multi-family housing in an outlying area of the Westfield Mall parking lot that is rarely used for parking was also supported by a majority of respondents (52%).

When compared to the aforementioned options, housing strategies that had the potential to impact *existing* residential neighborhoods found less support, including allowing single family homes to be redeveloped with up to three units per parcel (42%) and allowing condominiums or apartments to be built in areas currently zoned for single family houses (35%).

^{2.} The State of California mandates that all cities plan for additional housing as part of the Regional Housing Needs Allocation (RHNA), and also determines the number of new homes local jurisdictions must build—and how affordable the homes must be—in order to meet the housing needs of their community. The State of Calfornia is requiring that the City of Escondido plan for approximately 9,600 additional housing units by April 2029.

QUALITY OF LIFE

The opening series of questions in the survey was designed to assess residents' top of mind perceptions about the overall quality of life in Escondido and various aspects of the community, as well as explore their ideas for ways to improve Escondido as a place to live.

OVERALL QUALITY OF LIFE At the outset of the interview, respondents were asked to rate the City of Escondido on a number of key dimensions—including overall quality of life, as a place to raise a family, and as a place to work—using a five-point scale of excellent, good, fair, poor, or very poor. As shown in Figure 1 below, residents provided the most positive ratings for the overall quality of life in the City (54% excellent or good), followed by Escondido as a place to shop and dine (44%), as a place to raise a family (43%), as a place to retire (39%), and as a place to play and recreate (37%). When compared to the other dimensions tested, residents provided softer ratings for Escondido as a place to work (30%), to operate a business (25%), or advance their career (16%), although each of these dimensions also had a comparatively higher percentage of respondents who were unsure or unwilling to answer the question.

Question 2 How would you rate: ____? Would you say it is excellent, good, fair, poor or very poor?

FIGURE 1 RATING CITY

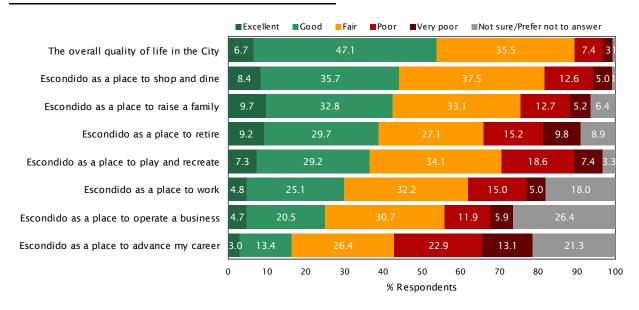


Table 1 on the next page shows how the ratings for each dimension tested in Question 2 varied by study year. The percentage of respondents that rated each aspect of the City as excellent or good generally declined between 2020 and 2021, likely reflecting the cumulative effects of the pandemic on the City's operations, business climate, inflation, and other aspects of how Escondido residents live, work, and play.

TABLE 1 RATING CITY BY STUDY YEAR

	C. I		Cl
	Study	Change in	
			% Excellent +
			Good
	2021	2020	'20 to '21
Escondido as a place to retire	38.9	42.2	-3.4
Escondido as a place to raise a family	42.5	46.7	-4.2†
Escondido as a place to work	29.8	37.5	-7.6†
Escondido as a place to shop and dine	44.2	52.4	-8.2†
Escondido as a place to play and recreate	36.5	44.7	-8.2†
The overall quality of life in the City	53.8	64.8	-10.9†
Escondido as a place to operate a business	25.2	N/A	N/A
Escondido as a place to advance my career	16.4	N/A	N/A

For the interested reader, tables 2-5 show how the percentage of respondents who rated each dimension as excellent or good varied by length of residence in Escondido, gender, presence of a senior in the home, home ownership, Council District, age, ethnicity, and presence of a child in the home. Although ratings varied by subgroup, it is worth noting that older residents (55+) and those living in Council District 4 were consistently the most positive in their ratings of the City of Escondido on each dimension tested.

TABLE 2 RATING CITY BY YEARS IN ESCONDIDO & GENDER (SHOWING % EXCELLENT & GOOD)

		Years in Escondido (Q1)				er (QD2)
	Less than 5	5 to 9	10 to 14	15 or more	Male	Female
The overall quality of life in the City	56.3	59.3	59.2	51.1	58.1	53.4
Escondido as a place to shop and dine	39.5	43.3	49.2	45.1	46.1	44.5
Escondido as a place to raise a family	30.4	42.0	47.2	45.8	45.6	41.6
Escondido as a place to retire	39.1	38.0	44.3	38.4	40.6	39.3
Escondido as a place to play and recreate	35.2	35.9	36.7	37.1	39.0	36.9
Escondido as a place to work	20.9	31.9	30.1	32.2	29.5	31.7
Escondido as a place to operate a business	20.8	30.2	20.1	26.3	25.1	26.3
Escondido as a place to advance my career	11.6	16.1	17.0	17.8	19.6	14.8

TABLE 3 RATING CITY BY ADULT 65+ IN HSLD, HOME OWNERSHIP STATUS & COUNCIL DISTRICT (SHOWING % EXCELLENT & GOOD)

		t 65+ I (OD4)		wnership (OD5)	Council District (QS1))	
	Yes	No	Rent	Own	One	Two	Three	Four	
The overall quality of life in the City	62.1	50.8	61.4	46.6	43.0	54.9	49.2	68.2	
Escondido as a place to shop and dine	47.2	44.0	42.8	46.2	43.2	41.7	40.6	51.2	
Escondido as a place to raise a family	49.0	40.4	45.2	39.8	36.9	39.7	41.4	52.2	
Escondido as a place to retire	55.3	31.7	44.3	33.7	32.8	38.7	37.0	47.0	
Escondido as a place to play and recreate	42.6	35.0	40.8	32.5	30.9	35.7	34.2	45.2	
Escondido as a place to work	32.1	29.7	29.9	30.5	28.3	30.0	29.9	31.1	
Escondido as a place to operate a business	26.3	25.7	24.0	27.3	25.2	23.7	24.7	27.2	
Escondido as a place to advance my career	18.7	15.8	16.5	16.4	16.0	14.8	16.3	18.3	

TABLE 4 RATING CITY BY AGE (SHOWING % EXCELLENT & GOOD)

		Age (QD1)					
	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older	
The overall quality of life in the City	37.5	40.2	51.4	52.9	64.4	76.9	
Escondido as a place to shop and dine	42.4	36.7	45.1	37.1	49.1	55.1	
Escondido as a place to raise a family	37.7	29.7	39.9	41.5	52.0	56.9	
Escondido as a place to retire	32.3	24.6	29.3	30.2	44.0	70.6	
Escondido as a place to play and recreate	31.4	24.6	35.6	29.5	47.8	50.3	
Escondido as a place to work	20.6	24.3	32.9	24.7	37.7	38.7	
Escondido as a place to operate a business	22.1	22.9	26.7	19.6	30.2	30.6	
Escondido as a place to advance my career	5.9	13.4	18.7	13.1	24.7	22.1	

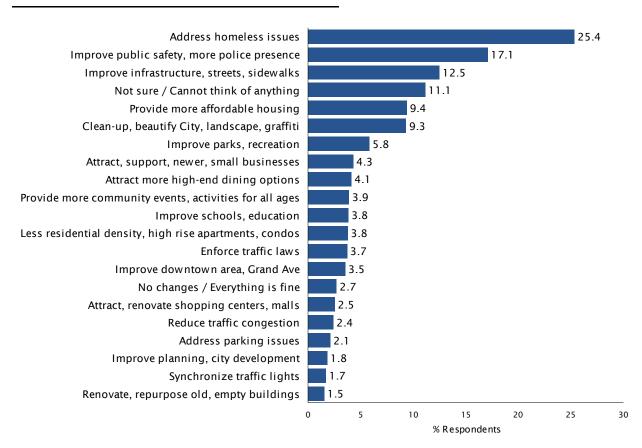
TABLE 5 RATING CITY BY ETHNICITY & CHILD IN HSLD (SHOWING % EXCELLENT & GOOD)

		Ethnicity (QD9)				Isld (QD3)
	Latino /	Asian	Caucasian /	Mixed or		
	Hispanic	American	White	other	Yes	No
The overall quality of life in the City	46.4	59.4	63.2	54.2	50.4	56.8
Escondido as a place to shop and dine	42.4	36.1	48.8	46.8	46.5	44.5
Escondido as a place to raise a family	39.8	37.8	47.3	41.2	44.8	41.9
Escondido as a place to retire	31.7	52.8	46.6	41.3	32.5	43.2
Escondido as a place to play and recreate	30.5	21.0	47.0	44.4	35.5	38.7
Escondido as a place to work	28.8	27.4	33.3	22.0	33.3	29.1
Escondido as a place to operate a business	26.6	28.4	24.2	19.1	28.5	24.1
Escondido as a place to advance my career	16.8	13.2	17.7	10.9	20.6	14.6

WHAT SHOULD BE CHANGED ABOUT ESCONDIDO? The next question in this series asked residents to identify what one thing the City government could change to make Escondido a better place to live, now and in the future. Question 3 was posed in an open-ended manner, thereby allowing residents to mention any aspect or attribute that came to mind without being prompted by—or restricted to—a particular list of options. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 2.

Question 3 If the city government could change one thing to make Escondido a better place to live now and in the future, what change would you like to see?

FIGURE 2 CHANGES TO IMPROVE CITY



Approximately 14% could not think of a change they desire (11%) or reported that no changes are needed/everything is fine (3%), both of which are indicative of a respondent who does not perceive any pressing issues or problems in the City. Among specific changes desired, the most common were addressing homeless issues (25%), improve public safety/increasing police presence (17%), improving infrastructure, streets, and sidewalks (13%), providing more affordable housing (9%), and cleaning-up the City and landscaping/removing graffiti (9%).

Table 6 provides the top five response categories in the 2020 and 2021 studies. Although the ranking is slightly different, the top *three* specific issues have remained the same since 2020. Providing more affordable housing made the top 5 in 2021, replacing cleaning-up/beautifying the City from the top 5 in 2020.

TABLE 6 TOP CHANGES TO IMPROVE CITY BY STUDY YEAR

Study Year 2021 2020					
Address homeless issues	Improve public safety, more police presence				
Improve public safety, more police presence	Address homeless issues				
Improve infrastructure, streets, sidewalks	Improve infrastructure, streets, sidewalks				
Not sure / Cannot think of anything	Not sure / Cannot think of anything				
Provide more affordable housing	Clean-up, beautify City, landscape, graffiti				

CITY SERVICES

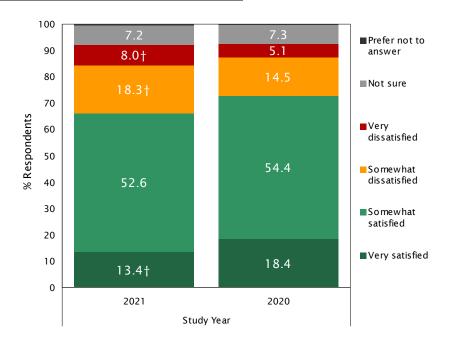
After measuring respondents' perceptions of the quality of life in Escondido, the survey next turned to assessing their opinions about the City's performance in providing various municipal services.

OVERALL SATISFACTION The first question in this series asked respondents to indicate if, overall, they were satisfied or dissatisfied with the job the City of Escondido is doing to provide city services. Because this question does not reference a specific program, facility, or service and requested that the respondent consider the City's performance in general, the findings of this question may be regarded as an *overall performance rating* for the City.

As shown in Figure 3, two-thirds (66%) of Escondido residents indicated they were either very (13%) or somewhat (53%) satisfied with the City's efforts to provide municipal services. Approximately one quarter (26%) were very or somewhat dissatisfied, whereas 8% were unsure or unwilling to share their opinion. When compared to the 2020 survey results, the percentage of respondents who indicated they were very satisfied declined significantly, whereas the percentage who indicated they were dissatisfied increased significantly. In assessing the changes over the past year, it is important to keep in mind that the 2021 survey was conducted more than 18 months into an ongoing pandemic that has impacted the City's operations, aggravated certain underlying issues including housing affordability and homelessness, and presented entirely new public health challenges.

Question 4 Next, I would like to ask a series of questions about services provided by the City of Escondido. Generally speaking, are you satisfied or dissatisfied with the job the City of Escondido is doing to provide city services?

FIGURE 3 OVERALL SATISFACTION BY STUDY YEAR



The next three figures display how residents' opinions about the City's overall performance in providing municipal services varied across subgroups of Escondido residents. The most striking pattern in the figures is the general consistency of the results and the fact that the majority of respondents in every subgroup indicated they were generally satisfied with the City's performance in providing municipal services. That said, satisfaction was somewhat higher than average among those who had lived in the City 10 to 14 years, residents who identified as Caucasian or mixed ethnicity, seniors, home owners, residents of Council District 4, males, those not living with a child, and those with a senior in their home.

FIGURE 4 OVERALL SATISFACTION BY YEARS IN ESCONDIDO, ETHNICITY & SURVEY LANGUAGE

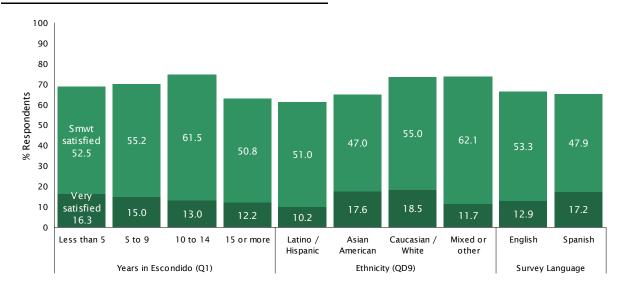


FIGURE 5 OVERALL SATISFACTION BY AGE & HOME OWNERSHIP

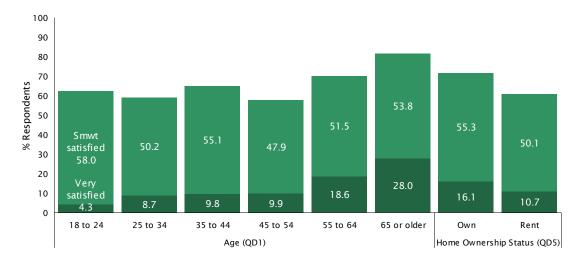
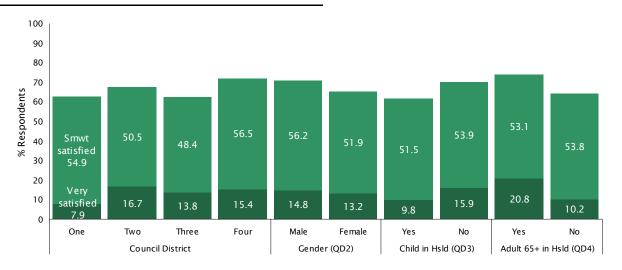


FIGURE 6 OVERALL SATISFACTION BY COUNCIL DISTRICT, GENDER, CHILD IN HSLD & ADULT 65+ IN HSLD



SPECIFIC SERVICES Whereas Question 4 addressed the City's *overall* performance, Question 5 asked respondents to rate the job the City is doing providing each of the *specific* services shown in Figure 7 on the next page. The order in which the items was presented was randomized for each respondent to avoid a systematic position bias, but they are sorted from high to low in the following figure based on the combined percentage of respondents who rated the City's performance as either excellent or good. For comparison purposes between the services, only respondents who held an opinion are included in the figure. Those who did not have an opinion were removed from this analysis. The percentage of respondents who provided an opinion (satisfied or dissatisfied) is presented in brackets beside the service label in the figure, while the bars represent the answers of those with an opinion.

At the top of the list, respondents were most satisfied with the City's efforts to provide fire protection and prevention services (87% very or somewhat satisfied), followed by provide paramedic and emergency medical services (86%), maintain sewer and storm drain systems (80%), provide library services (79%), and maintain parks, sports fields, and recreation facilities (75%). At the other end of the spectrum, respondents were notably less satisfied with the City's efforts to address homelessness (12%), attract businesses and good paying jobs to the City (36%), reduce crime and gang activity (38%), maintain and repair local streets and roads (42%), and manage traffic congestion (49%).

Table 7 on the next page displays the percentage of respondents who were satisfied with each service in 2020 and 2021, as well as the difference between the two studies. When compared to 2020, satisfaction with most specific services declined significantly in the 2021 survey, with the largest changes found for addressing homelessness, providing services and programs for seniors, and managing traffic congestion.

Question 5 For each of the services I read, I'd like you to tell me how satisfied you are with the job the City is doing to provide the service. Are you satisfied or dissatisfied with the City's efforts to: _____, or do you not have an opinion?

FIGURE 7 SATISFACTION WITH CITY SERVICES

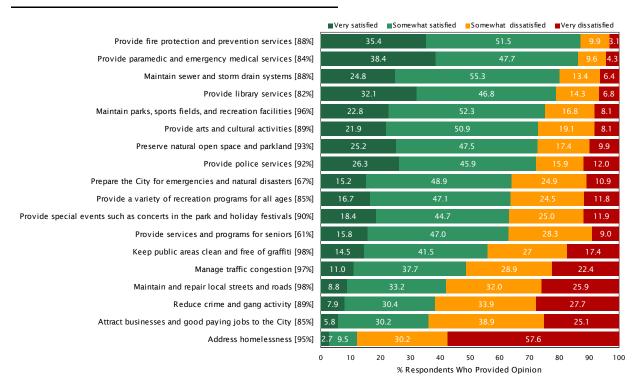


TABLE 7 SATISFACTION WITH CITY SERVICES BY STUDY YEAR

	Study	/ Year	Change in Satisfaction
	2021	2020	2020 to 2021
Provide library services	78.9	77.9	+1.1
Maintain sewer and storm drain systems	80.1	83.3	-3.2†
Provide arts and cultural activities	72.8	78.4	-5.6†
Maintain and repair local streets and roads	42.1	47.8	-5.8†
Provide fire protection and prevention services	87.0	92.8	-5.8†
Provide paramedic and emergency medical services	86.2	92.3	-6.1†
Preserve natural open space and parkland	72.7	78.9	-6.2†
Keep public areas clean and free of graffiti	56.0	63.7	-7.7†
Maintain parks, sports fields, and recreation facilities	75.1	83.0	-7.9†
Provide police services	72.2	82.3	-10.1†
Provide a variety of recreation programs for all ages	63.7	74.5	-10.8†
Reduce crime and gang activity	38.4	50.0	-11.6†
Attract businesses and good paying jobs to the City	36.0	49.0	-13.0†
Provide special events such as concerts in the park and holiday festivals	63.1	76.5	-13.3†
Prepare the City for emergencies and natural disasters	64.2	77.5	-13.4†
Manage traffic congestion	48.7	64.4	-15.7†
Provide services and programs for seniors	62.8	78.6	-15.8†
Address homelessness	12.3	30.7	-18.5†

DIFFERENTIATORS OF OPINION For the interested reader, Table 8 displays how the level of satisfaction with each specific service tested in Question 5 varied according to residents' overall performance ratings for the City (see *Overall Satisfaction* on page 15). The table divides residents who were satisfied with the City's *overall performance* into one group and those dissatisfied into a second group. Also displayed is the difference between the two groups in terms

of the percentage who indicated they were satisfied with the City's efforts to provide each service tested in Question 5 (far right column). For convenience, the services are sorted by that difference, with the greatest differentiators of opinion near the top of the table.

When compared to their counterparts, those who were satisfied with the City's overall performance in providing city services were also more likely to express satisfaction with the City's efforts to provide each of the services tested in Question 5. That said, the greatest specific differentiators of opinion between satisfied and dissatisfied residents were found with respect to the City's efforts to provide services and programs for seniors, prepare the City for emergencies and natural disasters, keep public areas clean and free of graffiti, provide police services, and attract businesses and good paying jobs to the City.

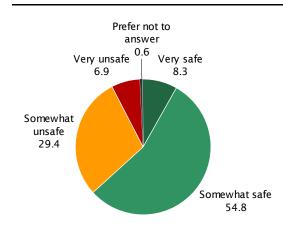
TABLE 8 SATISFACTION WITH SERVICES BY OVERALL SATISFACTION

		Satisfact City's Overall Pe	Difference Between	
		Very or somewhat	Very or somewhat	•
		satisfied	dissatisfied	Service
	Provide services and programs for seniors	77.0	34.1	43.0
9	Prepare the City for emergencies and natural disasters	76.6	36.4	40.3
Service	Keep public areas clean and free of graffiti	68.1	28.0	40.1
	Provide police services	83.8	44.5	39.3
Satisfied With Each	Attract businesses and good paying jobs to the City	48.7	10.2	38.6
	Maintain parks, sports fields, and recreation facilities	85.9	48.1	37.8
	Provide arts and cultural activities	83.9	47.1	36.8
≥	Maintain and repair local streets and roads	52.6	17.2	35.5
jed	Preserve natural open space and parkland	83.0	48.2	34.8
isf	Provide a variety of recreation programs for all ages	74.3	41.3	33.1
Sat	Provide special events such as concerts in the park and holiday festivals	73.9	41.1	32.8
ts	Manage traffic congestion	57.5	26.5	31.1
len	Provide library services	87.9	57.7	30.2
puo	Provide paramedic and emergency medical services	94.3	65.8	28.6
Respondents	Reduce crime and gang activity	46.9	20.5	26.4
Ses	Maintain sewer and storm drain systems	87.3	63.9	23.3
%	Provide fire protection and prevention services	92.8	72.5	20.3
	Address homelessness	16.2	3.7	12.6

HOW SAFE IS ESCONDIDO? The final question in this series asked respondents to rate how safe the City of Escondido is as a place to live. The overall responses are shown in Figure 8.

Question 6 Overall, how safe is the City of Escondido as a place to live? Would you say it is very safe, somewhat safe, somewhat unsafe, or very unsafe?

FIGURE 8 SAFETY OF ESCONDIDO AS PLACE TO LIVE



More than six-in-ten respondents felt that Escondido is either a very safe (8%) or somewhat safe (55%) place to live, whereas 29% rated the City as somewhat unsafe, 7% very unsafe, and 1% preferred to not answer the question. For the interested reader, figures 9-11 on the following page display how perceptions of safety in Escondido varied across resident subgroups.

FIGURE 9 SAFETY OF ESCONDIDO BY YEARS IN ESCONDIDO, OVERALL SATISFACTION & AGE

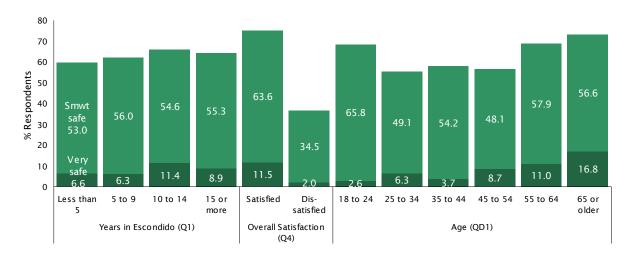


FIGURE 10 SAFETY OF ESCONDIDO BY ETHNICITY, COUNCIL DISTRICT & GENDER

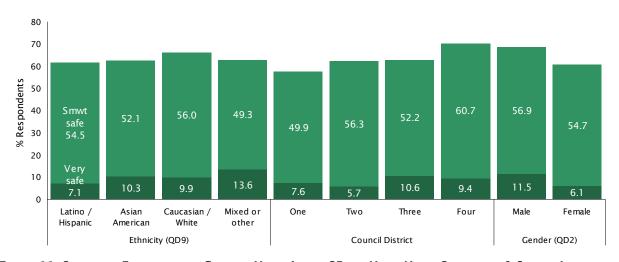
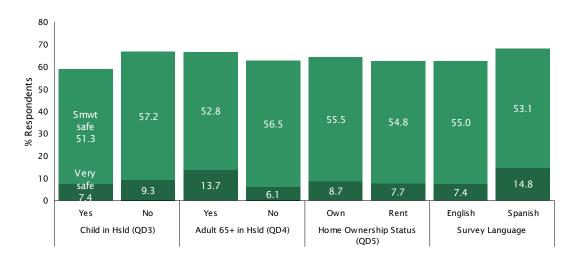


FIGURE 11 SAFETY OF ESCONDIDO BY CHILD IN HSLD, ADULT 65+ IN HSLD, HOME OWNERSHIP & SURVEY LANGUAGE



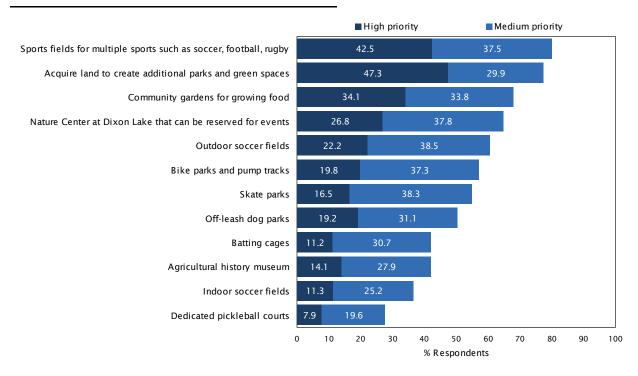
PARKS & RECREATION PRIORITIES

The City of Escondido is currently home to a wide variety of parks and recreational opportunities, including hundreds of acres of preserved open space and trails, Dixon Lake, Lake Wohlford, Daley Ranch, and more than 20 urban parks, recreation facilities, and community centers. By providing much-needed spaces to recreate, relax, and play, Escondido's parks and recreation facilities help to promote a strong sense of community in the City, improve property values, enhance the business climate and local economy, and generally contribute to a higher quality of life for residents and visitors alike. This section of the report profiles residents' priorities with respect to *future* spending on parks and recreation facilities.

PRIORITY IMPROVEMENTS Question 7 was designed to provide the City of Escondido with a reliable measure of how residents—as a whole—prioritize among a host of parks and recreation improvements that could be considered for the City's future. The format of the question was straightforward: respondents were asked whether each project shown in Figure 12 should be a high, medium, or low priority for future spending—or if the City should not spend money on the project at all. To encourage a sense of competition, respondents were instructed that not all of the projects could be high priorities.

Question 7 The City of Escondido has the resources to provide some of the parks and recreation facilities and services desired by residents. Because it can't fund every service and project, the City must set priorities. As I read each of the following items, please indicate whether you think the City should make the item a high priority, a medium priority, or a low priority for future city spending. If you feel the City should not spend any money on this item, just say so. Please keep in mind that not all of the items can be high priorities.

FIGURE 12 PARK & RECREATION PRIORITIES



The projects are sorted in Figure 12 from high to low based on the proportion of respondents who indicated that a project was at least a *medium* priority for future funding. Among the projects tested, sports fields for multiple sports such as soccer, football, and rugby was viewed as the highest priority (80% high or medium priority), followed by acquiring land to create additional parks and green spaces (77%), community gardens for growing food (68%), and creating a Nature Center at Dixon Lake that can be reserved for events (65%). Among the items tested, dedicated pickleball courts (28%), indoor soccer fields (37%), and an agricultural history museum (42%) were the three lowest priorities.

Tables 9 and 10 show how the percentage who assigned *high* priority status to different projects varied across subgroups of Escondido residents. For ease of comparison, the top three ratings within each subgroup are highlighted green. The tables show a remarkable degree of consistency across resident subgroups with respect to the top priorities for future parks and recreation funding.

TABLE 9 PARK & RECREATION PRIORITIES BY OVERALL SATISFACTION & AGE (SHOWING % HIGH PRIORITY)

	Overall Sati	sfaction (Q4)	Age (QD1)					
	Satisfied	Dissatisfied	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
Sports fields to can be used for multiple sports	44.6	41.3	53.4	50.6	40.6	42.0	39.3	31.8
Acquire land to create additional parks and green spaces	49.4	43.4	55.7	53.7	53.3	44.5	43.5	35.7
Community gardens for growing food	32.8	37.2	49.8	41.8	33.6	30.8	29.3	23.8
Nature Center at Dixon Lake that can be reserved for events	27.9	25.0	31.6	32.4	26.9	26.2	26.1	19.4
Outdoor soccer fields	22.0	24.9	30.6	26.1	20.6	15.1	24.3	18.6
Bike parks and pump tracks	20.4	18.5	15.2	22.9	22.2	25.8	19.2	14.9
Skate parks	18.0	13.5	17.1	21.5	17.2	19.2	13.7	11.3
Off-leash dog parks	18.1	19.5	21.4	29.8	17.0	17.0	15.5	14.2
Batting cages	11.0	11.5	4.9	14.0	16.3	12.4	9.6	9.9
Agricultural history museum	13.1	15.3	18.1	19.7	14.8	13.2	10.8	8.4
Indoor soccer fields	11.3	11.4	12.4	16.0	13.6	11.0	7.9	7.0
Dedicated pickleball courts	8.9	6.3	3.8	6.5	8.9	7.3	11.6	8.8

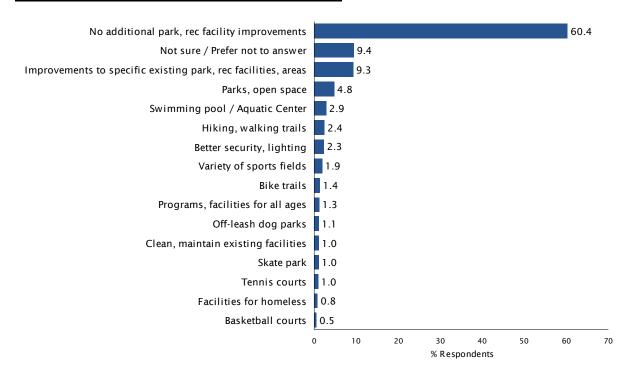
TABLE 10 PARK & RECREATION PRIORITIES BY CHILD IN HSLD, ADULT 65+ IN HSLD & COUNCIL DISTRICT (SHOWING % HIGH PRIORITY)

	Child in Hsld (QD3)		Adult 65+ in Hsld (OD4)		Council District (QS1)			
	Yes	No	Yes	No	One	Two	Three	Four
Sports fields to can be used for multiple sports	47.5	40.4	40.4	47.1	41.9	46.5	42.8	38.8
Acquire land to create additional parks and green spaces	51.2	44.9	44.9	49.5	48.1	48.6	47.3	45.3
Community gardens for growing food	35.1	35.1	35.1	39.0	36.8	30.9	37.2	31.7
Nature Center at Dixon Lake that can be reserved for events	30.8	23.8	23.8	27.7	28.8	28.8	30.6	19.1
Outdoor soccer fields	24.4	20.6	20.6	23.0	25.7	22.4	20.4	20.1
Bike parks and pump tracks	22.4	17.9	17.9	21.5	20.5	22.8	18.1	17.9
Skate parks	20.5	14.9	14.9	20.1	19.5	15.0	17.4	14.0
Off-leash dog parks	17.1	20.1	20.1	20.7	21.1	20.9	18.4	16.4
Batting cages	14.0	10.1	10.1	13.1	8.1	13.9	14.4	8.5
Agricultural history museum	19.0	11.6	11.6	15.7	15.5	15.1	18.0	7.6
Indoor soccer fields	13.8	10.3	10.3	13.5	11.2	13.3	13.2	7.7
Dedicated pickleball courts	8.0	7.7	7.7	7.9	8.5	7.4	8.2	7.6

ADDITIONAL PRIORITIES? Recognizing that the list of projects in Question 7 was not exhaustive, Question 8 followed-up by offering respondents the opportunity to identify other high priority park or recreation facility improvements not previously mentioned. Question 8 was presented in an open-ended manner, thereby allowing respondents to mention any project or improvement that came to mind without being prompted by or restricted to a particular list of options. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 13 on the next page.

Question 8 Is there a park or recreation facility improvement that I didn't mention that you think should be a high priority for future city spending?

FIGURE 13 PARKS & REC FACILITY IMPROVEMENT NOT MENTIONED



Most respondents indicated that no additional high priority parks or recreation improvements came to mind (60%) or they were unsure/unwilling to answer the question (9%). Among the specific improvements that were mentioned, improvements to *existing* parks and recreation facilities/areas was most common (9%), following by an interest in additional parks/open space (5%), swimming pool/Aquatic Center (3%), hiking/walking trails (2%), and better security/security lighting (2%).

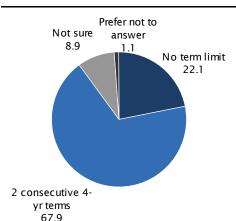
POLICY ISSUES

In addition to questions that focused on City services, the 2021 survey also explored residents' opinions on key policy issues including Council term limits, the value of the City Treasurer position, and affordable housing.

COUNCIL TERM LIMITS Currently, Escondido City Councilmembers serve a four-year term and there is no limit on how many terms a Councilmember can serve provided that they are reelected by voters. Question 9 asked respondents whether they think members of the City Council should be able to serve as many terms as they want so long as voters choose to re-elect them, or if they should be limited to two consecutive four-year terms. As shown in Figure 14, approximately two-thirds (68%) of Escondido residents favored limiting City Councilmembers to two consecutive terms, whereas 22% preferred no term limits and 10% were unsure or unwilling to answer the question.

Question 9 When elected, Escondido City Councilmembers serve a four year term. There is currently no limit to how many terms a Councilmember can serve, provided that they are re-elected by voters. Which of the following opinions is closest to your own? _____ OR _____?

FIGURE 14 OPINION OF COUNCILMEMBER TERM LIMITS



Figures 15-17 show how opinions about City Council term limits varied across subgroups of Escondido residents. In every subgroup, those who favored term limits outnumbered those who did not by at least 2-to-1. It's also worth noting that opposition to term limits was confined to less than one-quarter of respondents in most subgroups.

FIGURE 15 OPINION OF COUNCILMEMBER TERM LIMITS BY YEARS IN ESCONDIDO, OVERALL SATISFACTION & AGE

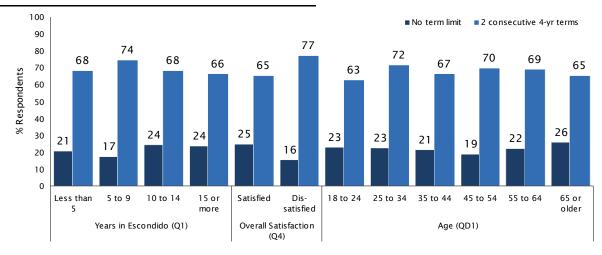


FIGURE 16 OPINION OF COUNCILMEMBER TERM LIMITS BY ETHNICITY, COUNCIL DISTRICT & GENDER

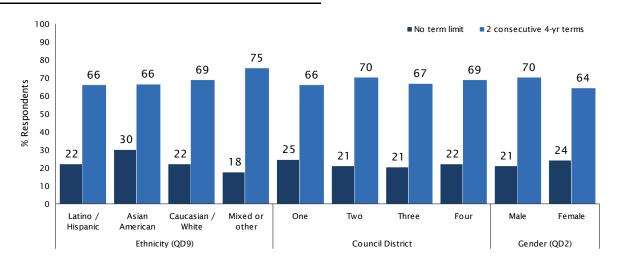
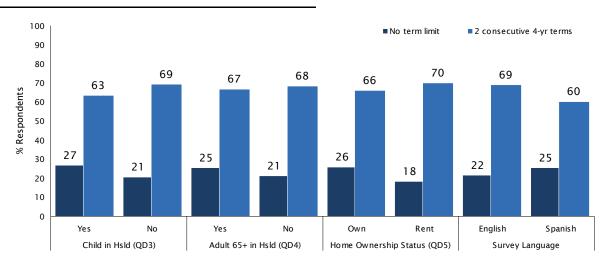


FIGURE 17 OPINION OF COUNCILMEMBER TERM LIMITS BY CHILD IN HSLD, ADULT 65+ IN HSLD, HOME OWNERSHIP STATUS & SURVEY LANGUAGE

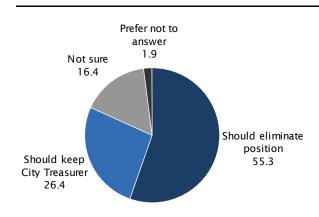


CITY TREASURER POSITION The position of City Treasurer in the City of Escondido is currently elected by the voters. Although the position requires expertise in finance, accounting, investment and other skills to be performed well, candidates are not required to have these skills when running for Treasurer. For this and other reasons, the City of Escondido outsources its investment decisions to companies with the needed expertise. After providing respondents with this background information, they were presented with two opposing opinions regarding the City Treasurer position and asked to identify that which is closest to their own.

Most respondents (55%) agreed that *The City should eliminate the City Treasurer position*. They shouldn't pay a person \$135,000 a year to do a job they may not be qualified to do, and for which the City is outsourcing the work anyway. Approximately one-quarter of respondents (26%) felt *The City should keep the elected City Treasurer position*. The *Treasurer is meant to oversee the City's investment decisions and answers directly to the voters*. An additional 18% were either unsure or unwilling to answer the question (see Figure 18).

Question 10 The position of City Treasurer in the City of Escondido is currently elected by the voters. Although the position requires expertise in finance, accounting, investment and other skills to be performed well, candidates are not required to have these skills when running for Treasurer. For this and other reasons, the City of Escondido outsources its investment decisions to companies with the needed expertise. Knowing the above, which of the following opinions is closest to your own? _____ OR _____?

FIGURE 18 OPINION OF CITY TREASURER POSITION



For the interested reader, figures 19-21 show how opinions regarding the City Treasurer position were distributed across subgroups of Escondido residents. Across all subgroups, the percentage that favored *eliminating* the City Treasurer position ranged between 50% to 65%, whereas the percentage that favored *keeping* the position ranged between 20% to 33%.

FIGURE 19 OPINION OF CITY TREASURER POSITION BY YEARS IN ESCONDIDO, OVERALL SATISFACTION & AGE

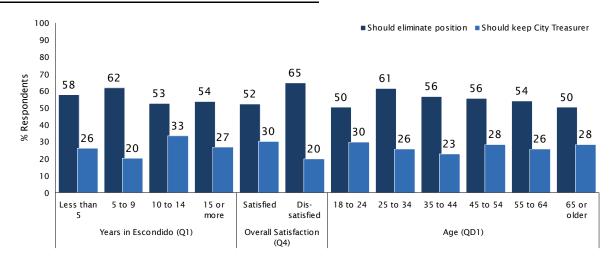


FIGURE 20 OPINION OF CITY TREASURER POSITION BY ETHNICITY, COUNCIL DISTRICT & GENDER

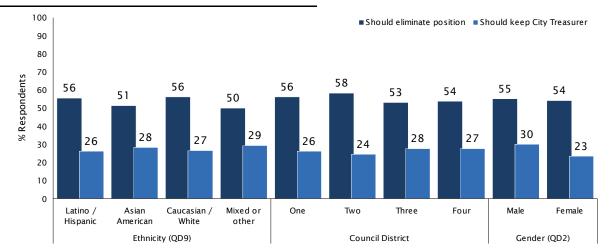
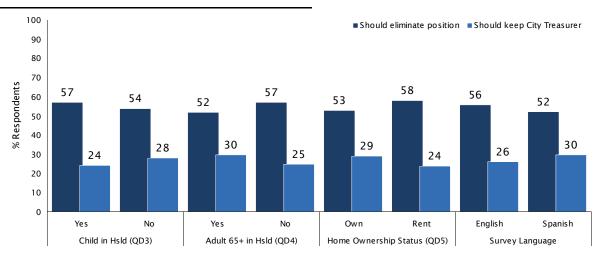


FIGURE 21 OPINION OF CITY TREASURER POSITION BY CHILD IN HSLD, ADULT 65+ IN HSLD, HOME OWNERSHIP STATUS & SURVEY LANGUAGE



AFFORDABLE HOUSING Affordable housing (or lack thereof) has become a hot topic in many communities, increasing in saliency during the past few years along with rising rents and home prices. As noted previously in this report (see *What Should Be Changed About Escondido?* on page 13), increasing the availability of affordable housing was among the top five improvements that residents indicated would make Escondido a better place to live, now and in the future. The 2021 survey took the opportunity to dig deeper on this topic by first asking respondents whether there is currently too little, about the right amount, or too much of each *type* of affordable housing listed in Figure 22 on the next page.

Most respondents held the opinion that there is too little housing that is affordable for middle-income families (58%), low-income families (56%), people working in essential jobs like teachers, nurses, police officers, and firefighters (54%), and seniors (51%) in the City of Escondido. The most common alternative view in each case was that the amount is about right, ranging from 17% to 29%. Few respondents (4% to 15%) perceived that there is too much affordable housing in the City. Figure 23 shows how residents views of affordable housing varied by type in each Council District.

Question 11 Next, I would like to ask a few questions about the availability of housing in Escondido. As I read the following housing types, please tell me whether you feel there is currently too much, about the right amount, or too little of this type of housing in the City of Escondido.

FIGURE 22 OPINION OF HOUSING DEVELOPMENT TYPES IN CITY

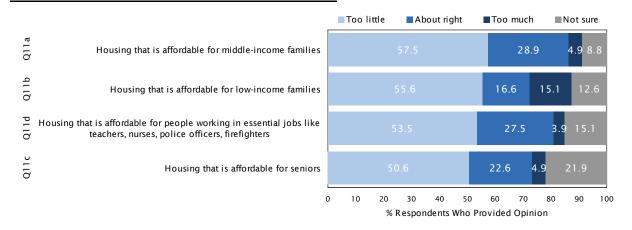
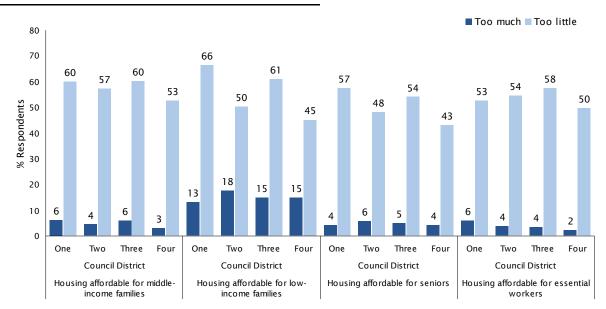


FIGURE 23 OPINION OF HOUSING DEVELOPMENT TYPES IN CITY BY COUNCIL DISTRICT



MEETING STATE HOUSING REQUIREMENTS Having measured respondents' opinions about the availability of affordable housing in Escondido, the survey transitioned to how best to accommodate future housing. Specifically, respondents were first informed that the State of California requires all cities to plan for additional housing, and that with the general shortage of housing in California, the State is requiring that the City of Escondido plan for approximately 9,600 new housing units by April 2029. Respondents were then presented with each of the actions shown on the left of Figure 24 and asked if they would support or oppose the City taking the action to meet the State's housing requirements.

Question 12 California State law requires that all cities plan for additional housing. With a general shortage of housing in California, the State is requiring that the City of Escondido plan for approximately 9,600 new housing units. To meet the State's new housing requirements, the City has several options. As I read the following options, please indicate whether you would support or oppose the City taking this action. Would you support or oppose: ____?

FIGURE 24 SUPPORT FOR HOUSING DEVELOPMENT IN CITY



Among the options tested, allowing underutilized commercial or industrial properties to be redeveloped into housing garnered the strongest support from residents (80%), followed by allowing mixed-use housing projects with housing built on top of or next to commercial buildings (61%), and building multi-family housing in an outlying area of the Westfield Mall parking lot that is rarely used for parking (52%). Options that had the potential to impact existing residential neighborhoods found less support, including allowing single family homes to be redeveloped with up to three units per parcel (42%) and allowing condominiums or apartments to be built in areas currently zoned for single family houses (35%). Table 11 shows how support for each option varied by Council District.

TABLE 11 SUPPORT FOR HOUSING DEVELOPMENT IN CITY BY COUNCIL DISTRICT

	Council District			
	One	Two	Three	Four
Allowing underutilized commercial or industrial properties to be redeveloped into housing	77.3	78.5	81.9	80.4
Allowing for mixed-use housing projects, where housing is built on top of or next to commercial buildings	54.8	59.9	64.6	65.6
Building multi-family housing in an outlying area of the Westfield Mall parking lot that is rarely used for parking	55.4	51.7	52.5	48.3
Allowing single family homes to be redeveloped with up to three units per parcel	50.9	32.6	48.5	37.5
Allowing condominiums or apartments to be built in areas currently zoned for single family houses	43.3	30.4	40.5	25.4

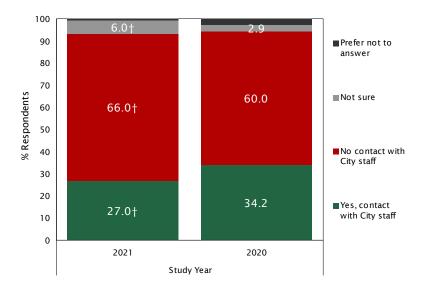
CUSTOMER SERVICE

In many ways, City staff are the face of the organization. When residents have an issue they need addressed, a question answered, or simply require assistance on a city-related manner, it is typically staff that handles these interactions. Accordingly, the survey included questions to gauge the frequency of staff interaction with residents, as well as profile staff's accessibility, helpfulness, and professionalism.

CONTACT WITH CITY STAFF Residents were first asked if they had been in contact with City of Escondido staff in the past 12 months. Figure 25 provides the findings of this question and shows that 27% of residents had contact with staff in the year prior to the interview, which is significantly lower than the 34% recorded in 2020 and likely an artifact of the pandemic.³ As displayed in figures 26-28 on the next page, interaction with staff was most commonly reported by newer residents (less than 5 years), those who were dissatisfied with the City's overall performance, residents 25 years of age or older, Caucasians and those identifying as mixed/other ethnicities, residents of Council Districts 2 and 4, individuals who live with a child, home owners, and those who completed the survey in English.

Question 13 In the past 12 months, have you been in contact with staff from the City of Escondido?





^{3.} True North has found a similar decline in staff-resident contact during the pandemic when surveying in other California cities.

FIGURE 26 CONTACT WITH CITY STAFF IN PAST 12 MONTHS BY YEARS IN ESCONDIDO, OVERALL SATISFACTION & AGE

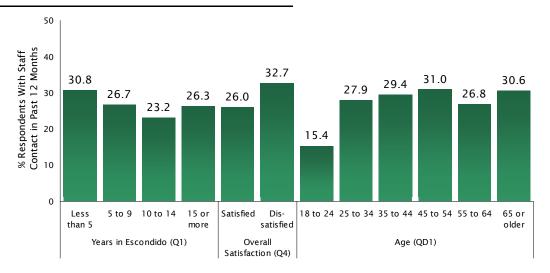


FIGURE 27 CONTACT WITH CITY STAFF IN PAST 12 MONTHS BY ETHNICITY, COUNCIL DISTRICT & GENDER

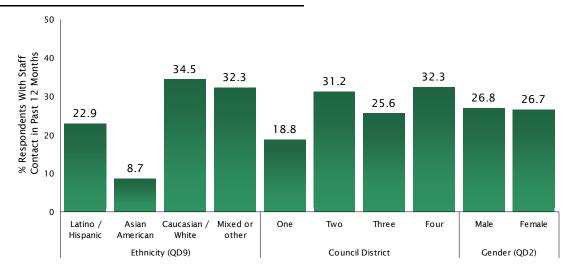
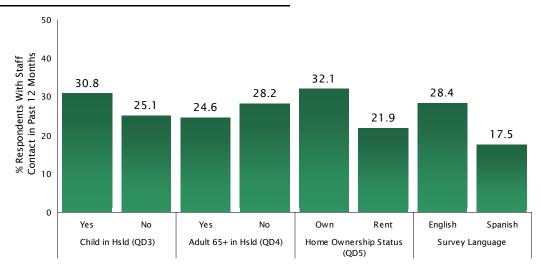


FIGURE 28 CONTACT WITH CITY STAFF IN PAST 12 MONTHS BY CHILD IN HSLD, ADULT 65+IN HSLD, HOME OWNERSHIP STATUS & SURVEY LANGUAGE



ASSESSMENT OF CITY STAFF The final question in this section asked residents with recent staff contact to rate city staff on three dimensions: helpfulness, professionalism, and accessibility. Respondents generally provided high ratings for city staff on all three dimensions (Figure 29), with the vast majority of respondents describing staff as professional (90%), accessible (86%), and helpful (83%). There were no statistically significant changes in the percentage of respondents who rated City staff as very accessible, professional, or helpful between 2020 and 2021 (see Table 12).

Question 14 In your opinion, was the staff at the City very ____, somewhat____, or not at all ____.

FIGURE 29 PERCEPTIONS OF CITY STAFF

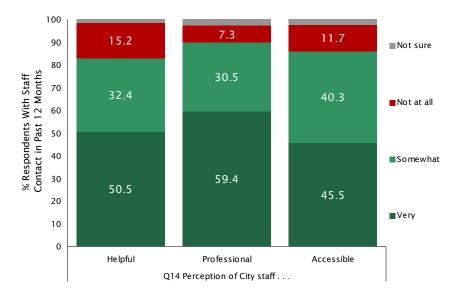


TABLE 12 PERCEPTIONS OF CITY STAFF BY STUDY YEAR

	Study	/ Year	Change in Verv
	2021	2020	'20 to '21
Helpful	50.5	49.7	+0.8
Accessible	45.5	47.2	-1.7
Professional	59.4	62.6	-3.3

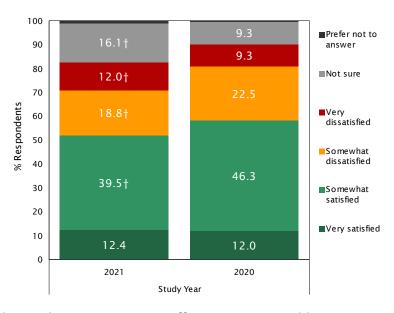
COMMUNICATION

The importance of city communication with residents cannot be over-stated. Much of a city's success is shaped by the quality of information that is exchanged in both directions, from the City to the community and from the community to the City. This study is just one example of Escondido's efforts to enhance the information flow *to* the City to better understand the community's concerns, perceptions, and needs. Some of Escondido's many efforts to communicate with its residents include its newsletters, timely press releases, social media, and its website. In this section, we present the results of two communication-related questions.

SATISFACTION WITH COMMUNICATION Question 15 asked Escondido residents to report their satisfaction with the City's efforts to communicate through newsletters, the Internet, social media, and other means. Overall, 52% of respondents indicated they were satisfied with the City's efforts to communicate with residents through newsletters, the Internet, social media, and other means. The remaining respondents were either dissatisfied with the City's efforts in this respect (31%), unsure of their opinion (16%), or preferred to not answer the question (1%). When compared to the 2020 survey results, satisfaction with the City's communication efforts was significantly lower in 2021, driven mostly by an increase in the percentage of respondents who were unsure about their opinion.

Question 15 Overall, are you satisfied or dissatisfied with the City's efforts to communicate with residents through newsletters, the City's website, social media, and other means?

FIGURE 30 SATISFACTION WITH SERVICES BY STUDY YEAR



Satisfaction with the City's communication efforts was reasonably consistent across subgroups (see figures 31-33), although newer residents (less than five years), those who completed the survey in Spanish, seniors, and those generally satisfied with the City's overall performance in providing municipal services also tended to express greater satisfaction with the City-resident communication when compared to their counterparts.

FIGURE 31 SATISFACTION WITH SERVICES BY YEARS IN ESCONDIDO, ETHNICITY & SURVEY LANGUAGE

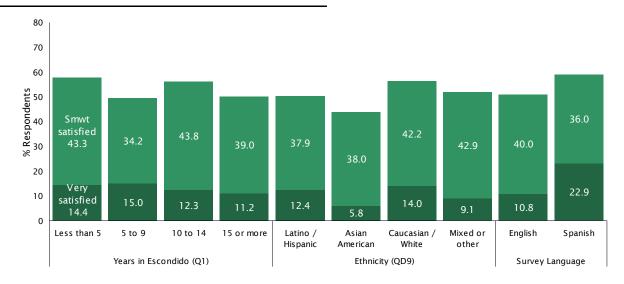


FIGURE 32 SATISFACTION WITH SERVICES BY AGE, HOME OWNERSHIP STATUS & OVERALL SATISFACTION

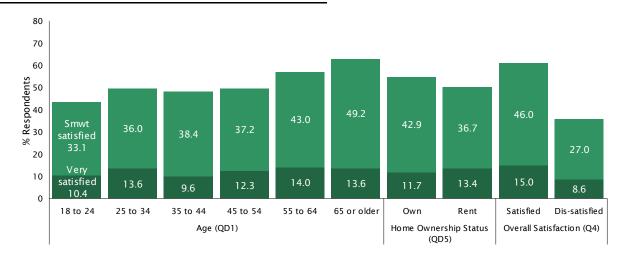
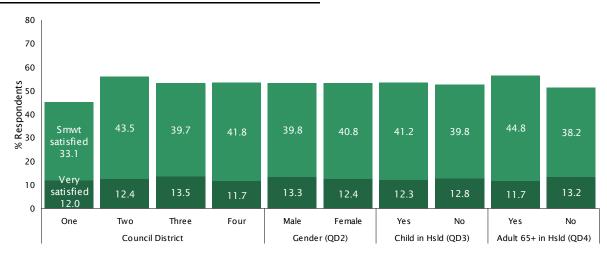


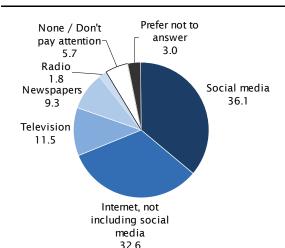
FIGURE 33 SATISFACTION WITH SERVICES BY COUNCIL DISTRICT, GENDER, CHILD IN HSLD & ADULT 65+ IN HSLD



PRIMARY INFORMATION SOURCE The final substantive question of the survey (Question 16) asked respondents to identify which channel—newspapers, television, radio, social media, or the Internet—is their *primary* source for information about news and events in Escondido. As shown in Figure 34, 36% indicated that they rely on social media for most of their information about Escondido news and events, followed by the Internet (33%) and television (12%). The remaining sources—newspapers and radio—were identified as primary information sources for news and events in Escondido by 9% and 2% of respondents, respectively. Approximately 6% offered that they don't pay attention to Escondido news and events, and an additional 3% preferred to not answer the question.

Question 16 Which of the following would you say is your primary source for information about news and events in Escondido? Newspapers, television, radio, social media, or the Internet?

FIGURE 34 PRIMARY SOURCE OF INFORMATION



Figures 35-37 show how reliance on specific information sources varied across subgroups of Escondido residents. The most consistent patterns occur with respect to age. Reliance on social media decreases dramatically with age, whereas reliance on television and newspapers tends to increase with age. Using social media as a primary information source was also noticeably higher among those who completed the survey in Spanish and those living with a child.

FIGURE 35 PRIMARY SOURCE OF INFORMATION BY AGE & OVERALL SATISFACTION

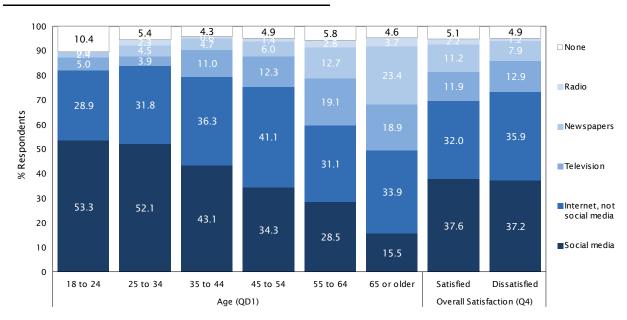


FIGURE 36 PRIMARY SOURCE OF INFORMATION BY SATISFACTION WITH COMMUNICATION, ETHNICITY & SURVEY LANGUAGE

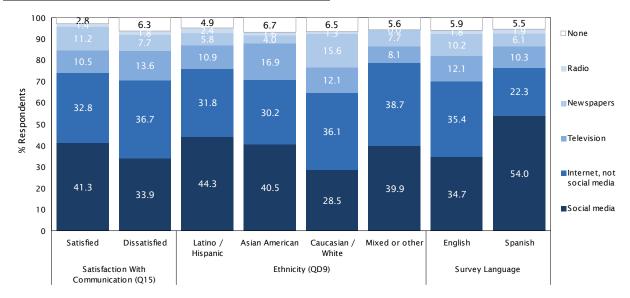
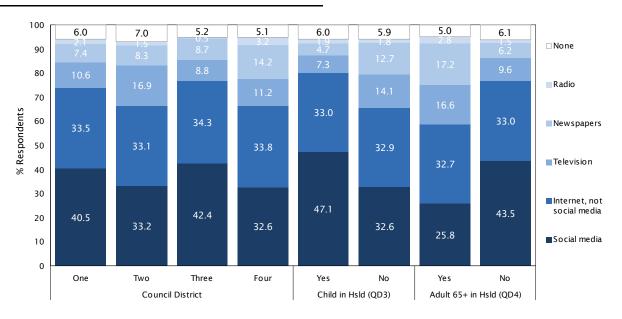


FIGURE 37 PRIMARY SOURCE OF INFORMATION BY COUNCIL DISTRICT, CHILD IN HSLD & ADULT 65+ IN HSLD



BACKGROUND & DEMOGRAPHICS

TABLE 13 DEMOGRAPHICS OF SAMPLE BY STUDY YEAR

		/ Year
Total Beauty dente	2021	2020
Total Respondents	1,298	2,000
Years in Escondido (Q1)	101	10.2
Less than 5 5 to 9	18.1 14.1	18.3 14.3
10 to 14	9.5	9.9
15 or more	9.5 58.0	9.9 57.0
Prefer not to answer	0.3	0.4
Child in Hsld (QD3)	0.3	0.4
Yes	32.4	33.7
No	62.7	63.3
Prefer not to answer	5.0	3.0
Gender (QD2)	3.0	3.0
Male	45.1	45.4
Female	47.8	51.4
Prefer not to answer	7.1	3.2
Age (QD1)	7.1	5.2
18 to 24	13.9	12.9
25 to 34	19.7	22.6
35 to 44	16.6	15.2
45 to 54	14.7	13.6
55 to 64	15.3	15.6
65 or older	16.8	16.7
Prefer not to answer	3.0	3.4
Adult Over 65 in Hsld (QD4)	3.0	5
Yes	32.1	32.5
No	62.7	64.7
Prefer not to answer	5.2	2.8
Home Ownership Status (QD5)		
Own	49.8	55.2
Rent	48.4	41.9
Prefer not to answer	1.9	2.9
Employment Status (QD6)		
Full-time	53.5	52.1
Part-time	5.7	10.2
Self-employed	8.7	N/A
Student	4.7	4.3
Homemaker	2.7	3.5
Retired	18.7	20.3
Between jobs	1.9	4.5
Prefer not to answer	4.0	5.0
Council District		
One	25.0	25.0
Two	25.0	25.0
Three	25.0	25.0
Four	25.0	25.0
Survey Language		
English	87.0	90.7
Spanish	13.0	9.3
Ethnicity (QD9)		
Latino / Hispanic	51.2	N/A
Asian American	5.4	N/A
Caucasian / White	37.1	N/A
Mixed or other	2.5	N/A
Prefer not to answer	3.7	N/A

Table 13 presents the key demographic information collected during the survey. The primary motivation for collecting the background and demographic information was to provide a better insight into how the results of the substantive questions of the survey vary by demographic characteristics, and ensure that the resulting sample matched the profile of Escondido's adult population on key characteristics based on the most recent Census data.

METHODOLOGY

The following sections outline the methodology used in the study, as well as the motivation for using certain techniques.

QUESTIONNAIRE DEVELOPMENT Dr. McLarney of True North Research worked closely with the City of Escondido to develop a questionnaire that covered the topics of interest and avoided many possible sources of systematic measurement error, including position-order effects, wording effects, response-category effects, scaling effects, and priming. Several questions included multiple individual items. Because asking items in a set order can lead to a systematic position bias in responses, the items were asked in a random order for each respondent.

Some questions asked in this study were presented only to a subset of respondents. For example, only respondents who reported in Question 13 they had interacted with city staff in the 12 months prior to the interview were asked to rate staff's performance in Question 14. The questionnaire included with this report (see *Questionnaire & Toplines* on page 41) identifies the skip patterns used during the interview to ensure that each respondent received the appropriate questions.

PROGRAMMING, PRE-TEST & TRANSLATION Prior to fielding the survey, the questionnaire was CATI (Computer Assisted Telephone Interviewing) programmed to assist interviewers when conducting the telephone interviews. The CATI program automatically navigates the skip patterns, randomizes the appropriate question items, and alerts interviewers to certain types of keypunching mistakes should they happen during the interview. The survey was also programmed into a passcode-protected online survey application to allow online participation for sampled residents. The integrity of the questionnaire was pre-tested internally by True North and by dialing into random homes in the city prior to formally beginning the survey. The final questionnaire and invitations were professionally translated into Spanish to allow for data collection in English and Spanish.

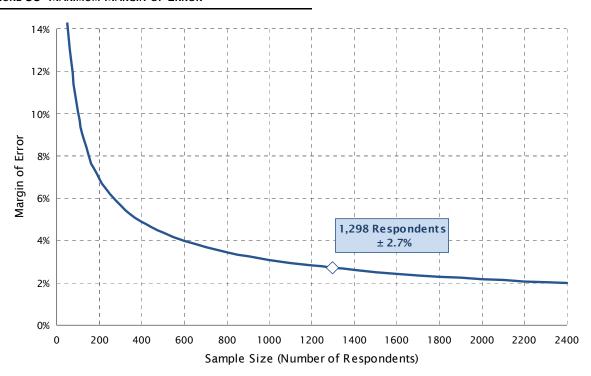
SAMPLE, RECRUITING & DATA COLLECTION A comprehensive database of Escondido households was utilized for this study, ensuring that all households in Escondido had the opportunity to be selected to participate in the survey. Once selected at random, contact information was appended to each record including email addresses and telephone numbers for adult residents. Individuals were subsequently recruited to participate in the survey through multiple recruiting methods. Using a combination of email and text invitations, sampled residents were initially invited to participate in the survey online at a secure, passcode-protected website designed and hosted by True North. Each individual was assigned a unique passcode to ensure that only Escondido residents who received an invitation could access the online survey site, and that the survey could be completed only one time per passcode. An email reminder notice was also sent to encourage participation among those who had yet to take the survey. Following a period of online data collection, True North placed telephone calls to land lines and cell phone numbers of sampled residents that had yet to participate in the online survey or for whom only telephone contact information was available.

Telephone interviews averaged 18 minutes in length and were conducted during weekday evenings (5:30PM to 9PM) and on weekends (10AM to 5PM). It is standard practice not to call during the day on weekdays because most working adults are unavailable and thus calling during those hours would bias the sample. A total of 1,298 interviews were gathered online and by telephone between December 3 and December 10, 2021.

MARGIN OF ERROR DUE TO SAMPLING The results of the survey can be used to estimate the opinions of all adult residents of the City. Because not every adult resident of the City participated in the survey, however, the results have what is known as a statistical margin of error due to sampling. The margin of error refers to the difference between what was found in the survey of 1,298 adult residents for a particular question and what would have been found if all of the estimated 114,184 adult residents⁴ had been interviewed.

Figure 38 provides a plot of the *maximum* margin of error in this study. The maximum margin of error for a dichotomous percentage result occurs when the answers are evenly split such that 50% provide one response and 50% provide the alternative response. For this survey, the maximum margin of error is $\pm 2.7\%$ for questions answered by all 1,298 respondents.

FIGURE 38 MAXIMUM MARGIN OF ERROR



Within this report, figures and tables show how responses to certain questions varied by demographic characteristics such as length of residence and age of the respondent. Figure 38 is thus useful for understanding how the maximum margin of error for a percentage estimate will grow as the number of individuals asked a question (or in a particular subgroup) shrinks. Because the margin of error grows exponentially as the sample size decreases, the reader should use caution when generalizing and interpreting the results for small subgroups.

^{4.} Source: U.S. Census Bureau estimate April, 2021.

DATA PROCESSING & WEIGHTING Data processing consisted of checking the data for errors or inconsistencies, coding and recoding responses, categorizing verbatim responses, and preparing frequency analyses and cross-tabulations. The final data were weighted to balance the sample by age and Council District.

ROUNDING Numbers that end in 0.5 or higher are rounded up to the nearest whole number, whereas numbers that end in 0.4 or lower are rounded down to the nearest whole number. These same rounding rules are also applied, when needed, to arrive at numbers that include a decimal place in constructing figures and charts. Occasionally, these rounding rules lead to small discrepancies in the first decimal place when comparing tables and pie charts for a given question.

QUESTIONNAIRE & TOPLINES



City of Escondido Community Opinion Survey Final Toplines (n=1,298) December 2021

Section 1: Introduction to Study

Hi, may I please speak to: ____. Hi, my name is ____ and I'm calling from TNR, an independent public opinion research company. We're conducting a survey for the City of Escondido (ES-con-DEE-doh) about important issues and we would like to get your opinions. If needed: This is a survey about important issues in your community. I'm NOT trying to sell anything and I won't ask for a donation.

If needed: The survey should take about 12 minutes to complete.

If needed: If now is not a convenient time, can you let me know a better time so I can call back?

Section 2: Quality of Life

I'd like to begin by asking you a few questions about what it is like to live in the City of Escondido.

Q1	How long have you lived in the City of Escondido?										
	1 Less than 1 year 3%										
	2	1 to 4 years				15%					
	3	5 to 9 years				14%					
	4	10 to 14 years				10%					
	5	15 years or longer				58%					
	99	Prefer not to answer				0%					
Q2	How	would you rate:? Would you say it	is exce	llent,	good, t	fair, po	oor or v	very po	oor?		
		ays ask A first, then randomize aining items	Excellent	Cood	Fair	Poor	Very Poor	Not sure	Prefer not to answer		
Α	The	overall quality of life in the City	7%	47%	36%	7%	3%	1%	0%		
В	Esco	ndido as a place to raise a family	10%	33%	33%	13%	5%	5%	1%		
С	Esco	ndido as a place to work	5%	25%	32%	15%	5%	15%	3%		
D	Esco	ndido as a place to retire	9%	30%	27%	15%	10%	8%	1%		
E	Esco	ndido as a place to shop and dine	8%	36%	37%	13%	5%	1%	0%		
F	Esco	ndido as a place to play and recreate	7%	29%	34%	19%	7%	3%	0%		
G	Esco	ndido as a place to operate a business	5%	20%	31%	12%	6%	23%	3%		
Н	Esco	ndido as a place to advance my career	3%	13%	26%	23%	13%	17%	4%		

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Q3	If the city government could change one thing to make Escondido a better place to live now and in the future, what change would you like to see? Verbatim responses recorded and later grouped into categories shown below. Categories mentioned by at least 2% of respondents shown here.									
	Address homeless issues	25%								
	Improve public safety, more police presence	1 7%								
	Improve infrastructure, streets, sidewalks	13%								
	Not sure / Cannot think of anything	11%								
	Provide more affordable housing	9%								
	Clean-up, beautify City, landscape, graffiti	9%								
	Improve parks, recreation	6%								
	Attract, support, newer, small businesses	4%								
	Attract more high-end dining options	4%								
	Provide more community events, activities for all ages	4%								
	Improve schools, education	4%								
	Less residential density, high rise apartments, condos	4%								
	Enforce traffic laws	4%								
	Improve downtown area, Grand Ave	4%								
	No changes / Everything is fine	3%								
	Attract, renovate shopping centers, malls	3%								
	Reduce traffic congestion	2%								
	Address parking issues	2%								
	Improve planning, city development	2%								
	Synchronize traffic lights	2%								
	Renovate, repurpose old, empty buildings	2%								

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Section 3: City Services

Q4	Generally speaking, are you satisfied or dissatisfied with the job the City of Escondido is doing to provide city services? <i>Get answer, then ask:</i> Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?									
	1 Very satisfied 13%									
	2	Somewhat satisfied			53	3%				
	3	Somewhat dissatisfied			18	3%				
	4	Very dissatisfied			8	%				
	98	Not sure			7	%				
	99	Prefer not to answer			1	%				
Q5	Are	each of the services I read, I'd like you to City is doing to provide the service. you satisfied or dissatisfied with the City	's effort	s to:	, or (do you i	not have			
Q5	Are opir	City is doing to provide the service.	's effort fied', th I/dissati	s to: en ask: isfied)?	, or o	do you r that be	not have very	e an		
Q5	Are opir (sati	City is doing to provide the service. you satisfied or dissatisfied with the City ion? Get answer. If 'satisfied' or 'dissatis	's effort fied', th	s to: en ask:	, or (do you i	not have			
Q5	Are opir (sati	City is doing to provide the service. you satisfied or dissatisfied with the City ion? Get answer. If 'satisfied' or 'dissatis sfied/dissatisfied) or somewhat (satisfied)	's effort fied', th I/dissati	s to: en ask: isfied)?	, or o	do you r that be	not have very	e an		
	Are opir (sati	City is doing to provide the service. you satisfied or dissatisfied with the City ion? Get answer. If 'satisfied' or 'dissatis sfied/dissatisfied) or somewhat (satisfied	's effort fied', th I/dissati	s to: en ask: isfied)?	Somewhat Dissatisfied	Very Dissatisfied	Not have very	Prefer not to answer		
A	Are opir (sati	City is doing to provide the service. you satisfied or dissatisfied with the City ion? Get answer. If 'satisfied' or 'dissatis sfied/dissatisfied) or somewhat (satisfied domize ide police services uce crime and gang activity ide fire protection and prevention	's effort fied', th I/dissati	s to: een ask: isfied)? Satistied	Somewhat Dissatisfied 15%	do you r that be	Not have very	Prefer not to answer		
A B	Ran. Prov Red	City is doing to provide the service. you satisfied or dissatisfied with the City ion? Get answer. If 'satisfied' or 'dissatis sfied/dissatisfied) or somewhat (satisfied domize ide police services use crime and gang activity ide fire protection and prevention ices ide paramedic and emergency medical	's effort fied', th /dissati	s to:en ask: isfied)? Sunsting payants a strict of the strict of th	Vould Somewhat Somewh	do you r that be	not have very Not since the property of the p	manswer 1%		

24%

9%

22%

14%

22%

17%

3%

14%

10%

11%

44%

33%

49%

40%

50%

40%

9%

40%

29%

36%

16%

32%

12%

26%

16%

23%

29%

21%

17%

9%

25%

6%

17%

8%

11%

54%

10%

5%

22%

1%

12%

2%

4%

9%

5%

15%

37%

0%

0%

0%

0%

1%

1%

1%

2%

Next I would like to ask a series of questions about services provided by the City of

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all ages

Preserve natural open space and parkland

Maintain and repair local streets and roads

Keep public areas clean and free of graffiti

Provide special events such as concerts in

Provide a variety of recreation programs for

Provide services and programs for seniors

Maintain sewer and storm drain systems

Maintain parks, sports fields, and

the park and holiday festivals

recreation facilities

Address homelessness

Manage traffic congestion

F

G

Н

J

Κ

Μ

Ν

Р	Attract businesses and good paying jobs to the City			26%	33%	21%	14%	1%
Q	Prov	ide arts and cultural activities	19%	45%	17%	7%	10%	1%
R	Prov	ide library services	26%	38%	12%	6%	17%	1%
Q6		rall, how safe is the City of Escondido as , somewhat safe, somewhat unsafe, or ve		Would	you say	it is vei	γ	
	1	Very safe			8	%		
	2	Somewhat safe			55	5%		
	3	Somewhat unsafe			29	9%		
	4	Very unsafe	7%					
	99	Prefer not to answer	1%					

Section 4: Parks & Recreation Priorities

The City of Escondido has the resources to provide some of the parks and recreation facilities and services desired by residents. Because it can't fund *every* service and project, the City must set priorities.

As I read each of the following items, please indicate whether you think the City should make the item a high priority, a medium priority, or a low priority for future city spending. If you feel the City should not spend any money on this item, just say so.

Q7 Please keep in mind that not all of the items can be high priorities.

Here is the (first/next) one: ____. Should this item be a high, medium or low priority for the City – or should the City not spend any money on this item?

	the City - or should the City not spend any money on this item?						
	Randomize	High Priority	Medium Priority	Low Priority	Should not spend money	Not sure	Prefer not to answer
Α	Skate parks	16%	38%	31%	9%	4%	1%
В	Bike parks and pump tracks	20%	37%	29%	9%	4%	1%
С	Dedicated pickleball courts	8%	20%	37%	26%	8%	1%
D	Batting cages	11%	31%	37%	14%	6%	1%
E	Agricultural history museum	14%	28%	37%	15%	5%	1%
F	Nature Center at Dixon Lake that can be reserved for events	27%	38%	24%	7%	5%	1%
G	Off-leash dog parks	19%	31%	33%	13%	3%	1%
Н	Acquire land to create additional parks and green spaces	47%	30%	14%	6%	3%	0%
I	Indoor soccer fields	11%	25%	38%	19%	5%	1%
J	Outdoor soccer fields	22%	38%	28%	7%	3%	1%
K	Sports fields to can be used for multiple sports such as soccer, football, and rugby	42%	38%	14%	3%	3%	0%
L	Community gardens for growing food	34%	34%	21%	7%	3%	1%

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Q8	Is there a park or recreation facility improvement that I <i>didn't</i> mention that you think should be a high priority for future city spending? <i>If yes, ask:</i> Please describe it to me. Verbatim responses recorded and later grouped into categories shown below.									
	No additional park, rec facility improvements	60%								
	Not sure / Prefer not to answer	9%								
	Improvements to specific existing park, rec facilities, areas (e.g., Mountain View, Kit Carson, Lake Hodges, Grape Day Park, Jesmond Dene, Woodland Park, Washington Park, Escondido Creek)	9%								
	Parks, open space	5%								
	Swimming pool / Aquatic Center	3%								
	Hiking, walking trails	2%								
	Better security, lighting	2%								
	Variety of sports fields	2%								
	Bike trails	1%								
	Programs, facilities for all ages	1%								
	Off-leash dog parks	1%								
	Clean, maintain existing facilities	1%								
	Skate park	1%								
	Tennis courts	1%								
	Facilities for homeless	1%								
	Basketball courts	1%								

Section 5: Policy Issues Next, I'd like to ask you a few questions that will help the City set future policy. When elected, Escondido City Councilmembers serve a four year term. There is currently no limit to how many terms a Councilmember can serve, provided that they are reelected by voters. Q9 Which of the following opinions is closest to your own? ____ OR ____? Randomize order of statements. Members of the City Council should be able to serve as many terms as 22% they want to serve, provided that voters choose to re-elect them. Councilmembers should be limited to 68% 2 two consecutive four-year terms (8 years total). 98 Not sure

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Prefer not to answer

Page 5

1%

Q10	The position of City Treasurer in the City of Escondido is currently elected by the voters. Although the position requires expertise in finance, accounting, investment and other skills to be performed well, candidates are <i>not</i> required to have these skills when running for Treasurer. For this and other reasons, the City of Escondido outsources its investment decisions to companies with the needed expertise. Knowing the above, which of the following opinions is closest to your own? OR? Randomize order of statements.										
	1	The City should eliminate the City Treasurer position. They shouldn't pay a person \$135,000 (one hundred, 35 thousand dollars) a year to do a job they may not be qualified to do, and for which the City is outsourcing the work anyway.	55%								
	2	The City should keep the elected City Treasurer position. The Treasurer is meant to oversee the City's investment decisions and answers directly to the voters.	26%								
	98	Not sure	16%								
	99	Prefer not to answer	2%								

Sect	Section 6: Land Use									
Next, I would like to ask a few questions about the availability of housing in Escondido.										
Q11	As I read the following housing types, please tell me whether you feel there is <u>currently</u> too much, about the right amount, or too little of this type of housing in the City of Escondido.									
	Randomize	Too Much	About Right	Too Little	Not sure	Prefer not to answer				
Α	Housing that is affordable for middle- income families	5%	29%	57%	9%	0%				
В	Housing that is affordable for low-income families	15%	17%	55%	13%	1%				
С	Housing that is affordable for seniors	5%	22%	50%	22%	1%				
D	Housing that is affordable for people working in essential jobs like teachers, nurses, police officers, and firefighters	4%	27%	53%	15%	1%				

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Q12	California State law requires that all cities plan for additional housing. With a general shortage of housing in California, the State is requiring that the City of Escondido plan for approximately 9,600 (nine thousand, six hundred) new housing units. To meet the State's new housing requirements, the City has several options. As I read the following options, please indicate whether you would support or oppose the City taking this action. Would you support or oppose:? Get answer, then ask: Would that be strongly (support/oppose) or somewhat (support/oppose)?									
	Randomize	Strongly Support	Somewhat Support	Somewhat Oppose	Strongly Oppose	Not sure	Prefer not to answer			
Α	Allowing single family homes to be redeveloped with up to three units per parcel	15%	27%	20%	29%	7%	1%			
В	Allowing condominiums or apartments to be built in areas currently zoned for single family houses	13%	22%	23%	38%	4%	1%			
С	Allowing for mixed-use housing projects, where housing is built on top of or next to commercial buildings	27%	34%	16%	17%	5%	1%			
D	Allowing underutilized commercial or industrial properties to be redeveloped into housing	42%	38%	8%	8%	4%	1%			
E	Building multi-family housing in an outlying area of the Westfield Mall parking lot that is rarely used for parking	22%	30%	15%	27%	5%	1%			

Sect	Section 7: Customer Service						
Q13	In the past 12 months, have you been in contact with staff from the City of Escondido?						
	1 Yes 27% Ask Q14						
	2 No 66% Skip to Q15		p to Q15				
	98	Not sure		6% Skip to Q15			
	99	Prefer not to answer		1%	Ski	p to Q15	
Q14	In your opinion, was the staff at the City very, somewhat, or not at all Read one item at a time, continue until all items are read.						
Randomize		Very	Somewhat	Not at all	Not sure	Prefer not to answer	
Α	Helpful		51%	32%	15%	1%	1%
В	Professional		59%	30%	7%	2%	1%
С	Accessible		46%	40%	12%	2%	1%

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Section 8: Communications					
Q15	resid answ	Overall, are you satisfied or dissatisfied with the City's efforts to communicate with residents through newsletters, the City's website, social media, and other means? <i>Get answer, then ask:</i> Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?			
	1	1 2%			
	2	Somewhat satisfied	39%		
	3	Somewhat dissatisfied	1 9%		
	4	Very dissatisfied	1 2%		
	98	Not sure	16%		
	99	Prefer not to answer	1%		
Q16	new	Which of the following would you say is your primary source for information about news and events in Escondido? Newspapers, television, radio, social media, or the Internet?			
	1	Newspapers	9%		
	2	Television	1 2%		
	3	Radio	2%		
	4	Social media	36%		
	5	Internet, not including social media	33%		
	6	None / I don't pay attention to news and events in Escondido	6%		
	99	Prefer not to answer	3%		

Section 9: Background & Demographics

Thank you so much for your participation. I have just a few background questions for statistical purposes.

D1	In what year were you born? Year recoded into age groups shown below.				
	18 to 24	14%			
	25 to 34	20%			
	35 to 44	17%			
	45 to 54	15%			
	55 to 64	15%			
	65 or older	17%			
	Prefer not to answer	3%			

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D2	What is your gender?			
	1	Male	4	5%
	2	Female	4	8%
	3	Non-binary	1	%
	99	Prefer not to answer	6	5%
D3	Do you have one or more children under the age of 18 living in your household?			
	1	Yes	3.	2%
	2	No	6.	3%
	99	Prefer not to answer	5	%
D4	Do you have one or more adults 65 years of age or older in your household?			
	1	Yes	32%	
	2	No	6	3%
	99	Prefer not to answer	5	%
D5	Do you own or rent your residence in Escondido?			
	1	Own	50%	
	2	Rent	48%	
	99	Prefer not to answer	2%	
D6	Which of the following best describes your employment status? Would you say you are employed full-time, part-time, self-employed, a student, a homemaker, retired, or are you in-between jobs right now?			
	1	Employed full-time	54%	Ask D7
	2	Employed part-time	6%	Ask D7
	3	Self-employed	9%	Ask D7
	4	Student	5%	Skip to D9
	5	Homemaker	3%	Skip to D9
	6	Retired	19%	Skip to D9
	7	In-between jobs	2%	Skip to D9
	99	Prefer not to answer	4%	Skip to D9

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D7	Is your employer based in the City of Escondido?			
	1	Yes	32%	
	2	No	66%	
	99	Prefer not to answer	2%	
D8	Are you currently working from home, commuting to a workplace outside of your home, or a mixture of both?			
	1	Working from home	16%	
	2	Commuting to a workplace outside home	57%	
	3	Mixture of both	25%	
	99	Prefer not to answer	2%	
D9	What ethnic group do you consider yourself a part of or feel closest to? Read list if respondent hesitates			
	1	Latino/Hispanic	51%	
	2	Asian American Korean, Japanese, Chinese, Vietnamese, Filipino or other Asian	5%	
	3	Caucasian/White	37%	
	4	African-American/Black	<1%	
	5	American Indian or Alaskan Native	<1%	
	6	Pacific Islander	<1%	
	7	Middle Eastern	<1%	
	8	Mixed Heritage	1%	
	98	Other	<1%	
	99	Prefer not to answer	4%	

Those are all of the questions that I have for you! Thanks so much for participating in this important survey! This survey was conducted for the City of Escondido

Post-Interview & Sample Items					
S 1	Council District				
	1	One	25%		
	2	Two	25%		
	3	Three	25%		
	4	Four	25%		

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Tity of Eccandida Community Oninian Survey
ity of Escondido Community Opinion Survey

December 2021

S2	Survey Language			
	1	English	87%	
	2	Spanish	13%	

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Consent Item No. 1

January 26, 2022

AFFIDAVITS



STAFF REPORT

January 26, 2022 File Number 0400-40

SUBJECT

APPROVAL OF WARRANTS

DEPARTMENT

Finance Department

RECOMMENDATION

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

- 359554–359740 dated January 5, 2022
- 359741 359906 dated January 12, 2022

Staff Recommendation: Approval (Finance Department: Christina Holmes)

FISCAL ANALYSIS

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

- December 30, 2021 January 5, 2022, is \$1,387,679.88
- January 6 January 12, 2022, is \$3,689,757.87

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.



COUNCIL MEETING MINUTES

CLOSED SESSION - CANCELLED

4:00 PM January 12, 2022

CALL TO ORDER

1. Roll Call: Garcia, Inscoe, Martinez, Morasco, McNamara

ORAL COMMUNICATIONS

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

CLOSED SESSION

- Conference with legal counsel-anticipated litigation (Government Code §54956.9(d)(4))
 - a. One matter

ADJOURNMENT



COUNCIL MEETING MINUTES

REGULAR SESSION

5:00 PM Regular Session January 12, 2022

MOMENT OF REFLECTION

Zack Beck, City Clerk

FLAG SALUTE

Michael McGuinness, City Attorney.

CALL TO ORDER

Roll Call: Garcia, Inscoe, Martinez, Morasco, McNamara

PRESENTATIONS

None.

CLOSED SESSION REPORT

None.

ORAL COMMUNICATIONS

John Stahl - Requested the City Council vote against the NCTD measure concerning Del Mar Bluffs.

Camila Rang - Requested the City Council vote against the NCTD measure concerning Del Mar Bluffs.

Drew Cody - Requested the City Council vote against the NCTD measure concerning Del Mar Bluffs.

CONSENT CALENDAR

Motion to approve all consent calendar items: Morasco; Second: Garcia; Vote: Approved 5-0

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:



COUNCIL MEETING MINUTES

- a. 358748 358973 dated December 8, 2021
- b. 358974 359136 dated December 15, 2021
- c. 359137 359366 dated December 22, 2021
- d. 359367 359553 dated December 29, 2021

Staff Recommendation: Approval (Finance Department: Christina Holmes)

3. APPROVAL OF MINUTES: Regular Meeting of December 15, 2021

4. CALIFORNIA WATER AND WASTEWATER ARREARAGE PROGRAM -

Request the City Council approve authorizing participation in the California Water and Wastewater Arrearage Payment Program ("CWWAPP") and authorizing the Deputy City Manager / Director of Utilities or his designee to accept and expend these funds on behalf of the City of Escondido ("City"). File Number 0480-85

Staff Recommendation: Approval (Finance: Christina Holmes)

a. Resolution No. 2022-09

5. AWARD OF CONTRACT FOR CONSTRUCTION OF THE ESCONDIDO CREEK TRAIL TRANSIT CENTER BIKE PATH IMPROVEMENTS AT QUINCE AND TULIP STREETS -

Request the City Council approve awarding the construction contract to PAL General Engineering Inc., determined to be the lowest responsive and responsible bidder; and approve a budget adjustment in the amount of \$747,000. Resolution 2022-06 authorizes the Mayor to execute a Public Improvement Agreement in the amount of \$549,689.00 for the Escondido Creek Trail Transit Center Bike Path Improvements at Quince and Tulip Streets ("Project"). File Number 1050-65

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

a. Resolution No. 2022-06



COUNCIL MEETING MINUTES

6. PURCHASE TWENTY-FIVE (25) 2022 FORD HYBRID INTERCEPTOR UTILITY VEHICLES -

Request the City Council approve authorizing the Fleet Services Division of the Public Works Department to purchase twenty-five (25) Ford Hybrid Police Interceptor Utility Vehicles from Downtown Ford Sales of Sacramento, California, in the amount of \$1,107,211.13 by attaching to the City of Sacramento's purchase contract No. B19153311005, and approving the disposal of the surplus vehicles via auction. File Number 0470-20

Staff Recommendation: Approval (Public Works Department: Joseph Goulart)

a. Resolution No. 2022-15

7. AMBULANCE GURNEY PURCHASE -

Request the City Council approve taking the following actions: 1. Accept the lowest responsive bid from Ferno to purchase fifteen (15) ambulance gurneys; 2. Authorize the Fire Department to purchase fifteen (15) ambulance gurneys from Ferno in the amount of \$229,447.12. File Number 0470-20

Staff Recommendation: Approval (Fire Department: Rick Vogt)

a. Resolution No. 2022-16

8. <u>CITY OF ESCONDIDO LETTER OF SUPPORT TO CALTRANS FOR A SOUND ATTENUATING WALL</u> BETWEEN INTERSTATE 15 AND EL KU AVENUE -

Request the City Council approve authorizing the Mayor to execute, on behalf of the City, a letter to the District 11 Office of the California Department of Transportation ("Caltrans") supporting the design and construction of a sound attenuating wall between Interstate 15 and residences along El Ku Avenue in southern Escondido. File Number 0135-10

Staff Recommendation: Approval (City Manager's Office: Christopher W. McKinney)

9. <u>TEMPORARY CONSTRUCTION PERMIT AND AGREEMENT FOR THE SAN PASQUAL</u> UNDERGROUNDING PROJECT -

Request the City Council approve authorizing the Mayor to execute a Temporary Construction Permit and Agreement with the San Pasqual Band of Mission Indians for the San Pasqual Undergrounding Project. File Number 0600-10, A3398

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

a. Resolution No. 2022-17



COUNCIL MEETING MINUTES

CONSENT RESOLUTIONS AND ORDINANCES (COUNCIL/RRB)

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

CURRENT BUSINESS

10. PARK AVENUE COMMUNITY CENTER UPDATE -

Request the City Council receive and file an update on the programs and activities at the Park Avenue Community Center, home of the Escondido Senior Center. File Number 0260-05

Staff Recommendation: Receive and File (Community Services Department: Joanna Axelrod)

NO COUNCIL ACTION REQUIRED

11. AMENDMENT TO MUNICIPAL CODE CHAPTER 32, SUBDIVISIONS -

Request the City Council approve amending Chapter 32, Subdivisions, of the Escondido Municipal Code to clarify and streamline the approval process for final maps in accordance with the Subdivision Map Act. File Number 0680-50

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

a. Ordinance No. 2022-02 (First Reading and Introduction)

Motion: Inscoe; Second: Morasco; Approved: 5-0

12. COUNCIL DISCUSSION OF OPTIONS FOR, AND POSSIBLE ACTION ON, CHANGE TO CITY OF ESCONDIDO SANDAG BOARD OF DIRECTORS REPRESENTATIVE -

On December 15, 2021, Councilmember Michael Morasco requested an agenda item to discuss options for, and possible action on, a change to the City of Escondido's designated representative on the San Diego Association of Governments (SANDAG) Board of Directors. File Number 0610-55

Staff Recommendation: Discussion (Councilmember Michael Morasco)

Patricia Borchmann - Expressed opposition to this item.

Laura Hunter - Expressed opposition to this item.

Motion to remove all City of Escondido representatives from SANDAG: Morasco; Second: Inscoe; Approved: 3-2 (McNamara, Martinez - No)



COUNCIL MEETING MINUTES

Motion to appoint Councilmember Martinez as the primary SANDAG representative: McNamara; Second: Martinez; Failed: 2-3 (Inscoe, Garcia, Morasco - No)

FUTURE AGENDA

13. 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)

COUNCILMEMBERS 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**.

None. ADJOURNMENT Mayor McNamara adjourned the meeting at 6:19 p.m. MAYOR CITY CLERK



STAFF REPORT

January 26, 2022 File Number 0685-20

SUBJECT

RESOLUTION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2022-1 (ECLIPSE AND MOUNTAIN HOUSE)

DEPARTMENT

Engineering Services

RECOMMENDATION

Request that the City Council approve Resolution No. 2022-02 declaring its intent to establish Community Facilities District ("CFD") No. 2022-1 to fund public facilities related costs for the Eclipse and Mountain House Projects ("Projects") and setting a public hearing date of March 2, 2022. It is further recommended that the City Council approve Resolution No. 2022-08, declaring its intent to incur bond indebtedness, and approve a Funding Agreement by and among CWC Escondido 113, LLC, TTLC CALWEST, LLC (collectively, the "Developers") and the City regarding the acquisition and funding of public facilities resulting from the development of the CFD.

Staff Recommendation: Approval and File (Engineering Services, Julie Procopio)

FISCAL ANALYSIS

The costs associated with evaluation of the formation of the proposed CFD are paid for by the Developers in accordance with the Reimbursement Agreement approved by the City Council on May 12, 2021 by Resolution No. 2021-56 and the First Amendment adopted on August 25, 2021 by Resolution 2021-115.

PREVIOUS ACTION

On May 26, 2021, the City Council approved the first Final Map for the Eclipse Project, formerly known as Del Prado, Tract SUB15-0022. On May 11, 2016, the City Council approved two (2) Tentative Maps, SUB15-022 and SUB15-0023, approving the entitlements for the Del Prado project.

On December 14, 2005, the City Council approved a Final Map for the Mountain House Project formerly known as Highpoint, Tract 683-J. The development stalled during the recession. Three (3) lots were subsequently sold and are not a part of this request.



STAFF REPORT

BACKGROUND

A Landowner Petition (Attachment 1) has been signed and submitted by the Developers requesting that the City Council begin proceedings for establishment of a Facilities CFD and the issuance of bonds in an amount not to exceed \$6-million to fund public facilities associated with the Eclipse and Mountain House Projects. Cal West 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 the proposed CFD.

The special tax rates proposed by the Developers meet all provisions of the City's Amended and Restated Goals and Policies for Community Facilities Districts ("Policy"), adopted March 25, 2020. The Developer has provided recent market analysis for both projects dated July and August 2021 to substantiate the market-pricing, pace of sales, and anticipated appreciation.

Shown below is a sample of the proposed special tax rates per dwelling unit for proposed CFD 2022-1 and the resulting estimated total tax burden for FY 2021-22 for Zone A, Eclipse and Zone B, Mountain House:

Zone	Home Size	Base Sales Price	Facilities CFD/Yr.	Facilities CFD %	Services CFD/Yr.	Services CFD %	Total Tax Burden
Α	1,140 square feet	\$504,900	\$2,249.20	0.45%	\$739.50	0.15%	1.749%
А	1,290 square feet	\$529,900	\$2,371.25	0.45%	\$739.50	0.14%	1.744%
А	1,534 square feet	\$579,900	\$2,615.42	0.45%	\$739.50	0.13%	1.735%
А	1,568 square feet	\$569,900	\$2,615.42	0.46%	\$739.50	0.13%	1.745%
В	Detached Homes Estimated at 3,200 square feet	\$1,100,000	\$1,790.42	0.16%	\$546.72	0.05%	1.376%

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



STAFF REPORT

<u>Annual Special Tax Installment:</u> The proposed annual installment for the Facilities CFD of 0.16-0.46% of the base home price is less than the City's Policy maximum of 0.75%.

<u>Maximum Total of All Special Assessments:</u> In advance of bond sale the total of all special assessments, fees and charges that appear on the tax bill will be confirmed not to exceed the maximum effective tax rate of 1.8%, which is lower than the City Policy maximum effective tax rate of 2.0%.

<u>Disclosures:</u> 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.

<u>Pre-payment of Facilities CFD:</u> The special tax for the Facilities CFD may be pre-paid in full at any time after a building permit is issued or in part at the time of initial purchase per the terms set forth in the Rate and Method of Apportionment of Special Taxes.

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 AND NEXT STEPS:

Staff recommends that the City Council approve Resolution No. 2022-02 declaring its intent to establish CFD 2022-1 and setting a public hearing date of March 2, 2022.

It is further recommended that the City Council approve Resolution No. 2022-08 declaring its intent to incur bond indebtedness and approve Agreements with CWC Escondido 113, LLC and TTLC CALWEST, LLC regarding the acquisition and funding of public facilities from CFD 2022-1 (Attachment 2).

Although already entitled, the Eclipse and Mountain House Projects have agreed to annex into the Citywide Services CFD No. 2020-1 in consideration for formation of the Facilities CFD. This arrangement is similar to that approved for the Canopy Grove (Villages) project that also requested formation of a Facilities CFD. CWC Escondido 113, LLC and TTLC CALWEST, LLC will submit their unanimous consent to annex into the Citywide Services CFD prior to the hearing for the Resolution of Formation scheduled for March 2, 2022.

RESOLUTIONS

- a. RESOLUTION NO. 2022-02, Attachments A, B and C
- b. RESOLUTION NO. 2022-08, Attachment A

ATTACHMENTS



STAFF REPORT

- a. Attachment 1: Petition Requesting Establishment of Community Facilities District CFD 2022-1
- b. Attachment 2: Funding Agreement

PETITION TO THE CITY COUNCIL OF THE CITY OF ESCONDIDO REQUESTING INSTITUTION OF PROCEEDINGS FOR ESTABLISHMENT OF A COMMUNITY FACILITIES DISTRICT (COMMUNITY FACILITIES DISTRICT NO. 2022-1 OF THE CITY OF ESCONDIDO (ECLIPSE/MOUNTAIN HOUSE))

- 1. The undersigned (the "Owners") are the owners of more than 10% of the land depicted in Exhibit A hereto and described in Exhibit B hereto (the "Property"), which land is expected to be all of the land included within the boundaries of a community facilities district hereby proposed to be established. The Property is located within the City of Escondido (the "City") in the County of San Diego.
- 2. The Owners request that the City Council of the City (the "City Council") institute proceedings to establish a community facilities district to be known as "Community Facilities District No. 2022-1 of the City of Escondido (Eclipse/Mountain House)" (referred to herein as the "District") pursuant to Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982" (the "Act") to include all of the Property.
- 3. The boundaries of the territory which is proposed for inclusion in the District are those depicted in Exhibit A hereto and described in Exhibit B hereto.
- 4. The Owners request that the proposed District be used to finance the construction, purchase, modification, expansion and/or improvement of water and wastewater, drainage, park, local and regional traffic, 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 all appurtenances and appurtenant work in connection with the foregoing City Facilities, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such City Facilities, and to finance the incidental expenses to be incurred, including:
- a. All costs, including costs of the property owners 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
- b. Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the City Facilities.
- 5. The Owners further request that the City Council authorize the levy of special taxes in the District to pay the costs of the City Facilities and the incidental costs described in paragraph 4 above (the "Special Tax") and to pay principal of, interest and premium, if any, on the bonds in order to contribute to the financing of the City Facilities and costs described in paragraph 4 above.
- 6. The Owners further request that, upon the sale of bonds, the City Council, as legislative body of the District, annually levy Special Taxes on the property within the District for the construction, acquisition and rehabilitation of the City Facilities, for the payment of the aggregate

amount of principal of and interest owing on the bonds in each fiscal year, including the maintenance of reserves therefor, and for the payment of administrative expenses of the District.

7. The Owners have advanced to the City the amounts necessary to pay for the costs related to the formation of the District, which amounts will be reimbursed, without interest, from the proceeds of the first sale of the bonds, if any. If bonds are not sold, the City will have no obligation to reimburse amounts expended for costs incurred, but will reimburse any unexpended amounts advanced by the Owners.

Dated: January 11, 2022

CWC ESCONDIDO 113, LLC, a Delaware limited liability company

By: CWC ESCON 113 MGMT LP, a California limited partnership

Its: Managing Member

By: CWC ESCON MGMT LLC, a California limited liability

company

Its: General Partner

Robert H. Thorne, Chief Executive Officer

TTLC CALWEST, LLC, a California limited liability company

By: CWC High Point 36, LLC, a California limited liability company

Its: Member

By: California West Communities, LLC, a California limited

liability company Its: Sole Member

Robert H. Thorne, Trustee of the

Thorne Family Trust udt Dated

August 31, 2004 Its: Managing Member **Attachment 1**

Item4.

EXHIBIT A

BOUNDARY MAP

Item4.

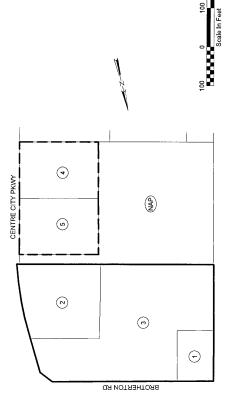
CFD2

DECEMBER SHEET DATE (JOB NO. 8

1 OF 2

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	1	-	٧	238-130-11-00
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	17	2	В	187-090-50-00
	18	2	В	187-090-51-00
	19	2	В	187-090-53-00
	20	2	8	187-090-54-00
	21	2	В	187-090-56-00
	22	2	В	187-090-57-00
	23	2	В	187-090-58-00
	24	2	В	187-090-59-00
	25	2	В	187-091-13-00
	28	2	В	187-091-14-00
	27	2	В	187-091-15-00
	28	2	В	187-091-16-00
	29	2	В	187-091-17-00
	30	2	В	187-091-18-00
	31	2	В	187-091-19-00
	32	7	В	187-091-20-00
ΑT	33	2	В	187-091-22-00
	34	2	8	187-091-23-00
	35	2	8	187-091-24-00
	36	2	8	187-091-25-00
	37	2	В	187-091-26-00
	38	2	В	187-091-27-00
	39	2	-	187-091-28-00
	40	2	В	187-091-29-00
	41	2	В	187-091-30-00
	42	2	В	187-091-31-00
	43	2	В	187-091-32-00
	44	2	В	187-091-33-00
	45	2	В	187-091-34-00
	46	2	8	187-091-35-00

8



BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2022-1 (ECLIPSE/MOUNTAIN HOUSE)

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

FILED THIS

DAY OF

THE HOUR OF

O'CLOCK

NO.

NO.

NO.

NO.

NAS DOCUMENT

O'CLOCK

MAPS OF PASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS IN THE COPFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO, CALIFORNIA.

BY: CITY CLERK CITY OF ESCONDIDO STATE OF CALIFORNIA

ZONE A

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

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES OCOMMUNT FALLINEE DISTRIGOT NO. 2022.1 OF THE CITY OF ESCONDIOS, COLNATY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ESCONDIOS AT A REGULAR MESTING THEREOF, HELD ON THE CITY OF ESCONDIOS AT A REGULAR MESTING THEREOF, HELD ON THE CITY OF THE CI

9

LOT NUMBER

FUTURE AREA OF ANNEXATION (ZONE A) * COMMUNITY FACILITIES DISTRICT BOUNDARY (ZONE A)

SPECIAL DISTRICT FINANCING & ADMINISTRATION

BY: CITY CLERK CITY OF ESCONDIDO STATE OF CALIFORNIA

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

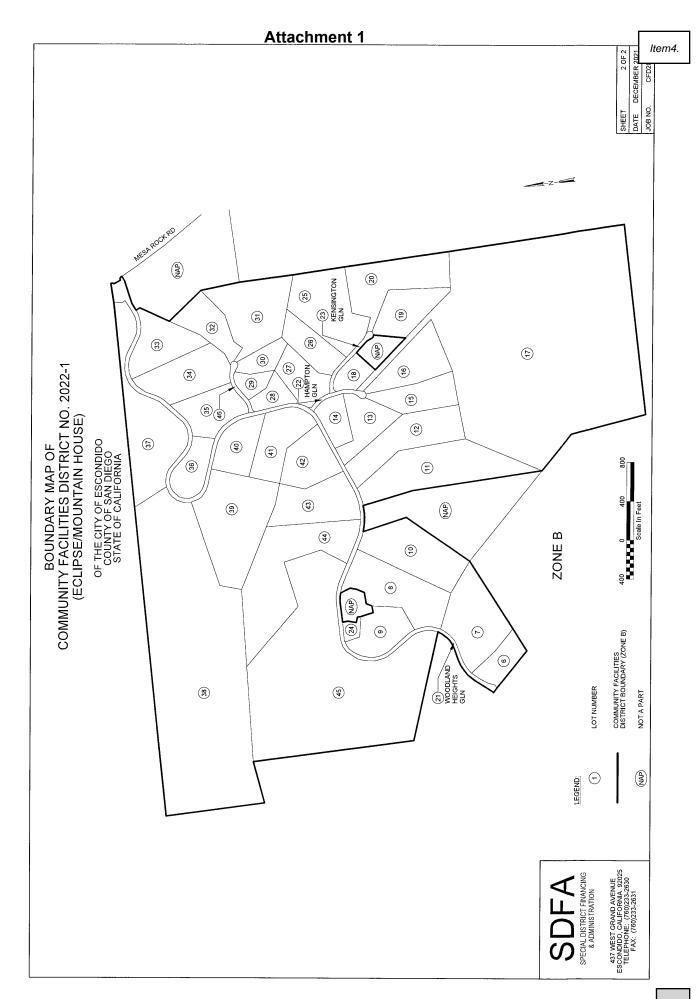


EXHIBIT B

LEGAL DESCRIPTION

Real property in the City of Escondido, County of San Diego, State of California, described as follows:

Assessor's Parcel Nos. (as set forth in the County of Escondido Assessor's Fiscal Year 2021-22 Roll):

238-130-11-00 238-130-26-00 238-130-27-00 187-090-38-00 187-090-39-00 187-090-40-00 187-090-41-00 187-090-42-00 187-090-44-00 187-090-45-00 187-090-46-00 187-090-47-00 187-090-48-00 187-090-49-00 187-090-50-00 187-090-51-00 187-090-53-00 187-090-54-00 187-090-56-00 187-090-57-00 187-090-58-00 187-090-59-00 187-091-13-00 187-091-14-00 187-091-15-00 187-091-16-00 187-091-17-00 187-091-18-00 187-091-19-00 187-091-20-00 187-091-22-00 187-091-23-00 187-091-24-00 187-091-25-00 187-091-26-00 187-091-27-00 187-091-28-00 187-091-29-00

Attachment 1

Item4.

187-091-30-00 187-091-31-00 187-091-32-00 187-091-33-00 187-091-34-00 187-091-35-00

CITY OF ESCONDIDO COMMUNITY FACILITIES DISTRICT NO. 2021-1 (ECLIPSE/MOUNTAIN HOUSE)

FUNDING AGREEMENT

WHEREAS, Developers have requested that the City consider the formation of a community facilities district (the "CFD" or "Community Facilities District") pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), and the authorization of special taxes and issuance of bonded indebtedness by the Community Facilities District to finance certain public improvements to be owned, operated or maintained by the City, and Incidental Expenses as defined by and in accordance with the Act.

WHEREAS, in order to proceed in a timely way with development of their respective property within the proposed Community Facilities District which is described in the attached **Exhibit "A"** (with respect to each Developer, the "Developer Property"), Developers desire to fund through the levy of special taxes and issuance of bonded indebtedness by the CFD improvements included in the City's fee programs (the "City Improvements") in satisfaction of corresponding fees levied pursuant to such programs (the "City Fees"), as more particularly set forth and described in the Description of Cost Estimates attached hereto as **Exhibit "B."** CWC Escondido's Developer Property is to be included in Zone 1 of the CFD and TTLC CalWest's Developer Property is to be included in Zone 2 of the CFD, each of which shall be referred to, individually, as a "Zone" and, collectively, as the "Zones."

WHEREAS, the City is authorized by the Act to form the CFD and to issue bonds to fund the City Improvements in satisfaction of the City Fees.

WHEREAS, the City Council has adopted its "Statement of Goal and Policies for the Use of the Mello-Roos Community Facilities Act of 1982," which sets forth the City's policies and procedures concerning the use of special district financing programs to finance City facilities (the "Policy").

WHEREAS, the purpose of this Agreement is to constitute a formal understanding between Developers and the City (pursuant to the requirements of Government Code Section 53313.51 and other provisions of the Act and the Policy) concerning financial and other obligations and responsibilities related to the formation of the Community Facilities District and the City Improvements to be financed by the Community Facilities District, when and if formed, to the extent funds are available, and to set forth the conditions upon which (1) the Community Facilities District will reimburse each Developer or its designee for the amounts advanced by the Developer to form the Community Facilities District and (2) the Community Facilities District will

fund the cost of the City Improvements and the City will grant credit against applicable City Fees and refund prior Deposits (as defined below) made by the Developers with respect to such City Fees.

NOW, THEREFORE, it is mutually agreed between the respective parties as follows:

SECTION 1. DEVELOPER DEPOSIT

Pursuant to a Deposit and Reimbursement Agreement dated as of May 13, 2021, entered into between the City and CWC Escondido (as such agreement may be amended, the "Deposit Agreement"), the City has undertaken to analyze the appropriateness of forming the Community Facilities District to finance the City Improvements. Pursuant to the Deposit Agreement, the City has retained the necessary consultants to analyze the proposed formation thereof, including a special tax consultant, bond counsel, appraiser and other consultants deemed necessary by the City. Pursuant to the Deposit Agreement, CWC Escondido has deposited with the City an initial deposit in the amount of \$97,735, all or part of which may be eligible for reimbursement from the CFD. The City will provide to CWC Escondido on request a summary of how the advances have been spent and the unexpended balance remaining. The amounts advanced by CWC Escondido and, to the extent determined reasonable and appropriate by the City, expenses incurred by CWC Escondido and TTLC CalWest for financial consultant and legal costs in connection with the formation of the Community Facilities District and the issuance of bonds thereby, will be reimbursable to CWC Escondido and TTLC CalWest, without interest, from the proceeds of bonds (the "Bonds") issued by the Community Facilities District when and if formed. Pursuant to the Deposit Agreement, in the event that Bonds are not issued to provide a source of reimbursement to Developers, the City shall not have any liability to Developers to reimburse Developers for any of the amounts previously advanced by Developers and expended by the City.

Prior to the issuance of the Bonds, the City will request a final advance for any unpaid expenses incurred during preparatory technical, financial and legal work; and following payment of such expenses, the City shall promptly release the balance, if any, of the advance to CWC Escondido. Should the City's expenses exceed the remaining balance, the City will bill CWC Escondido for the difference, which CWC Escondido agrees to pay within two weeks following receipt of such billing, subject to the conditions of paragraph one of this section and the Deposit Agreement.

SECTION 2. SALE OF BONDS

2.1 <u>City Policy and Requirements for the Issuance of Bonds</u>. The Policy sets forth the City's policies and procedures concerning the use of special district financing programs to finance the City Improvements. Pursuant to the Policy, the total annual amount of the special taxes to be collected with respect to a parcel within the CFD and all other taxes and assessments which will be collected with respect to such parcel must not exceed 1.80% of the expected assessed or appraised value of such parcel within the Community Facilities District upon the completion of all expected structural improvements to such parcel and the initial sale of such parcel to a homebuyer. Bonds may be issued in one or more series in the sole discretion of the City, subject to the Policy, this Agreement and sound municipal bond underwriting practices.

The Parties hereby agree that, unless waived by the City, at the time of issuance of each series of Bonds, the following requirements shall be met: (1) the ratio of the fair market value of all parcels of property for which the Bonds are being issued to the amount of outstanding community facilities district or assessment district bonds attributable to such parcels (the "Value-

to-Lien Ratio") may not be less than four-to-one (4:1) and (2) at least 50% of the proposed residential units within the Community Facilities District, for the portion of the Community Facilities District being used in the sizing of the particular series of Bonds based solely on the determination of the City, shall have been completed and conveyed to individual homeowners. The fair market value of the property within the Community Facilities District for purposes of determining the foregoing ratio will be determined based on the assessed value of the property or the appraised value of the property based on the appraisal made by an appraiser selected by the City with a valuation date within ninety (90) days of the issuance of the Bonds. Subject to satisfaction of the Policy and the requirements of this Agreement, the City shall use its best efforts to issue and sell the Bonds in one or more series in an amount sufficient to fund the City Improvements in accordance with the actual development of the Zones.

2.2 Security for Payment of Special Taxes.

Concurrently with the issuance and sale of each series of the Bonds, the owner of (a) any land within the Community Facilities District, together with land owned by any affiliate (collectively, an "Account Party"), for which the expected levy of the Special Tax (as defined in the Rate and Method of Apportionment of Special Tax for the Community Facilities District (the "Rate and Method") on the property owned by such Account Party in the fiscal year following the fiscal year in which the Bonds are issued is equal to or exceeds 20% of the total expected Special Tax levy on all land within the Community Facilities District for such fiscal year, shall deliver to the City either (i) a renewable, irrevocable instrument of credit from a financial institution (rated "A" or better) or (ii) cash in-lieu thereof (a "Security"). The Security shall be in an amount equal to 100% of the expected Special Tax levy on land owned by the Account Party in the fiscal year following the fiscal year in which the Bonds are issued, based on ownership status as of a date that is within 60 days prior to the date of issuance of the Bonds (the "Stated Amount"). The Security shall be maintained by the Account Party in each fiscal year until terminated in accordance with Section 2.2(c) below. While the Security is still required, the Stated Amount of such Security shall be reduced as set forth in a "Certificate of Reduction or Termination" (as defined in Section 2.2(c) below).

The Security shall name the City, or its designee, as a beneficiary and shall provide that the City, or its designee, may draw an amount equal to any delinquencies in payment of semiannual installments of the Special Taxes levied on property owned by the Account Party in the Community Facilities District. The total amount to be drawn under the Security shall not exceed an amount equal to the Special Taxes owed by the Account Party with respect to property within the Community Facilities District that is delinquent at the time the draw is made. The amount drawn on the Security shall be applied in the same manner and for the same purposes as the delinquent Special Taxes would have been applied; provided, however the payment of a draw under the Security will not be deemed to cure the delinquency in payment of the Special Taxes.

If, subsequent to a draw on the Security and prior to the satisfaction of any reimbursements due to the institution providing the Security (the "Security Provider") pursuant to this Agreement, the City receives payment of all or a portion of the delinquent Special Taxes or the proceeds of a sale of delinquent real property pursuant to foreclosure proceedings ("Delinquency Proceeds") for a parcel for which the Security has been drawn, the Security Provider shall be reimbursed for such draws to the extent of Delinquency Proceeds net of the City's costs of collection, provided that the Security is or has been concurrently reinstated to, or a Substitute Security (as defined below) provided for, the then applicable Stated Amount. The Security Provider is intended by the Parties to be a third party beneficiary of this Section 2.2.

(b) The Security shall be renewed, or a substitute Security reasonably satisfactory to the City (a "Substitute Security") provided, not less than thirty (30) calendar days prior to the expiration of the Security or Substitute Security then in effect. If the Account Party provides a Substitute Security to the City, then the City or its designee, shall return any existing Security on the effective date of the Substitute Security to the Security Provider.

If the Security is not renewed within thirty (30) days prior to its expiration date and the requirements for release or termination of the Security as set forth in Section 2.2(c) below have not then been met, the full amount of the Security may be drawn by the City and deposited in an account established under the Indenture (as hereinafter defined) or in such account established with a financial institution selected by the City. Thereafter, amounts in such account shall be held as security, and if Special Taxes owed by the Account Party with respect to property within the Community Facilities District are not paid prior to delinquency, then such amounts in such account may be applied by the City to pay the delinquent Special Taxes owed by the Account Party with respect to such property on the same terms and conditions applicable hereunder to draws on the Security.

At such time as the Security is renewed, or a Substitute Security is accepted by the City, or the requirement for the Security has been terminated pursuant to this section, the City or its designee, shall release all amounts in the Security account to the Security Provider within ten (10) calendar days from the date of renewal or acceptance.

Following the sale or transfer by the Account Party of any land in the Community Facilities District to a person other than the Account Party, or upon the prepayment of the Special Tax obligation for a parcel owned by the Account Party, the Account Party may notify the City of such event, in writing, and, if requested by the Account Party, the Stated Amount of the Security shall be reduced and be recalculated in accordance with this Section 2.2; provided, however, that the City shall be required to recalculate such amount and reduce the Security a maximum of two times each calendar year and any costs associated with the recalculation and reduction shall be borne by the Account Party. The Security shall be terminated when (i) the expected levy on the land owned by the Account Party in the Community Facilities District is responsible for less than 20% of the Special Tax levy in the current fiscal year and the Account Party is not delinquent in the payment of any Special Taxes, (ii) the Account Party has paid all Special Taxes in the current fiscal year and the land owned by the Account Party in the Community Facilities District is expected to be responsible for less than 20% of the Special Tax in the next fiscal year or (iii) the Account Party has paid all Special Taxes in the current fiscal year and in the following fiscal year. the Community Facilities District will not levy the Special Tax on land within the Community Facilities District owned by the Account Party.

Reduction or termination of a Security shall occur automatically upon submission to the Security Provider by the City of a "Certificate of Reduction or Termination." The City shall deliver to the Security Provider, such Certificate of Reduction or Termination promptly upon receiving from the Account Party a certification which shall be made under penalty of perjury and which shall indicate (i) the legal description of all land owned by the Account Party, and either (ii) a recalculation of the new Stated Amount that the Account Party proposes be applicable to the Security or (iii) if termination of the Security is requested, a statement that one of the requirements set forth in (i) through (iii) of the preceding paragraph have been satisfied.

The Account Party shall notify the City of any events that will result in a reduction of the Stated Amount of the Security and shall provide the City with verification of said events. The Account Party may provide the City with a Substitute Security in the reduced amount, and the

City shall release and return to the Security Provider the Security then in effect. The Parties expressly acknowledge that the Account Party's failure to so notify the City or to reduce the Security at the times prescribed herein shall in no way effect or invalidate sale or transfer of property, or recordation of maps on property.

(d) If property is sold or transferred by an Account Party with the result that the land owned by the transferee or any of its affiliates ("Transferee") is responsible for twenty percent (20%) or more of the Special Tax in the current fiscal year, a Security on the same terms specified herein will be furnished by Transferee with respect to all land owned by such Transferee in the Community Facilities District. Any applicable purchase and sale agreement and/or escrow instructions shall notify the Transferee of this Security requirement and obligate the Transferee to provide such Security, if applicable. The Security of the Account Party will not be reduced to reflect the sale or transfer of land to a Transferee until a Security is furnished by the Transferee and accepted by the City. The issuing Security Provider and the form and terms of said Security will be subject to reasonable prior approval by the City. All terms provided in this Section 2.2 are applicable to the Transferee by replacing the term "Account Party" at each place where it occurs in each section with the term "Transferee." Each Security Provider of a Security for a Transferee shall be an express third party beneficiary of the provisions of this Section 2.2.

Any costs related to the holding or maintaining the Security, including any fees of a fiscal agent, trustee or other depository shall be borne by the Account Party.

- 2.3 Major Landowner Initial and Continuing Disclosure. An owner of land which is responsible for twenty percent (20%) or more of the Special Tax in the fiscal year in which the Bonds are issued or in the fiscal year following the fiscal year in which the Bonds are issued (a "Major Landowner") will be required to provide all information regarding the development of its property, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and all other applicable federal and state securities laws. Additionally, each Developer acknowledges that, if it is a Major Landowner at the time of issuance of the Bonds, it will be necessary that the Developer enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by the Developer within the Community Facilities District as necessary to assist the underwriter in complying with the continuing disclosure requirements of the Rule and/or to assist in the marketing of the Bonds.
- Bond Issuance Parameters. The terms and conditions upon which each series of 24 the Bonds shall be issued and sold, the method of sale of the Bonds and the pricing of the Bonds shall be determined solely by the City in its reasonable discretion in conformance with the requirements of Government Code Section 53313.5, the Act, the Policy, and this Agreement. The proceeds of the Bonds shall be used in the following priority to (1) fund a reserve fund for the payment of principal and interest with respect to the Bonds in an amount equal to the least of (i) ten percent (10%) of the total bond issue, (ii) maximum annual debt service on Bonds, or (iii) 125% of average annual debt service; (2) fund up to eighteen (18) months of capitalized interest; (3) pay for costs of issuance of the Bonds including, without limitation, underwriter's discount, bond counsel and disclosure counsel fees, appraisal and special tax consultant fees, printing, and fiscal agent fees; (4) pay for the costs of forming the Community Facilities District and any change proceedings for the Community Facilities District; and (5) pay for the actual costs of the City Improvements as described below in this Section 2.4. The Community Facilities District shall maintain records relating to the disbursements of proceeds of the sale of the Bonds. The Indenture or Fiscal Agent Agreement (hereinafter "Indenture") for the Bonds shall establish an

improvement fund (the "Improvement Fund") into which shall be deposited initially the proceeds of the Bonds net of the amount of proceeds required to fund items (1) through (4) in the second preceding sentence (the "Net Proceeds"). The Indenture shall also establish two separate accounts of the Improvement Fund designated the "Zone 1 City Improvements Account" and the "Zone 2 City Improvements Account," into which shall be deposited each Zone's proportionate share of the Net Proceeds, not to exceed the amount sufficient to fund the reasonable, current estimated cost of the City Fees applicable to the Zone. For purposes of this Agreement, a Zone's proportionate share of the Net Proceeds shall mean a percentage of the Net Proceeds equal to the total Special Taxes assumed for the Zone in sizing the Bonds divided by the total overall Special Taxes assumed for the CFD in sizing the Bonds.

Interest earned on moneys deposited in the City Improvements Account shall remain in such account until such time as all of the City Improvements to be funded have been funded. The Indenture shall provide that amounts remaining in the Improvement Fund after funding all proposed City Improvements or sooner, as specified by the City, shall be deposited in the special tax fund or bond service fund and be applied to pay debt service on the Bonds and/or to call Bonds in advance of maturity.

SECTION 3. ALLOCATION OF SPECIAL TAXES

Prior to the issuance of Bonds, the City Council of the City, acting as the legislative body of the Community Facilities District, shall levy Special Taxes at the assigned special tax rate on all parcels classified as Developed Property pursuant to the Rate and Method. Such Special Taxes collected by the City shall first be applied to fund annual administrative expenses of the Community Facilities District and then to fund City Improvements in the same manner as the proceeds of Bonds as set forth in Section 5 below. Prior to the issuance of Bonds, such Special Taxes collected by the City each fiscal year in excess of that required to fund annual administrative expenses of the Community Facilities District shall be deposited in a special fund of the City, which shall also be referred to as the City Improvements Account and within which shall be maintained a separate subaccount for each Zone. Such Special Taxes collected from each Zone remaining after funding the annual administrative expenses shall be deposited in the corresponding Zone subaccount of the special fund. Upon the issuance of the Bonds, such City Improvements Account shall be closed and all funds then remaining in each subaccount shall be transferred to the corresponding Zone's City Improvements Account of the Improvement Fund that is established with the issuance of the Bonds. Upon sale and delivery of the Bonds, the City shall annually levy the Special Tax as provided for in documents pursuant to which the Bonds were issued. Following the issuance of the Bonds, the City shall have no obligation to levy Special Taxes to reimburse the Developers for the costs of any City Improvements not paid for from Bond proceeds. The entire amount of any Special Tax levied by the Community Facilities District to repay the Bonds and recover costs and expenses allowable pursuant to Government Code Section 53313.5, shall be allocated to the Community Facilities District.

SECTION 4. NOTICE OF SPECIAL TAX

Each Developer, or Developer's successors or assigns, shall provide written notice to all potential purchasers of lots within its Zone advising of the special tax obligation applicable to the Developer Property in the form required by Section 53341.5 of the Government Code, and shall also advise such potential purchasers of lots of their ability to prepay such special tax obligation in accordance with Section I of the Rate and Method. A sample copy as prepared by Developer is attached as **Exhibit "C."**

SECTION 5. CITY IMPROVEMENTS

Amounts in a Zone's City Improvements Account shall be disbursed at the written direction of the City upon the Developer's submittal of a completed disbursement request in substantially the form attached hereto as Exhibit "D" (a "Disbursement Request") at the time(s) that the City Fees are payable to the City. Upon receipt of the Developer's Disbursement Request, the City shall submit the Disbursement Request for payment of the requested amount to the trustee for the Bonds, who shall directly pay the amount to the City from the applicable Zone's City Improvement Account and the Developer shall receive credit against the applicable City Fees. Pending disbursement of said monies, the amounts in the City Improvements Account shall be invested as directed in writing by the City and investment earnings shall either remain in such account or be transferred to the Improvement Fund to be used as provided in Section 2.4 above. The City shall expend any amounts disbursed to it from the City Improvements Account on capital facilities. Each Developer may be required pursuant to the conditions of development or the City's development impact fee ordinance to pay the City Fees prior to the availability of proceeds of the Special Taxes or Bonds to pay for the corresponding City Improvements. In the event such City Fees are paid prior to the availability of Special Taxes or Bond proceeds, the amounts paid to the City shall be deemed to be deposits (each a "Deposit") that are subject to refund by the City to the Developer who paid them in accordance with this Agreement. The City shall place each Deposit in a capital facilities account(s). If a Developer has made any Deposits to the City then, following deposit of Special Taxes or Bond proceeds in the applicable Zone's City Improvements Account, the City shall return to the Developer, from the capital account in which the Deposits were deposited, an equal amount of the Deposits not previously returned, without interest or other earnings thereon. The City shall be so obligated to return such Deposits only to the extent that an equivalent amount of the Deposits to be returned is deposited in the applicable Zone's City Improvements Account from Special Tax and Bond proceeds.

Bond proceeds used to finance City Improvements which relate to the City Fees shall be allocated first for return of all Deposits prior to being allocated to the payment of City Fees not previously deposited by the Developers. Any Deposits that have not been returned to the Developers at the time it is determined that there will be no further Bond proceeds available (i.e. when the final series of Bonds to finance the City Improvements have been issued) shall be retained by the City and may be used for the purposes for which the City Fees were required, and the unrefunded Deposits shall constitute full and final payment for such City Fees, without any increase of any kind.

Any City Fees paid (as Deposits) by the Developers shall be made with the understanding that such Deposits will be returned to the Developers if, and when, Special Taxes and Bond proceeds have been deposited to the applicable Zone's City Improvements Account. The City shall expend any amounts disbursed to it from the City Improvements Account on capital facilities. The payment of Deposits prior to the availability of the Special Taxes and Bond proceeds in the City Improvements Account shall not be construed as a dedication or gift of the City Fees, or a waiver of the return of the Deposits, it being the intention that the City Fees be paid by Special Taxes and Bond proceeds to the extent of such Bond proceeds.

SECTION 6. INDEPENDENT CONTRACTOR

In performing this Agreement, each Developer is an independent contractor and not the agent of the City. The City shall not have any responsibility for payment to any contractor or supplier of Developers. It is not intended by the Parties that this Agreement create a partnership or joint venture among them and this Agreement shall not otherwise be construed.

SECTION 7. INDEMNIFICATION

Each Developer shall assume the defense of, indemnify and hold harmless, the City, its officers, employees and agents, and the Community Facilities District, its officers, employees and agents (each, an "Indemnified Party" and, collectively, the "Indemnified Parties"), from and against all actions, damages, claims, losses or expenses of every type and description to which such Indemnified Party may be subject or put under any statute or at law or in equity, insofar as and solely to the extent such actions, damages, claims, losses or expenses arise out of or are based upon or resulting from the Developer's performance of its obligations under this Agreement, the issuance of the Bonds, the failure of the Developer to provide notice of the special tax to be levied by the Community Facilities District pursuant to Section 53341.5 of the Act (but only if the Developer is required by law to provide such notice), or any alleged misstatement of a material fact or omission of a material fact made by the Developer regarding the Developer Property, the Developer, its proposed development of the Developer Property, ownership of the Developer Property, and any contractual arrangement of the Developer in the final official statement for the Bonds, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. No provision of this Agreement shall in any way limit the extent of a Developer's responsibility for payment of damages resulting from the operations of the Developer and its contractors; provided, however, that the Developer shall not be required to assume the defense or indemnify and hold harmless an Indemnified Party as to actions, damages, claims, losses or expenses arising out of or are based upon or resulting from the negligence or willful misconduct of an Indemnified Party.

SECTION 8. CONFLICT WITH OTHER AGREEMENTS

Except as specifically provided herein, nothing contained herein shall be construed as releasing either Developer from any condition of development or requirement imposed by any other agreement with the City. In the event of a conflicting provision, such other agreement shall prevail unless such conflicting provision is specifically waived or modified in writing by City.

SECTION 9. TERMINATION

The provisions of this Agreement related to the financing of the City Improvements shall terminate and be of no further force or effect on the tenth anniversary of this Agreement if Bonds have not been issued prior to such date, unless (i) it is extended by the written consent of all the Parties, or (ii) building permits have been issued for all homes expected to be built within the Community Facilities District, construction of such homes is ongoing or has been completed, and the Developers have not been fully reimbursed for Deposits from Special Taxes. If the Community Facilities District is unable to sell the first series of Bonds after diligent, commercially reasonable efforts to do so, this Agreement shall terminate and be of no further force and effect; provided, however, in such event, any collected special taxes remaining after the payment of administrative expenses of the CFD and reimbursement to the Developers of all advances for CFD formation costs and Deposits shall be used to pay for City Improvements in accordance with this Agreement and the Developers shall receive a credit against any City Fees otherwise payable to the City in the amount so used to pay for City Improvements.

SECTION 10. NOTICES

Any correspondence, notice, payment or instrument required or permitted by this Agreement to be given or delivered to either Party shall be deemed to have been received when personally delivered to the offices named below or seventy-two (72) hours following deposit of

the same in any United States Post Office in California, registered or certified, postage prepaid. Any notice to the Community Facilities District or the City shall be addressed to City of Escondido, 201 North Broadway Escondido, CA 92025, Attention: City Manager. Any notice to Developers shall be addressed to CWC Escondido 113, LLC and TTLC CalWest, LLC, respectively, c/o California West Communities, 5927 Priestly Drive, Suite 110, Carlsbad, California 92008, Attention: Blake Fontana.

Each Party may change its address for delivery of notice by delivering written notice of such change of address to the other Party hereto in the manner provided herein.

SECTION 11. GENERAL PROVISIONS

- (a) <u>Amendment</u>. This Agreement may be amended at any time but only in writing signed by each Party hereto.
- (b) <u>Exhibits</u>. All exhibits attached hereto are incorporated into this Agreement by reference.
- (c) <u>Severability</u>. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.
- (d) <u>Waiver</u>. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Parties hereto, or the failure by a party to exercise its rights upon the default of another party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Parties with the terms of this Agreement thereafter.
- (e) <u>No Third Party Beneficiaries</u>. Except as provided explicitly in this Agreement, no person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this Agreement (either express or implied) is intended to confer upon any person or entity, other than the City, the Community Facilities District, and Developers (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement.
- (f) <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.
- (g) <u>Assignment</u>. Each Developer may assign all or any of its rights pursuant to this Agreement to a purchaser of all or any portion of the Developer Property. Such a purchaser and assignee shall, as a condition to taking an assignment of such rights, enter into an assignment and assumption agreement with the City and the assigning Developer, in a form reasonably acceptable to the Developer and the City, whereby such rights assigned are specified and such purchaser agrees, except as may be otherwise specifically provided therein, to assume the obligations of the Developer pursuant to this Agreement and to be bound thereby.
- (h) <u>Governing Law</u>. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.
- (i) <u>Construction of Agreement</u>. This Agreement has been reviewed by legal counsel for both the City and Developers and shall be deemed for all purposes to have been jointly drafted by the City and Developers. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

- (j) Attorneys' Fees. In the event of any action or proceeding, including an arbitration or a reference pursuant to Section 638, et seq., of the Code of Civil Procedure brought by any Party against any other under this Agreement, the prevailing Party shall be entitled to recover its actual attorneys' fees and all fees, costs and expenses incurred for prosecution, defense, consultation, or advice in such action or proceeding. In addition to the foregoing, the prevailing Party shall be entitled to its actual attorneys' fees and all fees, costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.
- (k) <u>Venue and Forum</u>. Any action at law or in equity arising under this Agreement brought by any Party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of San Diego, State of California, and the Parties waive all provisions of law providing for the filing, removal or change of venue to any other Court.
- (I) <u>Entire Agreement</u>. This Agreement sets forth and contains the entire understanding and agreement of the Parties. There are no oral or written representations, understandings, undertaking or agreements, which are not contained or expressly referred to herein, and any such representations, understandings or agreements are superseded by this Agreement. No evidence of any such representations, understandings or agreements shall be admissible in any proceeding of any kind or nature relating to the terms or conditions of this Agreement, its interpretation or breach.

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year	IN WITNESS WHEREOF, the partifirst set forth above.	es ha	ve executed this Agreement as of the day and
			OF ESCONDIDO, a political subdivision of the of California
		Ву:	City Manager
ATT	EST:		
Ву:	City Clerk	_	

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED]

CWC ESCONDIDO 113, LLC, a Delaware limited liability company

By: CWC ESCON 113 MGMT LP, a California limited partnership

Its: Managing Member

By: CWC ESCON MGMT LLC, a California limited liability company

Its: General Partner

Ву:_____

Robert H. Thorne, Chief Executive Officer

TTLC CALWEST, LLC, a California limited liability company

By: CWC High Point 36, LLC, a California limited liability company

Its: Member

By: California West Communities, LLC, a California limited

liability company

Its: Sole Member

By:

Robert H. Thorne, Trustee of the Thorne Family Trust udt Dated

August 31, 2004

Its: Managing Member

LIST OF EXHIBITS

- EXHIBIT A DESCRIPTION OF DEVELOPER PROPERTY
- EXHIBIT B DESCRIPTION OF COST ESTIMATES FOR CITY IMPROVEMENTS
- EXHIBIT C NOTICE OF SPECIAL TAX (as prepared by Developers)
- EXHIBIT D DISBURSEMENT REQUEST FORM

EXHIBIT A

DESCRIPTION OF DEVELOPER PROPERTY

LEGAL DESCRIPTION

Real property in the City of Escondido, County of San Diego, State of California, described as follows:

Assessor's Parcel Nos. (as set forth in the County of Escondido Assessor's Fiscal Year 2021-22 Roll):

238-130-11-00 238-130-26-00 238-130-27-00 238-130-35-00 238-130-36-00 187-090-38-00 187-090-39-00 187-090-40-00 187-090-41-00 187-090-42-00 187-090-44-00 187-090-45-00 187-090-46-00 187-090-47-00 187-090-48-00 187-090-49-00 187-090-50-00 187-090-51-00 187-090-53-00 187-090-54-00 187-090-56-00 187-090-57-00 187-090-58-00 187-090-59-00 187-091-13-00 187-091-14-00 187-091-15-00 187-091-16-00 187-091-17-00 187-091-18-00 187-091-19-00 187-091-20-00 187-091-22-00 187-091-23-00 187-091-24-00 187-091-25-00

EXHIBIT B

DESCRIPTION OF COST ESTIMATES FOR CITY IMPROVEMENTS

The City Improvements consist of City facilities included in the City's development fee programs used to finance expansion projects, exclusive of in-tract facilities constructed by a property owner, but including and not limited to the following.

ESTIMATED COST OF CITY IMPROVEMENTS

Effective September 16, 2021 (or as otherwise noted)

			ZONE 1				ZONE 2	
City of Escondido Impact Fees*		Per Unit	No. Units	Total		Per Unit	No. Units	Total
Traffic Local Fee	\$	2,095	113	\$ 236,777	\$	4,192	36	\$ 150,904
Regional Traffic Fee		2,636	113	297,812	1	2,636	36	94,878
Public Facilities Fee		4,970	113	561,609	1	4,970	36	178,920
Park Fee		6,664	113	753,005	1	6,986	36	251,506
Drainage Fees		469	113	53,022		1,136	36	40,900
Total City of Escondido Fees:	\$	16,834		\$ 1,902,224	\$	19,920		\$ 717,108
					1			
City of Escondido Water & Sewer Fees *	P	er Unit/Meter	No. Units/Meters	Total				
Wastewater Connection Fee	\$	7,500	113	\$ 847,500	1			
Water Connection Fee		3,510	113	396,630				
Total Escondido Water Utilities Department Fees:	\$	11,010		\$ 1,244,130	1			
		Per Unit	No. Units	Total		Per Unit	No. Units	Total
TOTAL AUTHORIZED FEES	\$	27,844	113	\$ 3,146,354	\$	19,920	36	\$ 717,108

^{*}Represents the ESTIMATED CFD eligible impact fees and water/sewer fees per the 2/23/21 Residential Fee Guide.

EXHIBIT C

FORM OF NOTICE OF SPECIAL TAXES

NOTICE OF SPECIAL TAX

PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2022-1
(ECLIPSE/MOUNTAIN HOUSE – ZONE 1)
OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

TRACT: SUB15-022 (DEL PRADO NORTH), LOT NO.

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THIS PROPOSED NOTICE OF SPECIAL TAX IS BEING PROVIDED TO YOU FOR INFORMATIONAL PURPOSES ONLY. THE PROJECTED ANNUAL MAXIMUM SPECIAL TAX DISCLOSED HEREIN IS A PRELIMINARY ESTIMATE. THE ACTUAL MAXIMUM ANNUAL SPECIAL TAX WHICH WILL BE AUTHORIZED TO BE LEVIED UPON THE PROPERTY MAY BE MORE OR LESS THAN THE AMOUNT SET FORTH HEREIN. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

- (1) This property is subject to special taxes, which are in addition to the regular property taxes and any other charges, fees, special taxes, and benefit assessments on the parcel. They will be imposed on this property because it is a new development, and may not be imposed generally upon property outside of this new development. If you fail to pay these taxes when due each year, the property may be foreclosed upon and sold. These taxes are used to provide public facilities and services that are likely to particularly benefit the property. YOU SHOULD TAKE THESE TAXES AND THE BENEFITS FROM THE FACILITIES AND SERVICES FOR WHICH THEY PAY INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.
- (2) The property you are purchasing (the "Property") is proposed to be within the boundaries of Zone 1 of the proposed Community Facilities District No. 2022-1 (Eclipse/Mountain House) of the City of Escondido (the "CFD") and will be subject to an annual Special Tax levied by the CFD. The annual Maximum Special Tax which may be levied on the Property to pay for public Facilities and Services will depend on whether the Property is classified as "Developed Property", "Final Mapped Property" or "Undeveloped Property" during the Fiscal Year for which the Special Tax is being levied. The above terms will be defined pursuant to the Rate and Method of Apportionment of Special Tax ("RMA") for the CFD, which is not yet available.

Undeveloped Property

As currently proposed, if the Property is classified as Undeveloped Property in Fiscal Year 2022-2023, the annual Maximum Special Tax which may be levied against the Property to pay for public Facilities shall be the annual Maximum Special Tax for Undeveloped Property which has not yet been determined.

Final Mapped Property

As currently proposed, if the Property is classified as Final Mapped Property in Fiscal Year 2022-2023, the annual Maximum Special Tax which may be levied against the Property to pay for public Facilities shall be the annual Maximum Special Tax for Final Mapped Property which has not yet been determined.

Developed Property

As currently proposed, if the Property is classified as Developed Property, the annual Maximum Special Tax which may be levied against the Property to pay for public Facilities during Fiscal Year 2022-2023 shall be the greater of (i) the annual proposed Assigned Special Tax for Developed Property or the Backup Special Tax which has not yet been determined. Based on a home square footage of 1,140, the Assigned Special Tax for Developed Property has been estimated to be *\$2,478. *This amount is a preliminary estimate and is subject to change.

Each July 1st, commencing with July 1, 2023, the above-referenced Assigned Special Tax and the Backup Special Tax shall increase annually by two percent (2%) from the amount established in the prior Fiscal Year. The Backup Special Tax shall only be levied if the total of the amount collected by virtue of the levy of the Assigned Special Tax on all Developed Residential Property within the CFD, plus the amount collected by virtue of the levy of the Assigned Special Tax applicable to Final Mapped Property and Undeveloped Property within the CFD, is less than the "Special Tax Requirement", as defined in the RMA, for the applicable Fiscal Year.

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

(3) As currently proposed, the authorized facilities which are being paid for by the Special Taxes, and by the money received from the sale of Bonds which are being repaid by the Special Taxes, include, but not limited to 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 all appurtenances and appurtenant work in connection with the foregoing City 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 City Facilities, and the cost of engineering, planning and designing the City 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 City Facilities. These facilities may not yet have been all constructed or acquired and it is possible that some may never be constructed or acquired.

IF AND ONCE APPROVED BY THE CITY OF ESCONDIDO, YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION WHICH AUTHORIZED CREATION OF THE CFD, AND WHICH SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE CITY OF ESCONDIDO BY CALLING (760) 839-4665. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

Dated:	Ву:
	Name:
Dated:	Ву:
	Name:

NOTICE OF SPECIAL TAX

PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2022-1
(ECLIPSE/MOUNTAIN HOUSE- ZONE 2)
OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

TRACT: SUB15-023 (DEL PRADO SOUTH), LOT NO.

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THIS PROPOSED NOTICE OF SPECIAL TAX IS BEING PROVIDED TO YOU FOR INFORMATIONAL PURPOSES ONLY. THE PROJECTED ANNUAL MAXIMUM SPECIAL TAX DISCLOSED HEREIN IS A PRELIMINARY ESTIMATE. THE ACTUAL MAXIMUM ANNUAL SPECIAL TAX WHICH WILL BE AUTHORIZED TO BE LEVIED UPON THE PROPERTY MAY BE MORE OR LESS THAN THE AMOUNT SET FORTH HEREIN. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

- (1) This property is subject to special taxes, which are in addition to the regular property taxes and any other charges, fees, special taxes, and benefit assessments on the parcel. They will be imposed on this property because it is a new development, and may not be imposed generally upon property outside of this new development. If you fail to pay these taxes when due each year, the property may be foreclosed upon and sold. These taxes are used to provide public facilities and services that are likely to particularly benefit the property. YOU SHOULD TAKE THESE TAXES AND THE BENEFITS FROM THE FACILITIES AND SERVICES FOR WHICH THEY PAY INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.
- (2) The property you are purchasing (the "Property") is proposed to be within the boundaries of Zone 2 of the proposed Community Facilities District No. 2022-1 (Eclipse/Mountain House) of the City of Escondido (the "CFD") and will be subject to an annual Special Tax levied by the CFD. The annual Maximum Special Tax which may be levied on the Property to pay for public Facilities and Services will depend on whether the Property is classified as "Developed Property", "Final Mapped Property" or "Undeveloped Property" during the Fiscal Year for which the Special Tax is being levied. The above terms will be defined pursuant to the Rate and Method of Apportionment of Special Tax ("RMA") for the CFD, which is not yet available.

Undeveloped Property

As currently proposed, if the Property is classified as Undeveloped Property in Fiscal Year 2022-2023, the annual Maximum Special Tax which may be levied against the Property to pay for public Facilities shall be the annual Maximum Special Tax for Undeveloped Property which has not yet been determined.

Final Mapped Property

As currently proposed, if the Property is classified as Final Mapped Property in Fiscal Year 2022-2023, the annual Maximum Special Tax which may be levied against the Property to pay for public Facilities shall be the annual Maximum Special Tax for Final Mapped Property which has not yet been determined.

Developed Property

As currently proposed, if the Property is classified as Developed Property, the annual Maximum Special Tax which may be levied against the Property to pay for public Facilities during Fiscal Year 2022-2023 shall be the greater of (i) the annual proposed Assigned Special Tax for Developed Property or the Backup Special Tax which has not yet been determined. Based on a home square footage of 3,200, the Assigned Special Tax for Developed Property has been estimated to be *\$1,964. *This amount is a preliminary estimate and is subject to change.

Each July 1st, commencing with July 1, 2023, the above-referenced Assigned Special Tax and the Backup Special Tax shall increase annually by two percent (2%) from the amount established in the prior Fiscal Year. The Backup Special Tax shall only be levied if the total of the amount collected by virtue of the levy of the Assigned Special Tax on all Developed Residential Property within the CFD, plus the amount collected by virtue of the levy of the Assigned Special Tax applicable to Final Mapped Property and Undeveloped Property within the CFD, is less than the "Special Tax Requirement", as defined in the RMA, for the applicable Fiscal Year.

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

(3) As currently proposed, the authorized facilities which are being paid for by the Special Taxes, and by the money received from the sale of Bonds which are being repaid by the Special Taxes, include, but not limited to 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 all appurtenances and appurtenant work in connection with the foregoing City 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 City Facilities, and the cost of engineering, planning and designing the City 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 City Facilities. These facilities may not yet have been all constructed or acquired and it is possible that some may never be constructed or acquired.

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DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

Dated:	Ву:
	Name:
Dated:	Ву:
	Name:

EXHIBIT D

CFD NO. 2022-1 (ECLIPSE/MOUNTAIN HOUSE) OF THE CITY OF ESCONDIDO

DISBURSEMENT REQUEST FORM

any ap in conr) (the "(plicable nection	CFD") is hereby requested to perfect account or sub-account there	pay fro eof, of	acilities District No. 2022-1 (Eclipse/Mountain om the Zone City Improvements Account, or the Improvement Fund established by the CFD the "Bonds") to City of Escondido (the "City") as
	\$	(the Re	queste	ed Amount")
the bo		The Requested Amount repr s of Zone of the CFD (the		s the payment of City Fees for lot(s) within erty").
	(Tract	No, Lot Nos).
reques		The Requested Amount is dubursement.	ue and	d payable, has not formed the basis of any prior
instruc	4. tions at	The Requested Amount sh tached hereto.	all be	e payable to the City pursuant to the wiring
		sition and Funding Agreemen	t, date	ized and payable pursuant to the terms of the ed as of, 2022 (the "Agreement") f and the CFD, and Developer.
in the <i>i</i>	6. Agreem	•	used	herein shall have the meaning ascribed to them
Dated:			DEV	ELOPER:
Dated:			By: Its:	CITY OF ESCONDIDO

[ATTACH WIRING INSTRUCTIONS]

RESOLUTION NO. 2022-02

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2022-1 OF THE CITY OF ESCONDIDO (ECLIPSE/MOUNTAIN HOUSE), TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COSTS OF ACQUIRING OR CONSTRUCTING CERTAIN FACILITIES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS

WHEREAS, the City of Escondido (the "City") received a petition signed by the owners of more than ten percent of the land within the boundaries of the territory which is proposed for inclusion in a proposed community facilities district, which petition meets the requirements of Sections 53318 and 53319 of the Government Code of the State of California; and

WHEREAS, the City Council of the City (the "City Council") desires to adopt this resolution of intention as provided in Section 53321 of the Government Code of the State of California to establish a community facilities district consisting of the territory described in Attachment "A" hereto and incorporated herein by this reference, which the City Council hereby determines shall be known as "Community Facilities District No. 2022-1 of the City of Escondido (Eclipse/Mountain House)" ("Community Facilities District No. 2022-1" or the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the "Act") to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property described in Attachment "B" hereto and incorporated herein by this reference, including all furnishings, equipment and supplies related thereto, which include certain facilities to be owned and operated by the City (the "City Facilities"), which City Facilities have a useful life of five years or longer, and (2) the incidental expenses to be incurred in connection with financing the City Facilities and forming and administering the District (the "Incidental Expenses"); and

WHEREAS, the City Council further intends to approve an estimate of the costs of the City Facilities and the Incidental Expenses for Community Facilities District No. 2022-1; and

WHEREAS, it is the intention of the City Council to consider financing the City Facilities and the Incidental Expenses through the formation of Community Facilities District No. 2022-1 and the issuance of bonded indebtedness in an amount not to exceed \$6,000,000 with respect to the City Facilities and the Incidental Expenses and the levy of a special tax to pay for the City Facilities and the Incidental Expenses (the "Special Tax") and to pay debt service on the bonded indebtedness, provided that the bond sale and such Special Tax levy are approved at an election to be held within the boundaries of Community Facilities District No. 2022-1; and

WHEREAS, pursuant to Section 53339.3 of the Act, the City Council proposes to designate Assessor Parcel Nos 238-130-35-00 and 238-130-35-00 as territory proposed for future annexation into the District (the "Future Annexation Area"), as indicated on the proposed boundary map for the District, with the condition that a parcel or parcels within such Future Annexation Area may be annexed and subjected to the special tax of the District only with the unanimous approval of the owner or owners of the parcel or parcels at the time of annexation or in compliance with other procedures established by the Act; and

WHEREAS, the City desires to enter into an Acquisition and Funding Agreement with CWC Escondido 113, LLC, a Delaware limited liability company, and TTLC Calwest, LLC, a California limited liability company (the "Developers"), the form of which is on file with the City Clerk (the "Acquisition Agreement"), to provide for the financing of the City Facilities through the District.

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

1. The above recitals are true.

- 2. A community facilities district is proposed to be established under the terms of the Act. It is further proposed that the boundaries of the community facilities district shall be the legal boundaries as described in Attachment "A" hereto, which boundaries shall, upon recordation of the boundary map for the District, include the entirety of any parcel subject to taxation by the District, and as depicted on the map of the proposed Community Facilities District No. 2022-1 which is on file with the City Clerk. The City Clerk is hereby directed to sign the original map of the District and record it with all proper endorsements thereon with the Assessor-County Clerk-Recorder of the County of San Diego within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.
- 3. The name of the proposed community facilities district shall be "Community Facilities District No. 2022-1 of the City of Escondido (Eclipse/Mountain House)."
- 4. The City Council further proposes to designate the Future Annexation Area as property proposed for annexation into the District in the future, with the condition that a parcel or parcels within such Future Annexation Area may be annexed to the District and subject to taxation by the District only with the unanimous approval of the owner or owners of such parcel or parcels at the time that such parcel or parcels are annexed to the District.
- 5. The City Facilities proposed to be financed by Community Facilities District No. 2022-1 are public facilities as defined in the Act, which the City is authorized by law to construct, acquire, own and operate. The rate and method of apportionment and manner of collection of the Special Tax are described in detail in Attachment "C" attached hereto, which Attachment "C" is incorporated herein by this reference (the "Rate and Method"). The City Council hereby finds and determines that the description of the City Facilities herein is sufficiently informative to allow taxpayers within the proposed District and the Future Annexation Area to understand what the funds of the District

may be used to finance. Additionally, the City Council hereby finds that the Rate and Method allows each landowner within the District and the Future Annexation Area to estimate the maximum amount of the Special Tax that may be levied against each parcel.

The Incidental Expenses expected to be incurred include the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the City Facilities, the costs of forming the District and establishing the Future Annexation Area, issuing bonds and levying and collecting the Special Tax within the proposed District, and any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the City Facilities. The City Facilities may be acquired from one or more of the property owners within the District as completed public improvements or may be constructed from bond or Special Tax proceeds.

All or a portion of the City Facilities may be purchased with District funds as completed public facilities pursuant to Section 53314.9 or as discrete portions or phases pursuant to Section 53313.51 of the Act and/or constructed with District funds pursuant to Section 53316.2 of the Act. Any portion of the City Facilities may be financed through a lease or lease-purchase arrangement if the District hereafter determines that such arrangement is of benefit to the District.

6. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act the Special Tax, secured by recordation of a continuing lien against all nonexempt real property in the District, sufficient to pay for: (i) the City Facilities and Incidental Expenses; and (ii) the principal and interest and other periodic costs on bonds or other indebtedness issued to finance the City Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the District, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash).

If the Special Tax is 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 set forth in Attachment "C" hereto, (ii) such Special Tax not shall be levied on any parcel of Taxable Property (as defined in the Rate and Method) after the 50th year such parcel is first classified as Developed Property (as defined in the Rate and Method) and subject to the Special tax levy, as described in Attachment "C" hereto, and (iii) under no circumstances will the Special Tax levied in any fiscal year 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 (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The Special Tax is based on the expected demand that each parcel of real property within proposed Community Facilities District No. 2022-1 will place on the City Facilities and on the benefit that each parcel derives from the right to access the City Facilities. The City Council hereby determines that the proposed City Facilities are necessary to meet the increased demand placed upon the City and the existing infrastructure in the City as a result of the development of the land proposed for inclusion in the District. The City Council hereby determines the rate and method of apportionment of the special tax with respect to the Special Tax set forth in Attachment "C" to be reasonable. The Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within Community Facilities District No. 2022-1 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax specified on Attachment "C," the City Council shall, on behalf of Community Facilities District No. 2022-1, cause the levy to be increased, subject to the limitation of the maximum Special Tax for a parcel as set forth in Attachment "C," to the extent necessary upon the remaining

property within proposed Community Facilities District No. 2022-1 which is not exempt in order to yield the Special Tax revenues required for the purposes described in this Section 5. The obligation to pay the Special Tax may be prepaid only as set forth in Section I of Attachment "C" hereto.

- 7. A public hearing (the "Hearing") on the establishment of the proposed Community Facilities District No. 2022-1 and the Future Annexation Area thereto, the proposed rate and method of apportionment of the Special Tax and the proposed issuance of bonds to finance the City Facilities and the Incidental Expenses shall be held at 5:00p.m., or as soon thereafter as practicable, on March 2, 2022, at the City Council Chambers at 201 North Broadway, Escondido, California. Should the City Council determine to form the District, a special election will be held to authorize the issuance of the bonds and the levy of the special tax in accordance with the procedures contained in Government Code Section 53326. If held, the proposed voting procedure at the election will be a landowner vote with each landowner who is the owner of record of land within the District at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the proposed District. Ballots for the special election may be distributed by mail or by personal service.
- 8. At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether the proposed Community Facilities District No. 2022-1 shall be established and as to the method of apportionment of the special tax and shall consider:
 - (a) if an ad valorem property tax is currently being levied on property within proposed Community Facilities District No. 2022-1 for the exclusive purpose of paying principal of or interest on bonds, lease payments or other indebtedness incurred to finance construction of capital facilities; and
 - (b) if the capital facilities to be financed and constructed by Community Facilities District No. 2022-1 will provide the same services as were provided by the capital facilities mentioned in subsection (a); and

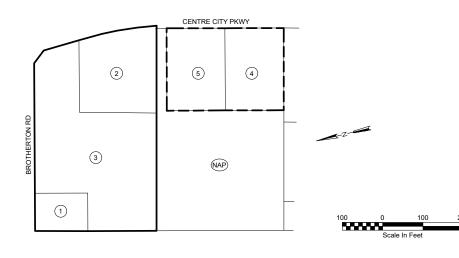
- (c) if the City Council makes the findings specified in subsections (a) and (b) above, it will consider appropriate action to determine whether the total annual amount of ad valorem property tax revenue due from parcels within Community Facilities District No. 2022-1, for purposes of paying principal and interest on the debt identified in subsection (a) above, shall not be increased after the date on which Community Facilities District No. 2022-1 is established, or after a later date determined by the City Council with the concurrence of the legislative body which levied the property tax in question.
- 9. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within proposed Community Facilities District No. 2022-1, may appear and be heard.
- 10. Each City officer who is or will be responsible for providing the City Facilities within proposed Community Facilities District No. 2022-1, if it is established, is hereby directed to study the proposed District and, at or before the time of the above-mentioned Hearing, file a report with the City Council containing a brief description of the public facilities by type which will in his or her opinion be required to meet adequately the needs of Community Facilities District No. 2022-1 and an estimate of the cost of providing those public facilities, including the cost of environmental evaluations of such facilities and an estimate of the fair and reasonable cost of any Incidental Expenses to be incurred.
- 11. The District may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred in creating Community Facilities District No. 2022-1. The District may enter into an agreement with the person or entity advancing the funds or work-in- kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

- 12. The City Clerk is hereby directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of proposed Community Facilities District No. 2022-1. The City Clerk is further directed to mail a copy of the Notice to each of the landowners within the boundaries of the District at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the proposed district and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.
- 13. The reasonably expected maximum principal amount of the bonded indebtedness to be incurred by the District for the City Facilities and Incidental Expenses is Six Million Dollars (\$6,000,000).
- 14. The form of the Funding Agreement, by and among the City, CWC Escondido 113, LLC, a Delaware limited liability company, and TTLC Calwest, LLC, a California limited liability company, dated as of January 1, 2022 (the "Funding Agreement") is hereby approved. The Mayor, the City Manager, or their written designees are hereby authorized and directed to execute and deliver the Funding Agreement in the form on file with the City Clerk with such changes, insertions and omissions as may be approved by the officer or officers executing such agreement, said execution being conclusive evidence of such approval.
- 15. Except to the extent limited in any bond resolution or trust indenture related to the issuance of bonds, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

16. This Resolution shall be effective upon its adoption.

BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2022-1 (ECLIPSE/MOUNTAIN HOUSE)

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



ZONE A

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ESCONDIDO, THIS DAY OF , 20

CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES

> BY: CITY CLERK CITY OF ESCONDIDO STATE OF CALIFORNIA

FILED THIS DAY OF , 20___, _ .M. AS DOCUMENT THE HOUR OF O'CLOCK M. AS DOCUMENT
NO. IN BOOK PAGE(S)
MAPS OF ASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO, CALIFORNIA.

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

LEGEND:

LOT NUMBER

COMMUNITY FACILITIES DISTRICT BOUNDARY (ZONE A) FUTURE AREA OF ANNEXATION

(ZONE A) *

		A	230-130-21-00
4*	1	A *	238-130-35-00*
5*	1	A *	238-130-36-00*
6	2	В	187-090-38-00
7	2	В	187-090-39-00
8	2	В	187-090-40-00
9	2	В	187-090-41-00
10	2	В	187-090-42-00
11	2	В	187-090-44-00
12	2	В	187-090-45-00
13	2	В	187-090-46-00
14	2	В	187-090-47-00
15	2	В	187-090-48-00
16	2	В	187-090-49-00
17	2	В	187-090-50-00
18	2	В	187-090-51-00
19	2	В	187-090-53-00
20	2	В	187-090-54-00
21	2	В	187-090-56-00
22	2	В	187-090-57-00
23	2	В	187-090-58-00
24	2	В	187-090-59-00
25	2	В	187-091-13-00
26	2	В	187-091-14-00
27	2	В	187-091-15-00
28	2	В	187-091-16-00
29	2	В	187-091-17-00
30	2	В	187-091-18-00
31	2	В	187-091-19-00
32	2	В	187-091-20-00
33	2	В	187-091-22-00
34	2	В	187-091-23-00
35	2	В	187-091-24-00
36	2	В	187-091-25-00
37	2	В	187-091-26-00
38	2	В	187-091-27-00
39	2	В	187-091-28-00
40	2	В	187-091-29-00
41	2	В	187-091-30-00
42	2	В	187-091-31-00
43	2	В	187-091-32-00
44	2	В	187-091-33-00
45	2	В	187-091-34-00
46	2	В	187-091-35-00

LOT DESIGNATION

A

SHEET ZONE ASSESSOR PARCEL NO.

238-130-11-00

238-130-26-00

238-130-27-00

LOT NO.

2

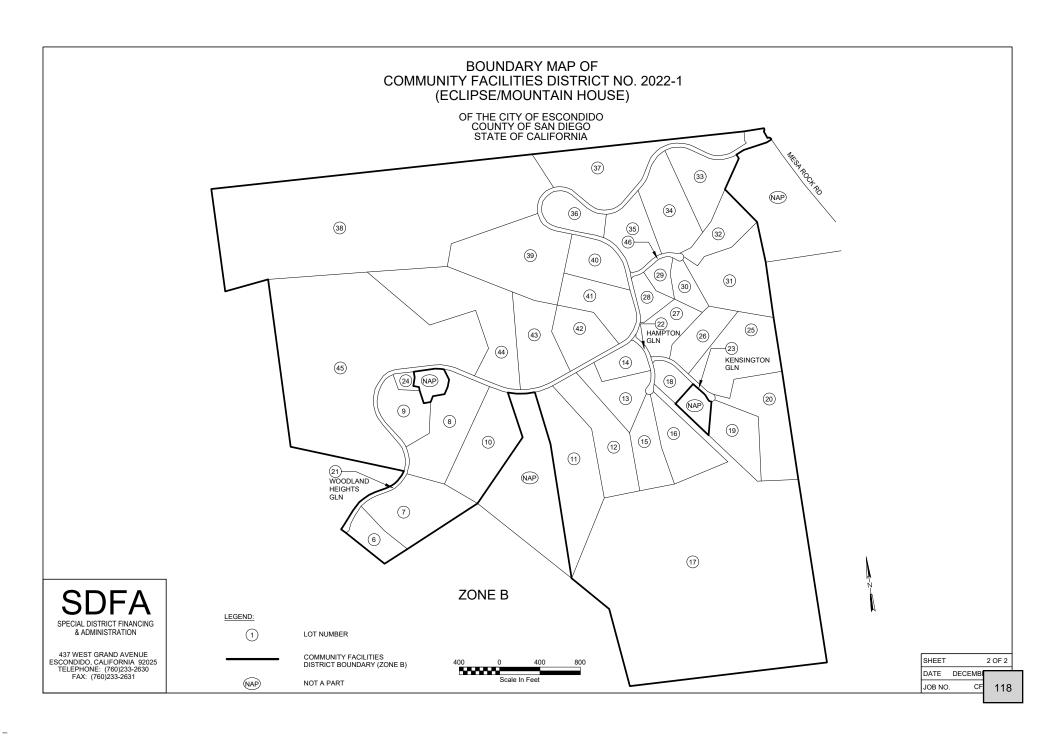
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1

SHEET		1 OF 2
DATE	DECEMB	
JOB NO.	CF	117

SPECIAL DISTRICT FINANCING & ADMINISTRATION

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



ATTACHMENT B

TYPES OF FACILITIES TO BE FINANCED BY

COMMUNITY FACILITIES DISTRICT NO. 2022-1

OF THE CITY OF ESCONDIDO

(ECLIPSE/MOUNTAIN HOUSE)

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, park, local and regional traffic, 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 all appurtenances and appurtenant work in connection with the foregoing City 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 City Facilities, and the cost of engineering, planning and designing the City Facilities; and
- b. All costs, including costs of the property owners 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 City 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 C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

COMMUNITY FACILITIES DISTRICT NO. 2022-1

OF THE CITY OF ESCONDIDO

(ECLIPSE/MOUNTAIN HOUSE)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES COMMUNITY FACILITIES DISTRICT NO. 2022-1 (Eclipse / Mountain House) CITY OF ESCONDIDO

An annual Special Tax (as hereinafter defined) shall be levied on all applicable Assessor's Parcels (as hereinafter defined) within Community Facilities District No. 2022-1 (Eclipse / Mountain House) ("CFD No. 2022-1") of the City of Escondido ("City") and collected each Fiscal Year commencing in Fiscal Year 2022-2023, in an amount determined by the City Council, through the application of this Rate and Method of Apportionment of Special Taxes ("Rate and Method of Apportionment") as described below. All of the real property within the boundaries of CFD No. 2022-1, 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. <u>DEFINITIONS</u>

The terms hereinafter set forth have the following meanings:

"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. 2022-1 including but not limited to: 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. 2022-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2022-1 or any designee thereof of complying with City and/or CFD No. 2022-1 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. 2022-1, including its Special Taxes; the costs of the City, CFD No. 2022-1 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. 2022-1 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. 2022-1; and amounts estimated or advanced by the City or CFD No. 2022-1 for any other administrative purposes of CFD No. 2022-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

- **"Annexed Area"** means the property within the boundaries of the future area to be annexed to CFD No. 2022-1. Such area is identified on Exhibit "B" attached to this Rate and Method of Apportionment and identified as "Future Area of Annexation" to Zone A of CFD No. 2022-1 and includes Escondido Tract Map No. SUB15-0023.
- "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 or portion thereof, 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 or portion thereof, 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. 2022-1, 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. 2022-1"** means Community Facilities District No. 2022-1 (Eclipse / Mountain House) 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. 2022-1, 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 such 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. 2022-1, 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. 2022-1.
- **"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 or functionally equivalent map or instrument 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.
- **"Lot"** means, for the property within Zone B, each of the 36 lots created for the purpose of development within the portion of Final Map 683-J contained within CFD No. 2022-1. The Assigned Special Tax per Lot within Zone B is applied to the first Building Permit issued for either Residential Property or Non-Residential Property. Building Permits issued for additional structures are not subject to the Assigned Special Tax for Zone B but are subject all fees as determined by the City.
- "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. 2022-1 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. 2022-1, the City or the developer of CFD No. 2022-1, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2022-1, (ii) the City, (iii) any owner of real property in CFD No. 2022-1, or (iv) any real property in CFD No. 2022-1, and (e) is not connected with CFD No. 2022-1 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1 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.
- "Projected Dwelling Unit(s)" or "PDU" means 81 projected Dwelling Units within the original boundaries of Zone A and 32 projected Dwelling Units within the boundaries of the Annexed Area. The Assigned Special Tax for Nonresidential Developed Property per PDU is

determined based on the total number of projected dwelling units displaced based on the area of the Non-Residential Property as determined by the CFD Administrator. The Special Tax on Undeveloped Property is per PDU determined as described in Section C.2(a).

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2022-1 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. 2022-1 to less than the minimum Acreage as described in Section F.

"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 Projected Dwelling Unit in Zone A and per Lot in Zone B to the Maximum Special Tax per Projected Dwelling Unit in Zone A and per Lot in B, respectively, 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 Projected Dwelling Unit in Zone A and per Lot in Zone B to the Maximum Special Tax per Projected Dwelling Unit in Zone A and per Lot in Zone B, respectively, is equal for all Assessor's Parcels of Undeveloped Property; (d) for Developed Property in the fourth 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; and (e) for Property Owner Association Property that is not Exempt Property and Public Property that is not Exempt Property in the fifth step of Section E, Proportionately means that the ratio of the actual Special Tax levy per Projected Dwelling Unit in Zone A and per Lot in Zone B to the Maximum Special Tax per Projected Dwelling Unit in Zone A and per Lot in Zone B, respectively, is equal for all Assessor's Parcels of Property Owner Association Property and Public Property.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2022-1 that is (i) used for rights-of-way or any other purpose and is owned by 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 (i) the PDU of all Taxable Property within the original boundaries of Zone A of CFD No. 2022-1 to less than the minimum PDU as described in Section F, (ii) the PDU of all Taxable Property within the Annexed Area of Zone A of CFD No. 2022-1 to less than the minimum PDU as described in Section F, and (iii) the number of all Lots of all Taxable Property within Zone B of CFD No. 2022-1 to less than the minimum number of Lots 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 this "Rate and Method of Appointment of Special Taxes for Community Facilities District No. 2022-1 (Eclipse / Mountain House) 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. 2022-1 in accordance with this Rate and Method of Apportionment.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2022-1 to: (i) pay Administration Expenses of CFD No. 2022-1 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. 2022-1 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 levy 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. 2022-1 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 after the issuance of Bonds, 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. 2022-1 which have not been prepaid in full 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.

"Zone(s)" means Zone A or Zone B as geographically identified on Exhibit "B" attached to this Rate and Method of Apportionment.

"Zone A" means the specific area identified on Exhibit "B" attached to this Rate and Method of Apportionment as Zone A of the CFD which includes Escondido Tract Map No. SUB15-0022.

"Zone B" means the specific area identified on Exhibit "B" attached to this Rate and Method of Apportionment as Zone B of the CFD which includes a portion of Escondido Tract Map No. 683-J.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2022-1 shall be classified as being located within a Zone, and within each Zone 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. An Assessor's Parcel may contain both Developed Property subject to Special Taxes in accordance with Section C.1 and Taxable Property subject to Special Taxes as Final Mapped Property, Undeveloped Property, Property Owner Association Property that is not Exempt Property or Public Property that is not Exempt Property subject to Special Tax in accordance with Section C.2. 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 Developed Property that is classified as Residential 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 Developed Property that is classified as 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. Each Lot within Zone B shall only be classified as Developed Property at the time of the initial issuance of the first Building Permit on such Lot.

TABLE 1Assigned Special Taxes for Developed Property

Land Use Category	Property Description	Unit Type	Developed Floor Area	Assigned Special Tax Per Taxable Unit
Zone A				
1	Residential	Dwelling Unit	Less than 1,200 sq. ft.	\$2,249.20
2	Residential	Dwelling Unit	1,200 sq. ft. to 1,400 sq. ft.	\$2,371.25
3	Residential	Dwelling Unit	Greater than 1,400 sq. ft.	\$2,615.42
4	Non-Residential	Projected Dwelling Unit	NA	\$2,558.01
Zone B				
1	Residential or Non-Residential	Lot	NA	\$1,790.42

c. Backup Special Tax

The Backup Special Tax for Assessor's Parcels of Residential Property within each Zone of CFD 2022-1 is as described below.

1. For the property within the initial area of Zone A of CFD No. 2022-1 the Backup Special Tax per Dwelling Unit of Developed Property shall be \$2,589.52 per Dwelling Unit.

- 2. For the property within the Annexed Area of Zone A of CFD No. 2022-1, the Backup Special Tax per Dwelling Unit of Developed Property shall be \$2,589.52 per Dwelling Unit.
- 3. For the property within Zone B of CFD No. 2022-1, the Backup Special Tax per Lot of Developed Property shall be \$1,841.57 per Lot.

Notwithstanding the foregoing, (1) if all or any portion of the applicable Final Maps and/or condominium plan contained within the initial boundaries of Zone A or Zone B of CFD No. 2022-1 or (2) if all or any portion of the Final Map and/or condominium plan contained within the boundaries of the Annexed Area described in the second paragraph of this section is subsequently changed or modified, then in each case the Backup Special Tax for each Lot or Dwelling Unit of Residential Property in such Final Map or condominium plan area contained with the boundaries of CFD No. 2022-1 that is changed or modified shall be recalculated as follows:

- 1. Determine the total Backup Special Tax anticipated to apply to the changed or modified Final Map or condominium plan 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 Dwelling Units to be constructed within such changed or modified Final Map or condominium plan area contained within the boundaries of CFD No. 2022-1, 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 or condominium plan area contained within the boundaries of CFD No. 2022-1.

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

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 be determined within each Zone as follows:

a. Within Zone A of CFD No. 2022-1 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 be \$2,589.52 per Projected Dwelling Unit as shown in the fourth column of Table 2. Table 2 below identifies the Assessor Parcels in Zone A in Fiscal Year 2021-22, the Land Use Category for each Assessor's Parcel and the number of Projected Dwelling Units assigned to each Assessor's Parcel. At the beginning of each Fiscal Year prior to the issuance of Bonds, the CFD Administrator shall update the information in Table 2

based on changes in the Assessor Parcels, the Dwelling Units classified as Developed Property as the result of the issuance of Building Permits and modifications, if any, to the Final Map resulting in a change to the number of total PDU at buildout and/or assignment of such PDU to each Assessor Parcel Number. At the beginning of each Fiscal Year after the issuance of Bonds, the CFD Administrator shall update the information in Table 2 based on changes in the Assessor Parcels, the Dwelling Units classified as Developed Property as the result of the issuance of Building Permits and modifications, if any, to the Final Map resulting in a change to the assignment of such PDU to each Assessor Parcel Number, but there will be no changes made to the total PDU at buildout. Given the delay in assigning Assessor Parcel numbers in any given Fiscal Year, it is possible that an Assessor Parcel may consist of a portion that would otherwise be classified as Developed Property, and a portion that is classified into a different Land Use Category. In such cases, the CFD Administrator shall identify for each Assessor's Parcel a number of Projected Dwelling Units within each such Land Use Category. The Special Tax that may be levied on each Assessor's Parcel containing property assigned to the Land Use Categories of Undeveloped Property, Property Owner Association Property that is not Exempt Property and Public Property that is not Exempt Property within CFD No. 2022-1, in that Fiscal Year pursuant to Section E shall then be based on the number of Projected Dwelling Units determined for the Assessor's Parcel and the Land Use Categories to which they are assigned.

TABLE 2

Zone A: Projected Dwelling Units per Assessor's Parcel for Fiscal Year 2021-2022

Zone A Assessor's Parcel Numbers Fiscal Year 2021-2022	Status of the Assessor Parcel	Number of Dwelling Units Classified as Developed Property ries of Zone A (Final	Number of Projected Dwelling Units Not Classified as Developed Property Man SUR15 0022)	Total Projected Dwelling Units as Buildout*
238-130-11-00		Ties of Zoile A (Filiai		5
	Final Map	0	3	
238-130-26-00	Final Map	0	21	21
238-130-27-00	Final Map	0	55	55
Annexed Area of Zone A (Tentative Map SUB15-0023)				
238-130-35-00	Undeveloped	0	16	16
238-130-36-00	Undeveloped	0	16	16
Total		0	113	113

^{*} The above table shows the Projected Dwelling Units within Final Map SUB15-0022 and Tentative Map SUB15-0023. At the beginning of each Fiscal Year, the information will be revised as described above.

b. Within Zone B of CFD No. 2022-1 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 be \$1,841.57 per Lot.

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 unless waived at the City's sole discretion. At such time, CFD No. 2022-1 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 Zone and 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 Zone and Land Use Category(ies) to not exceed 1.80% of the Minimum Sales Price of such Dwelling Units. Each Assigned Special Tax reduction by Zone and 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 in a Zone. However, the CFD Administrator shall reduce the Assigned Special Tax for other Land Use Categories in a Zone, as applicable, to ensure that, after any reductions occurring pursuant to this Section, the Assigned Special Tax for any Land Use Category in a Zone is not less than the Assigned Special Tax for the any Land Use Category in such Zone containing a Dwelling Unit of a lesser Developed Floor Area. For example, the Assigned Special Tax for Land Use Category "2" is at least the Assigned Special Tax for Land Use Category "1"; if such is not true, the Assigned Special Tax for Land Use Category "1" is reduced to equal that of Land Use Category "2". 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. 2022-1 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 2022-2023 and for each following Fiscal Year, the CFD Administrator shall levy the Assigned Special Tax on Developed Property at 100% prior to the issuance of Bonds. After the issuance of Bonds, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year. The Special Tax shall then be levied as follows:

<u>First</u>: If needed to satisfy the Special Tax Requirement or prior to the issuance of Bonds, 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

<u>Second</u>: 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

<u>Third</u>: 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

<u>Fourth</u>: 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

<u>Fifth:</u> 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. 2022-1 that is owned or irrevocably dedicated to a public agency as of the date of formation of CFD No. 2022-1 shall be classified as Exempt Property and shall be exempt from the Special Tax in accordance with Section 53340 of the Act. The total number of Projected Dwelling Units within the original boundaries of Zone A of CFD No. 2022-1 has been determined to be equal to 81 PDU, the total number of Projected Dwelling Units within the Annexed Area of Zone A has been determined to be 32 PDU, and the total number of Lots projected to contain Developed Property within Zone B of CFD No. 2022-1 has been determined to be equal to 36 Lots as of the date of formation of CFD No. 2022-1, subject to change as set forth herein.

Except as limited in the following paragraph, the following Assessor's Parcels within the boundaries of CFD No. 2022-1 shall be classified as Exempt Property: (i) Assessor's Parcels which are classified by definition as Public Property or Property Owner Association Property, (ii) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, and (iii) Assessor's Parcels which are used for other types of public uses as determined by the CFD Administrator.

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 (i) the Projected Dwelling Units of all Taxable Property within the original boundaries of Zone A of CFD No. 2022-1 to less than 79 PDU, (ii) the Projected Dwelling Units of all Taxable Property within the Annexed Area of Zone A of CFD No. 2022-1 to less than 31 PDU and, (iii) the total number of Lots projected to contain Developed Property within Zone B of CFD No. 2022-1 to less than 35 Lots, each as determined by the CFD Administrator. Public Property or Property Owner Association Property that would, if designated as Exempt Property, cause (i) the Projected Dwelling Units of all Taxable Property within the original boundaries of Zone A of CFD No. 2022-1 to less than 79 PDU, (ii) the Projected Dwelling Units of all Taxable Property within the Annexed Area of Zone A of CFD No. 2022-1 to less than 31 PDU and, (iii) the total number of Lots projected to contain Developed Property within Zone B of CFD No. 2022-1 to less than 35 Lots shall be required to either (i) prepay the Special Tax for such property in full per PDU for Zone A or per Lot for Zone B for Property Owner Association Property or Public Property applied to 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 for which the Special Tax that is disputed was levied and the property owner must be current and remain current in the payment of all Special Taxes levied.

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. 2022-1 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. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

"CFD Public Facilities" means \$3,863,462 in Fiscal Year 2021-2022 dollars, or such lower number as determined by the CFD Administrator to be sufficient to fund the Facilities to be provided by CFD No. 2022-1.

"Expenditures Fund" means funds or accounts, regardless of their names, which 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 extend such resulting Future Facilities Costs are able to be funded by CFD No. 2022-1 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 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 or is pending to be 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 or is pending to be issued shall be based on the Assigned Special Tax for the applicable Land Use Category shown in Table 1 based on the Building Permit 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 nonrefundable deposit determined to cover the cost to be incurred by CFD No. 2022-1 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 or pending 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 or portion thereof as though it was already designated as Developed Property, based upon the Building Permit.
- 3. (a) Divide the Assigned Special Tax computed pursuant to Paragraph 2 by the total estimated Assigned Special Tax for CFD No. 2022-1 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. 2022-1, 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. 2022-1, 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. 2022-1, 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. 2022-1.

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. 2022-1 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. 2022-1 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 not be levied beyond Fiscal Year 2075-2076.

EXHIBIT A

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

CITY OF ESCONDIDO AND CFD No. 2022-1 CERTIFICATE

1. Pursuant to Section C.1 of the Rate and Method of Apportionment for the City of Escondido Community Facilities District No. 2022-1 (Eclipse / Mountain House) ("CFD No. 2022-1"), the Assigned Special Tax for Developed Property within CFD 2022-1 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. 2022-1, as stated in Section C.1.b of the Rate and Method of Apportionment, has been modified as follows:

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

Land Use Category	Property Description	Unit Type	Developed Floor Area	Assigned Special Tax Per Taxable Unit
Zone A				
1	Residential	DU	Less than 1,200 sq. ft.	\$[]
2	Residential	DU	1,200 sq. ft. to 1,400 sq. ft.	\$[]
3	Residential	DU	Greater than 1,400 sq. ft.	\$ []
4	Non-Residential	PDU	NA	\$ []
Zone B				
1	Residential	DU	NA	\$[]
2	Non-Residential	Lot	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. 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 Commencing Fiscal Year 20____-20___

Zone	Backup Special Tax per Dwelling Unit or Lot*
Zone A	\$[]
Zone B	\$ []

^{*} 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. 2022-1.

- 2. The Special Tax for Developed Property may only be modified prior to the first issuance of CFD No. 2022-1 Bonds as defined in the Rate and Method of Apportionment.
- 3. Upon execution of this certificate by CFD No. 2022-1, CFD No. 2022-1 shall cause an amended Notice of Special Tax lien for CFD No. 2022-1 to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the City and CFD No. 2022-1, 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. 2022-1 (ECLIPSE / MOUNTAIN HOUSE)

Rv·	Date:
	Dute.

EXHIBIT B DEPICTION OF ZONE LOCATION

Resolution No. 2022-02 Attachment "C" Page 22 of 23

Item4.

Insert Boundary Map – (Two pages)

Resolution No. 2022-02 Attachment "C" Page 23 of 23

Item4.

RESOLUTION NO. 2022-08

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF THE CITY OF ESCONDIDO TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$6,000,000 WITHIN PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2022-1 OF THE CITY OF ESCONDIDO (ECLIPSE/MOUNTAIN HOUSE)

WHEREAS, the City Council of the City of Escondido (the "City Council") upon receipt of a petition as provided in Section 53318 of the Government Code of the State of California instituted proceedings to form Community Facilities District No. 2022-1 of the City of Escondido (Eclipse/Mountain House) ("Community Facilities District No. 2022-1" or the "District") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), as amended, pursuant to Resolution No. 2022-02 (the "Resolution of Intention to Establish") adopted by the City Council on the date hereof to finance (1) the purchase, construction, modification, expansion, improvement and/or rehabilitation of public facilities identified in Attachment "A" hereto and incorporated herein by this reference, including all furnishings, equipment and supplies related thereto (collectively, the "Facilities") and (2) the incidental expenses to be incurred in financing the Facilities and forming and administering the District (the "Incidental Expenses"); and

WHEREAS, the City Council estimates that the amount required to finance the Facilities and Incidental Expenses is approximately \$6,000,000; and

WHEREAS, in order to finance the Facilities and Incidental Expenses, the City Council intends to authorize the issuance of bonds in the maximum aggregate principal amount of \$6,000,000, the repayment of which is to be secured by special taxes levied in accordance with Section 53328 of the Act on all property in the proposed Community Facilities District No. 2022-1, other than those properties exempted from taxation in the rate and method of apportionment set forth in Attachment

"C" to the Resolution of Intention to Establish.

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

- 1. The above recitals are true.
- 2. It is necessary to incur bonded indebtedness within the boundaries of proposed Community Facilities District No. 2022-1 in an amount not to exceed \$6,000,000 to finance the costs of the Facilities and Incidental Expenses, as permitted by the Act.
- 3. The indebtedness will be incurred for the purpose of financing the costs of the Facilities and the Incidental Expenses, including, but not limited to, the funding of reserve funds for the bonds, the financing of costs associated with the issuance of the bonds and all other costs and expenses necessary to finance the Facilities which are permitted to be financed pursuant to the Act.
- 4. It is the intent of the City Council to authorize the sale of bonds in one or more series, in the maximum aggregate principal amount of \$6,000,000 and at a maximum interest rate not in excess of 12 percent per annum, or a higher rate not in excess of the maximum rate permitted by law at the time that the bonds are issued. The term of the bonds of each series shall be determined pursuant to a resolution of this City Council acting in its capacity as the legislative body of the District authorizing the issuance of the bonds of such series, but such term shall in no event exceed 35 years from the date of issuance of the bonds of such series, or such longer term as is then permitted by law.
- 5. A public hearing (the "Hearing") on the proposed issuance of bonded indebtedness shall be held at 5:00p.m. or as soon thereafter as practicable, on March 2, 2022, at the City Council Chambers at 201 North Broadway, Escondido, California.
- 6. At the time and place set forth in this Resolution for the Hearing, any interested persons, including all persons owning land or registered to vote within proposed Community Facilities District No. 2022-1, may appear and be heard.

7. The City Clerk is hereby directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed Community Facilities District No. 2022-1. Such publication shall be completed at least seven days prior to the date of the Hearing. The City Clerk is further directed to mail a copy of the Notice to each of the landowners within the boundaries of proposed Community Facilities District No. 2022-1 at least 15 days prior to the Hearing.

Item4.

ATTACHMENT A

TYPES OF FACILITIES TO BE FINANCED BY COMMUNITY FACILITIES DISTRICT NO. 2022-1 OF THE CITY OF ESCONDIDO

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, park, local and regional traffic, 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 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 City Facilities The cost of engineering, planning and designing the Facilities; and
- b. All costs, including costs of the property owners 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 City 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.



STAFF REPORT

January 26, 2022 File Number 0480-70

SUBJECT

LOCAL ASSISTANCE GRANT FOR ORGANICS RECYCLING PROGRAM

DEPARTMENT

Utilities Department, Wastewater Division, Recycling and Waste Reduction

RECOMMENDATION

It is requested that the City Council adopt Resolution No. 2022-19, authorizing the Director of Utilities, or his/her designee, to submit an application to CalRecycle for the SB 1383 Local Assistance Grant. This grant would support the implementation and administration of Escondido's new organics recycling program.

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

FISCAL ANALYSIS

Each jurisdiction is eligible to receive grant funding calculated by CalRecycle on a per capita basis, using the Department of Finance's January 2021 population statistics. The current estimate of the City of Escondido's ("City") award amount is \$199,971, although funding amounts are subject to change depending on the applicant pool.

PREVIOUS ACTION

On May 25, 2016 the City Council adopted Resolution No. 2016-71, authorizing the Deputy Director of Public Works or his/her designee to complete and submit an application to CalRecycle for Beverage Container Recycling funds to support all citywide recycling education, infrastructure, and programs.

BACKGROUND

The fundamental goal of CalRecycle's SB 1383 Local Assistance Grant is to provide aid in the implementation of regulations associated with SB 1383. The Senate Bill's regulations include rescuing at least 20 percent of currently disposed edible food so that it may be redistributed for public consumption, and achieving a 75 percent reduction in organic waste disposal by 2025. Projects implemented by local jurisdictions will assist in meeting these regulatory efforts to reduce statewide greenhouse gas emissions associated with the disposal of organic waste in landfills.

Escondido plans to implement a 20 percent reduction/redistribution of currently disposed edible food by providing education and outreach to businesses and school kitchens, tools to track food usage, and inspections to ensure compliance.



STAFF REPORT

Escondido Disposal, Inc. opened a new Anaerobic Digestion facility in Escondido in 2021. This facility is the first of its kind in San Diego County and a foundation for Escondido to achieve a 75 percent reduction in organic waste disposal.

Resolutions authorizing a City official to apply for CalRecycle grants are required to be updated every five years. The City's previous authorization expired May 25, 2021.

RESOLUTIONS

a. Resolution No. 2022-19

RESOLUTION NO. 2022-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE DIRECTOR OF UTILITIES TO SUBMIT APPLICATIONS FOR ALL CALRECYCLE GRANTS FOR WHICH THE CITY OF ESCONDIDO IS ELIGIBLE

WHEREAS, pursuant to Public Resources Code sections 48000 et seq. authorizing the Department of Resources Recycling and Recovery (CalRecycle) to administer various grant programs (grants) in furtherance of the State of California's (state) efforts to reduce, recycle, and reuse solid waste generated in the state, thereby preserving landfill capacity and protecting public health and safety and the environment; and

WHEREAS, in furtherance of this authority CalRecycle is required to establish procedures governing the application, awarding, and management of the grants; and

WHEREAS, CalRecycle grant application procedures require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of CalRecycle grants.

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

- 1. That the above recitations are true.
- 2. That the City Council authorizes the submittal of application(s) to CalRecycle for all grants for which the City of Escondido is eligible; and that the Director of Utilities or his/her designee is hereby authorized and empowered to execute in the name of the City of Escondido all grant documents, including but not limited to, applications, agreements, amendments and requests for payment, necessary to secure grant funds and implement the approved grant project.
- 3. That these authorizations are effective for five (5) years from the date of adoption of this resolution.

Item6.

ORDINANCE NO. 2022-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING CHAPTER 32 OF THE MUNICIPAL CODE PERTAINING TO SUBDIVISIONS

The City Council of the City of Escondido, California, does hereby ordain as follows:

SECTION 1. The City Council makes the following findings:

- a. That the City of Escondido ("City") is subject to the requirements of Subdivision

 Map Act; and
- b. That the Subdivision Map Act allows the City to delegate authority for approval of final maps, execution of subdivision improvement agreements, accepting or rejection of dedications, and the release or reduction of securities to the City Engineer, or other designated official, pursuant to Government Code sections 66458(d), 66462(d), 66463(d), and 66499.7(j).
- c. That the amendments to Escondido Municipal Code Chapter 32 pertaining to Subdivisions as proposed by this Ordinance reflect revisions necessary to align with the Subdivision Map Act.
- SECTION 2. That upon consideration of the staff report, City Staff recommendation, and the findings set forth in Section 3 this Ordinance, this City Council finds that adoption of the proposed Municipal Amendments to Chapter 32 pertaining to Subdivisions are in the best interest of the City.
- SECTION 3. ENVIRONMENTAL REVIEW. The proposed Ordinance is not a project under CEQA pursuant to CEQA Guidelines section 15378(b)(5), as the proposed updates are solely changes to the City's administrative processes, under the authority provided by state law, and consist of administrative activities of the City that will not result in direct or indirect physical changes to the environment.

SECTION 4. That Chapter 32 of the Escondido Municipal Code is hereby amended as set forth in Exhibit "A" to this Ordinance and incorporated herein by this reference as though fully set forth herein.

A COMPLETE COPY OF THIS ORDINANCE IS ON FILE IN THE OFFICE OF THE CITY CLERK FOR YOUR REVIEW.



STAFF REPORT

January 26, 2022 File Number 0260-45

SUBJECT

REVIEW AND RE-AFFIRM COMMUNITY DEVELOPMENT PRIORITIES OF THE FISCAL YEAR 2020-2024 CONSOLIDATED PLAN AND APPROVE ALLOCATION PROCESS FOR FISCAL YEAR 2022-2023 CBDG AND ESG FUNDING —

DEPARTMENT

Community Development Department; Housing and Neighborhood Services Division

RECOMMENDATION

Request the City Council review and re-affirm the community development and homeless priorities of the fiscal year 2020-2024 Consolidated Plan, and provide guidance on an allocation process for fiscal year 2022-2023 Community Development Block Grant ("CDBG") and Emergency Solutions Grant ("ESG") funds, and authorize the release of Requests for Proposals for the use of CDBG and ESG funds.

Staff Recommendation: Provide Direction (Community Development Department: Adam Finestone)

FISCAL ANALYSIS

CDBG activities and related administrative costs will be funded solely by grant funds. The City of Escondido ("City") would be responsible for the long-term maintenance of any capital projects funded with CDBG funds.

ESG funds require a 100% match. Required ESG matching funds for administration will be provided by Successor Housing Agency funds. Subrecipients will provide matching funds for subrecipient projects.

PREVIOUS ACTION

On May 20, 2020, the City Council approved the <u>2020-2024 Five Year Consolidated Plan</u> ("2020 Con Plan"), which established priorities for the use of CDBG and ESG federal funds over the five-year period, ending June 30, 2025, to benefit low-income residents and neighborhoods in the City, and included the first year Annual Action Plan. The 2020 Con Plan included five community development, five homelessness, and two housing priorities.

On November 18, 2020, the City Council amended the 2020 Con Plan by incorporating new activities into the first year Annual Action Plan.



STAFF REPORT

On March 3, 2021, the City Council held the first of two public hearings associated with the FY 2021-2022 (second year) Annual Action Plan to reaffirm the community development, housing, and homeless priorities adopted in the 2020 Con Plan.

On April 21, 2021, the City Council approved the second year Annual Action Plan for use of FY 2021-2022 funds

BACKGROUND

The City receives annual federal entitlement grants from the federal Department of Housing and Urban Development ("HUD") for community development (CDBG), homeless (ESG), and housing (HOME Investment Partnership Program or "HOME") activities. In 2020, the City also received additional special allocations of CDBG-CV and ESG-CV funds to prevent, prepare for, and respond to, impacts of the COVID-19 pandemic. As part of the process of receive funding, the City must undertake development of a Five-Year Consolidated Plan and One-Year Annual Action Plan. The 2020 Con Plan helps bring community needs and resources together to achieve statutory goals and addresses decent housing, homelessness prevention, and expand economic opportunities for City residents, particularly for low-income persons.

Based on community needs assessments and public participation, five community development priorities and five priorities for assisting persons experiencing homelessness or at-risk of homelessness were identified and adopted as part of the 2020 Con Plan. Each year, an Annual Action Plan is developed to determine exactly how funds will be spent in order to meet the goals of the 2020 Con Plan. A first step of the Annual Action Plan process is to hold a public hearing to review and re-affirm the priorities of the 2020 Con Plan and determine if any of the priorities should be emphasized in the coming year.

Annual CDBG and ESG funds can be used to fund capital and public services projects sponsored by either the City or by non-profit organizations. Federal funds may not be used to supplant current spending; new projects must add services in the community. While Congress has allocated funds to HUD, HUD has not yet announced allocations for local jurisdictions. Despite not having final allocation amounts, unless HUD waives its deadline, the FY 2022-2023 Action Plan is due in mid-May. In FY 2021-2022, the City received \$1,716,516 in CDBG funds, \$155,124 in ESG funds, and \$624,351 in HOME funds.

After the City Council has confirmed the 2020 Con Plan priorities and any priority emphasis, Requests for Proposals ("RFP") will be released to notify possible subrecipients that the City is accepting proposals for projects. A second public hearing will be held on April 20, 2022, to evaluate staff project recommendations and adopt the Annual Action Plan. If final allocations are delayed, staff recommendations may also be delayed. Staff anticipates funding levels to be slightly higher than the current year funding levels.



STAFF REPORT

CDBG Priorities and Anticipated Allocation Process:

HUD Regulations for CDBG

CDBG regulations place limitations on the amount of funding grantees may use for administration and public services. No more than 15% of a grantee's annual CDBG allocation may be used for public service activities and no more than 20% of a grantee's annual CDBG allocation may be used for program administration (which may include fair housing counseling). There is no cap on the percentage of a grantee's annual CDBG allocation that may be used for capital and other special activities in low and moderate-income neighborhoods. These CDBG-eligible low and moderate-income neighborhoods, as of April 1, 2019, are highlighted in the map included as Attachment 1.

CDBG-funded activities must meet at least one of three national objectives set forth by HUD: 1) benefit low and moderate-income persons; 2) aid in the elimination of slum and blight; or 3) meet a particular urgent community need because existing conditions pose a serious threat and no other source of funds is available. Historically, CDBG funded activities in the City have focused on the first national objective of benefitting low and moderate-income persons.

City of Escondido's Community Development Priorities

The community development priorities approved for the 2020 Con Plan are:

- <u>Homeless services</u>: Support homeless shelter and other services.
- Basic Needs: Provide access to food, water, shelter, and sanitation.
- <u>Health and Human Development</u>: Provide access to recreation, education, and healthcare (including mental health).
- Neighborhood Revitalization: Improve the livability of neighborhoods.
- <u>Economic Development</u>: Provide economic development opportunities to low-mod income residents and businesses.

CDBG-Funded Activities in Escondido

Progress is being made towards addressing the community development priorities of the 2020 Con Plan. Additional efforts are still required to improve the quality of life for Escondido's low and moderate-income residents. There are several active CDBG projects, funded over a number of years and currently underway, listed in Attachment 2.

Staff recommends that the City Council re-affirm the community development priorities for the third year of the 2020 Con Plan. The City's and the community's efforts in addressing these priorities, to date, support the continuation of services directed toward targeted low- and moderate-income neighborhoods. At its January 26, 2022, meeting, the City Council may direct



STAFF REPORT

staff to focus on one or more of the approved priorities for FY 2022-2023 funding, or in the alternative, the City Council may amend the Consolidated Plan to include new or additional priorities.

Allocation Process for Fiscal Year 2022-2023 CDBG-Funded Activities

In keeping with HUD regulations, the City has used the allowable 15% public service allocation to provide services in targeted low and moderate-income neighborhoods to address the 2020 Con Plan priorities. The City conducts two public hearings in accordance with its Citizen Participation Plan, and utilizes a streamlined allocation process for CDBG. Staff has prepared the draft CDBG Program Guidelines (included as Attachment 3) and RFP (included as Attachment 4) for the use of Fiscal Year 2022-2023 CDBG funds. Upon authorization by the City Council, staff will distribute the RFP to prospective applicants immediately.

ESG Priorities and Anticipated Allocation Process:

HUD Regulations for ESG

The ESG program provides a first response to people with a housing crisis and engages people living on the streets with a focus to assist people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. ESG regulations limit the amount of funding grantees may use for administration and program delivery to 7.5% of a grantee's annual ESG allocation. No more than 60% of the total fiscal year grant may be used for street outreach and emergency shelter activities combined.

City of Escondido's Homelessness and Homelessness Prevention Priorities

Based on community needs assessments and public participation, eligible ESG objectives were prioritized to meet the greatest needs in the City:

- Homelessness Prevention: To keep households at imminent risk of homelessness from becoming homeless.
- <u>Emergency shelters</u>: To temporarily house homeless residents.
- <u>Essential services to shelter residents</u>: To provide basic needs and case management to homeless residents living in an emergency shelter.
- Engagement of homeless individuals and families: To conduct outreach to unsheltered people.
- Rapid Rehousing: To provide permanent housing to homeless households.

Staff recommends that the City Council re-affirm the homelessness priorities for the third year of the 2020 Con Plan. The City's and the community's efforts in addressing these priorities, to date,



STAFF REPORT

support the continuation of services directed towards various activities to address homelessness as authorized under the federal Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 and State program requirements. At its January 26, 2022, meeting, the City Council may direct that the objectives be re-prioritized or that FY 2022-2023 focus on one or more of the existing priorities.

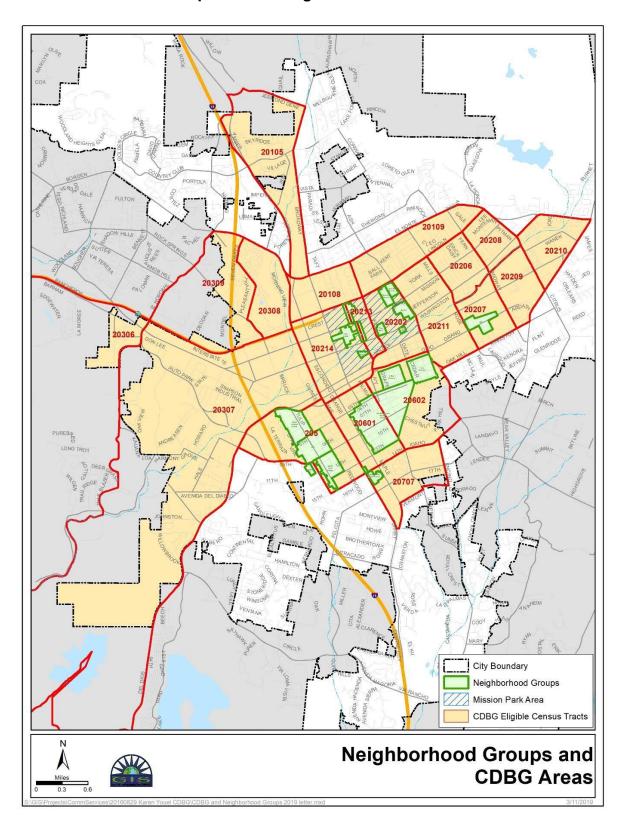
Allocation Process for Fiscal Year 2022-2023 ESG-Funded Activities

In accordance with HUD regulations, and to ensure sufficient capacity to carry out critical tasks, maximum 7.5% allowable allocation is proposed to be set aside for administering the ESG program. The remaining funds would be allocated by the City Council through the proposed application and bid-selection process. Staff has prepared the draft ESG RFP (included as Attachment 5) for the use of Fiscal Year 2022-2023 ESG funds. Upon authorization of the City Council, staff will distribute the RFP to prospective applicants immediately.

ATTACHMENTS

- Attachment 1 Map of CDBG-Eligible Census Blocks
- Attachment 2 Active CDBG Projects
- Attachment 3 Draft CDBG Program Guidelines
- Attachment 4 Draft CDBG RFP
- Attachment 5 Draft ESG RFP

Map of CDBG Eligible Census Blocks



Attachment 2

Item7.

FY 2021-2022 Active CDBG Programs and Projects

	Administration - (one-year projects)		
116-109	CDBG Administration	\$	310,790
347259	Fair Housing	\$	35,000
	Subtotal	\$	345,790
		•	
	Public Service – (one-year projects)		
347640	Neighbor to Neighbor	\$	45,000
347469	Learn to Swim	\$	15,000
347429	Sr. Transportation	\$	34,610
347489	Sr. Nutrition	\$	56,110
347419	Sr. CARE	\$	16,000
347640	Neighbor to Neighbor	\$	45,000
347663	Neighborhood Improve Plan	\$	33,748
347662	Voices for Children	\$	10,000
347661	San Diego Children's Discovery Museum	\$	6,000
347379	Meals on Wheels	\$	25,000
347680	EPD Residential KnoxBox Pilot	\$	10,000
347676	Mama's Kitchen Home Delivery	\$	6,000
	Subtotal		\$257,648
	Uncapped Capital Improvement & Other Neighborhood Revitalization Activities - (Multi-year projects)		
342650		\$	123,868
344901	Creek Trail Fencing	\$	634,950
344902	Old Escondido Lighting	\$	584,032
345664	Sidewalk Infill	\$	266,163
345665	Ballfield Light LED Retrofit	\$	43,993
347677	Debris Team	\$	52,000
347580	Code Compliance	\$	115,000
347359	Grants to Blocks	\$	85,000
347500	NEAT	\$	45,000
347610	Graffiti Removal	\$	157,500
346669	Homeless Day Center Site Purchase	\$	160,000
346674	Urban Corps Facility Improvements	\$	100,000
346671	Jesmond Dene Parking Lot Lighting	\$	150,000
346670	Playground Equipment Replacement	\$	774,400
346673	PACC Courtyard Improvements	\$	199,101
346672	Hoffman Victorian Preservation	\$	40,440
347678	Hoffman Victorian Fenestration	\$	90,000
347679	Fitness Court (to be reallocated)	\$	130,040
	Subtotal	\$	3,751,487
	Total Active CDBG Projects & Programs	\$	4,354,745
	City Sponsored Project Non-Profit Sponsored Project		



Housing & Neighborhood Services Division

FY 2022-2023 Community Development Block Grant (CDBG) Program Guidelines

CFDA 14.218

(FOR PUBLIC SERVICES AND PUBLIC FACILITIES APPLICATIONS AND PROPOSALS)

Submission Deadline: Monday, February 28 2022, 5:00 p.m.

> 201 N Broadway Escondido, CA 92025

Introduction & Community Development Block Grant Program Overview

Funding for the federal Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act. The US Department of Housing and Urban Development (HUD) provides grants on a formula basis to entitled cities and counties, including the City of Escondido, to develop viable urban communities through the provision of decent housing, a suitable living environment, and by expanding economic opportunities for lower income persons.

These Guidelines are for projects seeking funding during the fiscal year beginning on July 1, 2022. In FY 2022-2023, the City is expected to receive approximately \$1,800,000. A maximum of 15% of the total allocation (approximately \$270,000) may be made available for public service programs to be administered by the City or by subrecipients. Another 20% of the CDBG allocation is reserved for administration and mandatory fair housing requirements; the remainder will be available for public facilities and infrastructure projects, to be administered by the City or by subrecipients. The City may choose to reserve funding for City administered programs including senior and youth services, graffiti remediation and code enforcement activities.

For FY 2022-2023, two types of activities will be considered for funding through this application process: 1) Public Services programs; and 2) Public Facilities/Capital Improvement projects.

APPLICANT ELIGIBILITY

The following organizations are eligible to apply for this funding:

• Non-profit organizations, City departments, neighborhood organizations, schools, and faith-based organizations may apply for this funding. Non-profit organizations must be granted non-profit status under the internal Revenue Code (Section 501(c)(3), (c)(4) or (c)(5)), and must be incorporated for at least one (1) year by the application submittal date.

Faith-based organizations cannot use CDBG funds to support worship, religious instruction or proselytization. Religious activities must be offered separately from the CDBG supported activity. Faith-based organizations that participate in the CDBG program will retain independence from federal, state, and local governments and may carry outs its mission provided CDBG funds are not used to support religious activities. Faith-based organizations that participate in the CDBG program shall not discriminate against a program beneficiary on the basis of religion or religious belief.

NOTE: The City of Escondido does not directly fund individuals through this program.

PROJECT ELIGIBILITY

In order to qualify for CDBG funding, federal regulations require that all programs and projects must (A) meet one of three national Objectives; (B) address one or more of the local Consolidated Plan Goals and Priorities; (C) be an eligible activity as set forth in 24 CFR §570.201; and D) not be

ineligible as set forth in 24 CFR §570.207, among other requirements. **Projects that fail to meet these applicable tests will NOT BE considered for CDBG funding.**

- A. **National Objectives.** CDBG projects must meet one of the National Objectives:
 - 1) **Benefit a majority of low and moderate-income (LMI) residents.** "Low and moderate-income" is defined as those persons and households who earn at or below 80% of the Area Median Income (AMI) adjusted for family size for the San Diego Metropolitan Service Area (MSA) as defined in Section 102 of the Housing and Community Development Act of 1974, as amended. Income limits are adjusted annually by HUD. (See Attachment A of these Guidelines for current AMI limits.) Documentation of benefit to LMI persons is required for all CDBG-funded projects; or
 - 2) Meet a community need having a particular urgency because existing conditions pose a serious and immediate threat to the health and/or welfare of the community and no other financial resources are available to meet the need; or
 - 3) Aid in the prevention or elimination of conditions of slum and blight.

The City of Escondido has typically funded projects filling the first National Objective.

B. Consolidated Plan Goals and Priorities. In addition, the City has adopted local Goals and Priorities for allocation of CDBG funding. The Goals and Priorities, summarized below, are more fully described in the FY 2020-2024 Five-Year Consolidated Plan which is available for review at the Housing & Neighborhood Services public counter, located at 201 N Broadway, Escondido, CA 92025. The FY 2020-2024 Consolidated Plan is also available for review on the City's website at

<u>https://www.escondido.org/Data/Sites/1/media/PDFs/Neighborhood/2020ConPlansubmittedtoHUDREV.pdf</u>. CDBG projects must address one or more of the local Goals/Priorities to qualify for funding:

Goal 1: Homeless services

Priority Need: Support homeless shelter and other services

Goal 2: Basic Needs

Priority Need: Provide access to food, water, shelter, and sanitation

Goal 3: Health and Human Development

Priority Need: Provide access to recreation, education, and healthcare (including mental health)

Goal 4: Neighborhood Revitalization

Priority Need: Improve the livability of neighborhoods

Goal 5: Economic Development

Priority Need: Provide economic development opportunities to low-mod income residents and businesses.

C. Eligible Activities. Further, CDBG Projects and activities must be eligible as set forth in 24 CFR §570.201:

Public Service Activities: Eligible programs under the Public Services category include services concerned with nutrition, child care, mental health, drug abuse, education, fair housing counseling, energy conservation and others.

Examples of services and programs <u>potentially eligible</u> under this category include:

- Programs serving low-income youth in Escondido
- Programs providing services to homeless and non-homeless special needs persons, such as disabled persons, the elderly and other persons with special needs
- Neighborhood revitalization services programs that support neighborhood revitalization efforts in targeted areas including home repairs or community face-lifts

Public Facilities/Capital Improvement Activities: Eligible projects under this category include public facilities, community facilities, parks, and public improvement projects, including but not limited to all facilities that are publicly-owned or privately-owned (by a non-profit organization or school) and open to the general public, and provide a benefit to low income residents or low income areas that are primarily residential. CDBG funds should not be considered as a primary funding source for large non-profit sponsored projects, applications should discuss non-profit's efforts to fund the project and available leverage.

Examples of projects <u>potentially eligible</u> under this category include:

- Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, including Americans with Disabilities Act (ADA) improvements
- Infrastructure improvements (construction or installation) including but not limited to streets, curbs, and water and sewer lines
- Neighborhood facilities including libraries, recreational facilities, community centers, parks, playgrounds
- Facilities for persons with special needs such as senior centers, facilities for the homeless, or group homes for the disabled
- D. Ineligible Activities. CDBG projects <u>must not be ineligible</u> as set forth in 24 CFR §570.207.

Examples of activities that will render a project <u>ineligible</u> include:

- Programs or services that primarily serve non-Escondido residents
- Projects or programs that do not serve primarily LMI persons
- New housing construction
- Political activities
- Income payments, stipends, marketing and fundraising
- Purchase of equipment, furnishings or personal property
- Services that promote religious activities
- Payment of debt or pre-award expenses
- Entertainment, furnishings and personal property

DOCUMENTATION OF BENEFIT TO LOW AND MODERATE-INCOME BENEFICIARIES

As noted above, all programs and projects funded with CDBG funds must benefit primarily LMI individuals and families (the primary national objective). In order to determine whether and how a project benefits LMI persons, the applicant must clearly define who will be served by the project or service (the "target population"). <u>Documentation of benefit to LMI persons is required for all CDBG-funded projects</u>.

Once the target population is determined, the proposed project will be categorized as either Area Benefit or Limited Clientele. <u>Housing & Neighborhood Services staff will make the final determination of which category a project or program will fall into and the level of documentation required.</u>

- A. **Area Benefit**. If the program or project serves all residents of a particular area that contains primarily LMI persons, the project may qualify as an Area Benefit activity. For these activities:
 - 1. <u>The boundaries of the service area must be clearly defined</u>. Applicants must attach a map showing the project location and draw lines on the map outlining the boundaries of the geographic area served; and
 - 2. At least 51% of the residents in the service area must be LMI.

A map of Escondido's low-mod census blocks is included as Attachment B for reference.

- B. **Limited Clientele**. If the project serves a particular clientele that is primarily LMI (but serves the whole city), the project may qualify as a Limited Clientele activity. For these activities:
 - Intake and/or qualification procedures must be in place (or be developed) that
 capture demographic information from each participant, including race, ethnicity,
 household size and the income levels of all persons being served; AND
 - 2. At least 51% of the persons served by the proposed program must be LMI (see Attachment A Area Median Income Limits); OR
 - 3. <u>Presumed benefit</u>: If the program exclusively serves clientele that are "presumed" to be LMI, information about income does not need to be collected; <u>however</u>, <u>information about race</u>, <u>ethnicity</u>, <u>etc. must still be collected</u>. "Presumed benefit" populations include abused children, battered spouses, elderly persons (age 62 and older), severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

HUD DEFINITION OF DISABLED PERSON:

A person who is determined to:

- A. Have a physical, mental, or emotional impairment that:
 - Is expected to be of long-continued and indefinite duration;
 - Substantially impedes his or her ability to live independently; and
 - Is of such a nature that the ability could be improved by more suitable housing conditions; or
- B. Have a developmental disability, as defined in section 102(7) of the Developmental Disabilities Assistance and Bill or Rights Act (42 U.S.C. 6001-6007); or
- C. Be the surviving member or members of any family that had been living in an assisted unit with the deceased member of the family who had a disability at the time of his or her death.

HUD DEFINITION OF ELDERLY PERSON/HOUSEHOLD:

A household where either the head of the household, or spouse/co-head, is age 62 or older.

ENVIRONMENTAL REVIEW REQUIREMENTS

An Environmental Review is required for each project or program that receives CDBG funding. Premature commitment or expenditures of any funds prior to completion of the environmental review will jeopardize the eligibility of the project. This includes use of an agency's matching funds from other sources. Environmental reviews are required to comply with National Environmental Policy Act (NEPA) and HUD's enforcement measures. The review includes analysis of 13 federal laws designed to protect certain environmental areas. If the Application is funded, City staff will initiate the review and the agency will be kept informed about the estimated length of time to clear the project.

The environmental review process for Public Service programs usually (but not always) requires a lower level review, normally can be completed at no cost, and can usually be cleared quickly so as not to delay the program start up. However, especially for Public Facilities projects, if an Environmental Assessment or higher level of review is required, the project applicant may be required to engage a qualified professional from an outside environmental consulting organization whose qualifications must be approved by the City prior to engagement, at its own cost. Depending upon the project location and environmental conditions, projects involving construction, rehabilitation and demolition can take up to 120 days to obtain an environmental clearance.

ADA ACCESSIBILITY FOR PERSONS WITH DISABILITIES

The Americans with Disabilities Act (ADA), State Title 24, and the Fair Housing Act prohibit discrimination based on disability. Please be advised that your project will be reviewed for compliance with federal and state laws as they relate to accessibility. Accessibility includes such things as: entrance ramps, parking with universal logo signage, grab bars around commodes and showers, required height for toilet seats, space for wheelchair maneuverability, accessible water fountains and counters, and other improvements needed to assure full access for the disabled, including the blind and deaf. Additional information can be found at www.ada.gov.

FINGERPRINTING

CDBG-funded staff working with children, persons with disabilities, and the elderly must be fingerprinted, via live scan fingerprinting. This is an eligible CDBG cost and should be reflected in the budget.

CONFLICT OF INTEREST

Conflicts of interest (or appearance thereof) can plague activities supported with federal funds. The general rule is that no employee, board member, officer, agent, consultant, elected official, or appointed official of the recipients or sub-recipients that are receiving funds under a CDBG-assisted program who have responsibilities with respect to the CDBG activities or are in a position to participate in decision making processes or have access to inside information with regard to the activities can obtain a financial interest or benefit from a CDBG assisted activity during their tenure or for one year thereafter (Federal Regulation 24 CFR 570.611). Agencies should maintain a written code of standards of conduct governing the purchase of materials, product, supplies, and services and awarding and administering sub-recipient contracts. Personnel involved in the procurement process must be trained to recognize situations that create conflicts of interest, or the appearance of a conflict of interest.

The agency personnel should:

- Be familiar with the agency's code of ethics and potential conflict of interest issues.
- Not take gifts or gratuities from persons or organizations associated with the procurement process.

DAVIS-BACON LABOR STANDARDS

Construction work that is financed in whole or in part with CDBG funds is most likely subject to the Federal labor standards requirements, including the Davis-Bacon and Related Acts, for payment of prevailing wages. Additional information is available in the publication hudexchange.info), which contains additional labor compliance resources that may be of assistance. Triggering of Davis-Bacon and Related Acts may increase the project costs.

If construction work is proposed, contact CDBG Program staff at (760) 839-4057 for assistance in determining whether your project is subject to Davis-Bacon requirements.

LEAD-BASED PAINT REGULATIONS

HUD has issued final regulations on notification, evaluation, and reduction of lead-based paint hazards in some facilities receiving federal assistance. Rehabilitation of facilities where children are served may be affected by this regulation resulting in testing the painted surfaces that will be disturbed to determine the presence of lead-based paint. If paint surfaces are not lead-free, safe work practices will be required along with possible methods of removal.

ASBESTOS TESTING

An asbestos survey (AHERA) will be required on all renovation projects to determine the presence of asbestos. The agency should include the cost of the survey and provide for contingency funds for remediation if asbestos is present. The survey will visually review all suspect asbestos containing materials (ACMs) associated with the building's interior and will collect samples for laboratory analysis prior to the Public Facilities renovation project. The survey will identify whether asbestos containing materials were found and what classification.

SECTION 3 REQUIREMENTS

All housing construction, demolition, rehabilitation and other public construction projects funded with CDBG funds must comply with Section 3 requirements to the greatest extent feasible. The City is committed to improving economic conditions in our community. The City will actively implement Section 3 regulations to direct work paid for by federal funds to Section 3 Residents and to Section 3 Business Concerns. Under the federal regulations, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers (Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers), Targeted Section 3 workers (Five (5)

percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR Part 75.21), and Section 3 business concerns. After completion of the project, on the Section 3 Cumulative Report, contractors and subcontractors will be required to certify that they followed the prioritization of effort requirements. If the contractor and subcontractor does not meet the safe harbor requirements, they must provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities.

VOLUNTEERS

The use of volunteers on a Public Facilities project, who are not otherwise employed by the agency or contractor, requires City approval. Depending on the work the volunteers will perform, state-licensing requirements will apply. For example, volunteers performing trade work (electrical, plumbing) must be licensed. To determine in-kind volunteer contributions requested in the budget, use the estimated amount of what a paid worker would earn doing the same type of work.

MATCHING OR LEVERAGED FUNDS (COST SHARING)

Matching or leveraged funds are those other agency resources (non-CDBG) immediately accessible and firmly committed that are to be applied to the program or project. Leveraged funds can include a combination of cash, grants, loans, or in-kind resources available to finance the program costs. Program costs can be shared among all leveraged funding sources. In-kind contributions must have a specific dollar value established in accordance with generally accepted accounting principles. The basis of determining the value for personal services and donated materials and supplies must be identified and documented in the Application. Volunteer services may be counted if the service is an integral and necessary part of an approved CDBG-funded program. Rates for hours should be consistent with those paid for similar work in the labor market in which the applicant competes for the services involved. The value assigned to donated materials and supplies should be reasonable and should not exceed market value at the time of donation.

CDBG APPLICATION REVIEW PROCESS

The City of Escondido's CDBG funds will be allocated annually through an Application process to the maximum extent practicable within the City of Escondido. To encourage public participation in the development of the CDBG program, the City has adopted a Citizen Participation Plan which outlines the procedures to be followed by public officials and private citizens to establish projects to be funded for a given program year that address identified needs in the Five Year

Consolidated Plan. The complete Citizen Participation Plan is available for review in the City of Escondido's Housing & Neighborhood Services Division, 201 N Broadway, Escondido, CA 92025.

A summary of the Application Review Process is provided below for applicants and/or private citizens who wish to participate in the City's CDBG program:

- Upon receipt of an Application received prior to the deadline, Housing & Neighborhood Services staff will log the Application and mark it with the date and time received.
- Staff will initially review all Applications for completeness, conformance with technical
 criteria as listed in these Guidelines and the Application itself, and if appropriate, will
 transmit a copy of the Application submittal to appropriate City departments for
 additional review. Criteria for review will include, but not be limited to:
 - Eligibility of the activity under CDBG regulations;
 - Compliance with a CDBG national objective;
 - Consistency with the priorities and specific Goals established in the Five-Year Consolidated Plan;
 - Prior experience with CDBG and/or other grant programs;
 - o Prior experience in the community;
 - o Agency administrative and financial capacity to carry out the proposed activity;
 - Pre-award risk analysis based on a variety of criteria including but not limited to funding, subrecipient history, complexity of the project;
 - o Feasibility and appropriateness of the project budget; and
 - Appropriateness of the design of the proposed project or program delivery approach.
- Staff may request additional information from applicants for further clarification as required. This review summarizes the project and notes any concerns with the proposal.
- An internal review committee may be utilized. If utilized, review committee members will be provided with the Applications, the technical review summaries, and any agency response, if additional information was requested.
- Staff (and the review committee, if any) will review each eligible Application, and will forward recommendations to City Council at a Public hearing. Staff will make copies of all eligible Applications available for City Council and public review 72 hours prior to the Public hearing(s).
- The City Council will review and adopt final allocations to projects and programs at a Public Hearing (typically held in late April/early May). These final allocations will be included in the One Year Action Plan that will be submitted to HUD on or before May 15, 2022 (or a later date if justified by a CPD Notice).
- Once the One Year Action Plan is approved by HUD and all other stated conditions are met (including completion of the required Environmental Review), project activities may begin (but no earlier than July 1, 2022).

TECHNICAL ASSISTANCE AVAILABLE

The CDBG program staff are available to provide technical assistance in determining project/program eligibility and to ensure proposed projects are in compliance with the CDBG National Objectives and other regulations established by HUD. Staff cannot provide assistance in developing a program or writing the Application.

Technical assistance is available from 8:00 a.m. to 4:00 p.m. Monday through Friday. Please call Housing and Neighborhood Services staff at (760) 839-4057 for assistance by telephone or to make an appointment in the office.

SUMMARY OF ADDITIONAL CDBG PROGRAM REQUIREMENTS

- Congress created the CDBG program and numerous federal regulations apply.
 Agencies that are funded (subrecipients) will be required to execute a contract with the City listing their responsibilities for meeting all federal requirements along with the City.
- Affirmative action, nondiscrimination in services and employment practices and ADA requirements apply; certification of a Drug Free Work Place is required.
- Subrecipients and contractors must not be de-barred.
- Funded agencies cannot be indebted to the IRS or to the City of Escondido nor have judgments or liens.
- The City's Section 3 and MBE/WBE goals must be met to the greatest extent feasible.
- Subrecipients and contractors must have a verifiable DUNS number.
- City and HUD shall have access to the project records and payroll records as set forth in the funding agreement.
- Subrecipients are responsible for Worker's Compensation benefits, or claims by employees and must indemnify and hold the City harmless against any and all claims.
- CDBG funds are reimbursed monthly and based upon required source documentation,
 i.e. timecards, cancelled checks, receipts, bank statements, etc.
- Quarterly and Annual performance reports are required (see Attachment C for additional information).
- Proof of Insurance is required if funding is awarded. (See Attachment D for additional information).
- Subrecipients will be subject to desk and/or on-site monitoring throughout their contract period.
- Organizations are strongly discouraged from applying for funds unless they are ready to implement the activity proposed for funding. If contracts are not signed within 6 months of the start of the fiscal year (December 31, 2021), funds are subject to cancellation.

• Subrecipients will be subject to timeliness of funds. Subrecipient should design their program with an eye to minimize the amount of CDBG funds that will sit idle for a long period of time. The City will require that the subrecipient submit reimbursements on a monthly or quarterly basis in order to meet this criteria.

PREMATURE COMMITMENT OR EXPENDITURE OF FUNDS PROHIBITED

IMPORTANT: Program expenses that have been committed or expended prior to HUD approval of the One Year Action Plan, City Council approval of the project allocation, NEPA environmental clearance, and execution of the CDBG contract are not eligible for reimbursement.

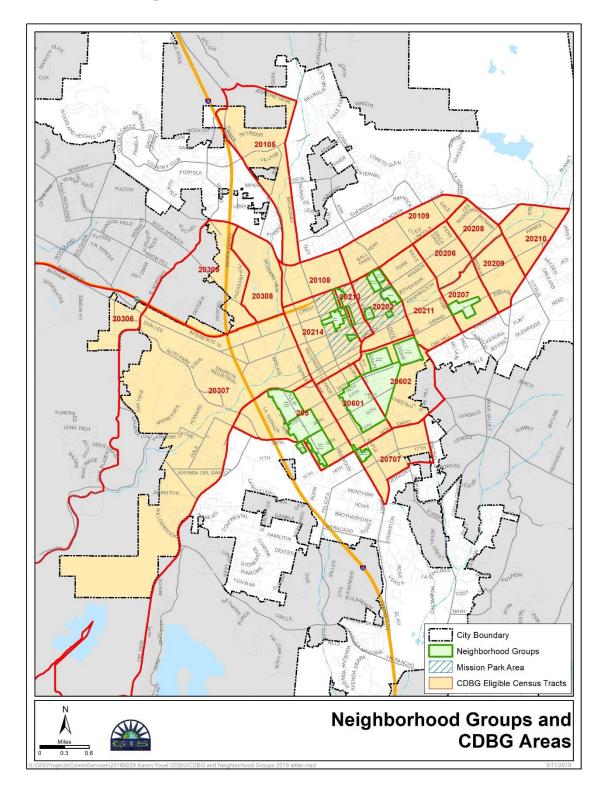


Attachment A – Area Median Income Limits for San Diego County

(subject to annual revisions)

ELIGIBLE INCOME LIMITS CHART 2021 San Diego-Carlsbad-San Marcos									
	HOUSEHOLD SIZE								
	1 2 3 4 5 6 7								8
30%	Extremely low	\$25,450	\$29,100	\$32,750	\$36,350	\$39,300	\$42,200	\$45,100	\$48,000
50 %	Low	\$42,450	\$48,500	\$54,550	\$60,000	\$65,450	\$70,300	\$75,150	\$80,000
8o%	Moderate	\$67,900	\$77,600	\$87,300	\$97,000	\$104,800	\$112,550	\$120,300	\$128,050
Income Limits effective April 1, 2021									

Attachment B - Map of Low-Mod Census Tracts



Attachment C - Reporting Requirements for Funded Agencies

Applicants receiving FY 2022-2023 City of Escondido Community Development Block Grant (CDBG) funding must be aware of the following additional reporting requirements.

Why Accurate Reports are Necessary:

CDBG funds are allocated to projects and programs throughout the City of Escondido; however the funds originate at the federal level, through the U.S. Department of Housing and Urban Development (HUD). The City of Escondido is required to report to HUD the accomplishments of each grant given to agencies.

How long will CDBG-Funded Agencies be required to report:

<u>Agencies funded for Public Services programs</u>: Agencies will be required to submit Quarterly and Annual performance reports on forms provided by the City **for the entire fiscal year in which the program is funded**.

Agencies funded for Public Facility improvement projects: Pursuant to the CDBG regulations, any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 shall be used to meet one of the national objectives (benefit low/moderate income persons) until five years after expiration of the contract with the City. Therefore, agencies receiving this category of funding will be required to submit Quarterly and Annual performance reports on forms provided by the City for the duration of the contract and for <u>five years</u> after completion of the project.

Additionally, agencies must provide a copy of financial audits for any year in which CDBG funds were used. Typically, this will mean that agencies funded for Public Service programs will be required to provide an audit for FY 2022-2023. Construction projects which are not completed in a single fiscal year will be require multiple audits to be submitted. Failure to provide appropriate financial statements will make an agency ineligible in future years.

What reports will be required of CDBG-Funded Agencies:

All projects that provide benefit to LMI residents (except those providing an Area Benefit) will be required to collect, and keep records of specific demographic data about their program participants, and to report that data quarterly and annually on forms provided by the City (the <u>Progress Report</u>). Intake and/or qualification procedures must be in place (or be developed) to capture demographic data and other information from **each participant**. Required report measures include:

- The number of persons assisted;
- Income levels of all persons assisted (30, 50, or 80% of the median income, adjusted for household size; see <u>Attachment A</u> Area Median Income Limits table);
- Race and ethnicity of the persons assisted;

- The number of persons assisted that are homeless;
- The number that are disabled; and
- The number that female heads-of-household.

In addition, a <u>narrative report</u> must accompany each Progress Report and can be tailored to report progress on the objectives of the contract with the City, as well as analyze the benefits of the program to the community. Report measures will be negotiated and may include:

- The progress of the activity (include at least one performance measurement: progress of construction, % of completion, etc.);
- Amount of Other funds leveraged for the program (how and to what extent CDBG funds were helpful in attracting other grant or donor funds);
- Additional measures of success that were volunteered in the original project Application to attract CDBG funding (number of parents attending meetings, number of new jobs created, etc.)

Additional monthly reporting may be required for projects meeting Goal 1 – homeless services.

Reimbursement Claims:

This is a cost reimbursement program. No funds will be provided to grantees upfront. Back-up documentation will be required for all costs submitted for reimbursement. Only those items included in the approved budget, or through an approved budget amendment, will be eligible for reimbursement.

FY 2021-22 Progress Report

Agency Name: Project Name:											
Prepared By:					Phone Number:						
E-mail:	Phone Number:										
BENEFICIARY DEMOGRAPHICS: Beneficiaries are persons who have received services and met the primary goal stated in your CDBG contract. Please provide UNDUPLICATED numbers. Report client information only once, when initiating service, and not in following quarters.											
Proposed Number to Serve:			% Sen	ved to Date:	#DIV/0!						
PRIMARY OUTCOME/GOAL	(refer to yo	our CDBG c	ontract/sc	ope):							
Total Number of Beneficiaries	Q)1	(Q2	Q	3	Q	4	Year-En	d Total	
Escondido Residents									()	
Non-Escondido Residents									(
TOTAL:		0		0	()	(
)1		Q2	Q	3		4	Year-En	d Total	
2. Income Level	All incl. Hispanic		All incl. Hispanic	15	All incl. Hispanic		All incl. Hispanic		All incl. Hispanic		
Futromoly Low	Hispanic	Hispanic	Hispanic	Hispanic	Hispanic	Hispanic	Hispanic	Hispanic	Hispanic	Hispanic	
Extremely Low (0-30% AMI)									0	0	
Very Low									0	-	
(31-50% AMI)									0	0	
Low											
(51-80% AMI)									0	0	
Moderate											
(81% and above AMI)									0	0	
TOTAL:	0	0	0	0	0	0	0	0	0	0	
	Q	21	Ç	Q2	Q	3	Q	4	Year-En	d Total	
3. Race/Ethnicity	All incl. Hispanic	Hispanic	All incl. Hispanic	Hispanic	All incl. Hispanic	Hispanic	All incl. Hispanic	Hispanic	All incl. Hispanic	Hispanic	
White									0	0	
Black/African American									0	0	
Asian									0	0	
Amer. Indian/Alaskan											
Native									0	0	
Native Hawaiian/Pacific Islander									0		
Amer. Indian/White									0	0	
Asian/White									0	0	
Black/White									0	0	
Amer. Indian/Black									0	0	
Other/Multi-Racial									0	0	
TOTAL:	0	0	0	0	0	0	0	0	0	0	
4. Other		1		Q2	Q			4	Year-En		
Homeless		-	`	·-	Ų	_	Q		Teal-Li		
Disabled/Special Needs									(
TOTAL:	(0		0	()	()	0		

City of Escondido Quarter 1 Narrative Public Service Projects

1. PROGRAM NARRATIVE

Discuss progress in meeting your goals and objectives during the reporting period including: a comparison of proposed goals versus actual accomplishments such as meeting proposed timelines for implementation, effectiveness of outreach activities, meeting quantitative goals, achieving desired outcomes (qualitative goals), etc.
PROBLEMS & RESOLUTIONS Discuss any challenges encountered by policy or program operations and describe actions taken to meet or resolve them during the
report period.

FY 2021-22

Attachment D – Insurance Requirements for Public Service Proposals

If the Application is funded, the agency will enter into a contract with the City of Escondido. All City contracts require insurance and indemnification language so that the responsibility for paying claims is established with the agency and ensures that financial resources are available to pay claims. The subrecipient shall agree to provide an acceptable certificate of insurance and endorsements evidencing coverage. The insurance requirements listed are minimum requirements and the City in no way warrants that the minimum limits are sufficient to protect the agency from liabilities that might arise from carrying out the funded program. The agency is free to purchase additional insurance, as they deem necessary.

Depending upon the program activities and the program beneficiaries, several types of insurance coverage will be required. This information is provided to help in the development of the overall operating cost of the proposed program and to ensure sufficient funds are set aside for insurance.

Minimum Scope and Limits of Insurance - coverage with limits of liability not less than those stated below are required for funded CDBG Public Service programs.

- Commercial General Liability. Insurance Services Office ("ISO") Form CG oo oi covering Commercial General Liability on an "occurrence" basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury, with limits no less than \$2,000,000 per occurrence and \$4,000,000 general aggregate.
- Automobile Liability. ISO Form CA oo or covering any auto (Code 1), or if Subrecipient has no owned autos, hired (Code 8) and non-owned autos (Code 9), with limits no less than \$1,000,000 per accident for bodily injury and property damage, unless waived by the City and approved in writing by the City's Risk and Safety Division.
- Workers' Compensation. Worker's Compensation as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease.
- *Professional Liability (Errors and Omissions)*. Professional Liability (Errors and Omissions) appropriate to Subrecipient's profession, with limits no less than \$2,000,000 per occurrence or claim and \$2,000,000 aggregate.
- If Subrecipient maintains broader coverage and/or higher limits than the minimums otherwise required by this Agreement, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by Subrecipient.

NOTICE OF CANCELLATION: Insurance policies must be the appropriate coverage for and shall not be suspended, voided, canceled, reduced in coverage or endorsed to lower limits.

ACCEPTABILITY OF INSURERS: Insurance coverage must be provided by an insurer authorized to conduct business in the state of California with a current A.M. Best's rating of no less than A-: FSC VII, or as approved by the City.

ADDITIONAL INSURED STATUS: Both the Commercial General Liability and the Automobile Liability policies must name the City (including its officials, officers, agents, employees, and volunteers) specifically as an additional insured under the policy on a separate endorsement page. The Commercial General Liability additional insured endorsement shall be at least as broad as ISO Form CG 20 10 11 85, or if not available, through the addition of *both* CG 20 10, CG 20 26, CG 20 33, or CG 20 38, *and* CG 20 37 if a later edition is used. The Automobile Liability endorsement shall be at least as broad as ISO Form CA 20 01.

VERIFICATION OF COVERAGE: The City must receive certificates of insurance (ACORD form or equivalent approved by the City) as required. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage. The City of Escondido must be listed as an additional insured (to the extent City is indemnified pursuant to the Indemnity Provisions herein) on all certificates of insurance.

PRIMARY COVERAGE: Subrecipient's insurance coverage shall be primary coverage at least as broad as ISO CG 20 of 04 13 with respect to the City, its officials, officers, agents, employees, and volunteers. Any insurance or self-insurance maintained by the CITY, its officials, officers, agents, employees, or volunteers shall be in excess of Subrecipient's insurance and shall not contribute with it.

SUBCONTRACTORS: If applicable, Subrecipient shall require and verify that all subcontractors maintain insurance meeting all the requirements stated within this Agreement, and Subreciepinet shall ensure that the City (including its officials, officers, agents, employees, and volunteers) is an additional insured on any insurance required from a subcontractor.

WAIVER OF SUBROGATION. Subrecipient hereby grants to the City a waiver of any right to subrogation that any insurer of Subrecipient may acquire against the City by virtue of the payment of any loss under such insurance. Subrecipient agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this subsection shall apply regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer. Any Workers' Compensation policy required by this Agreement shall be endorsed with a waiver of subrogation in favor of the CITY for all work performed by the Subrecipient, its agents, representatives, employees, and subcontractors.

NO LIMITATION OF OBLIGATIONS. The insurance requirements in this Agreement, including the types and limits of insurance coverage Subrecipient must maintain, and any approval of such insurance by the CITY, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Subrecipient pursuant to this Agreement, including but not limited to any provisions in this Agreement concerning indemnification.

Failure to comply with any of the insurance requirements in this Agreement, including, but not limited to, a lapse in any required insurance coverage during the term of this Agreement, shall be a material breach of this Agreement. In the event that Subrecipient fails to comply with any such

insurance requirements in this Agreement, in addition to any other remedies the City may have, the City may, at its sole option, (i) immediately terminate this Agreement; or (ii) order Subrecipient to stop work under this Agreement and/or withhold any payment that becomes due to Subrecipient until Subrecipient demonstrates compliance with the insurance requirements in this Agreement.





Housing & Neighborhood Services Division

FY 2022-2023 Community Development Block Grant (CDBG) Program Funding Application (CFDA 14.218)

(FOR PUBLIC SERVICES AND PUBLIC FACILITIES APPLICATIONS AND PROPOSALS)

Submission Deadline:

Monday, February 28, 2022, 5:00pm

For technical assistance, contact:
Jonathan Lung, Management Analyst
Neighborhood Services Division
201 N. Broadway
Escondido, CA 92025
(760) 839-4057

ilung@escondido.org

GUIDELINES FOR COMPLETION OF CDBG APPLICATION

GUIDELINES FOR SUBMITTAL OF PROPROSAL

Applications must be received no later than **5:00 p.m. on Monday**, **February 28, 2022**, at the City of Escondido Housing & Neighborhood Services Counter at the address listed below.

Submit an original set and three (3) copies and 1 electronic copy:

City of Escondido Housing & Neighborhood Services Division Attn: Housing & Neighborhood Services Manager 201 N Broadway Escondido, CA 92025

GUIDELINES FOR PREPARATION OF PROJECT NARRATIVE

- A. <u>Statement of Problem/Need</u>: Describe the problem or need that the proposed activity is intended to address, based on your understanding of the priorities.
- B. <u>Target Population</u>: Describe the characteristics of the population to be served (i.e., homeless, youth, seniors, persons with disabilities, etc.) or the area to be benefited, and how this population meets CDBG guidelines, including any required income verification.

C. <u>Project Goal and Objectives</u>:

- 1. State the <u>overall goal of the project</u> and list up to <u>3 specific objectives</u>; describe the method of approach to be used to accomplish the goals and objectives. One of the objectives will be used for performance measurement during the year (measuring impact of the program).
- 2. Indicate the number of service units that will be provided (for example, number of counseling sessions, health screenings, hours of after school activities, etc.), the number of unduplicated clients who will be served, the number of unduplicated clients who are low/moderate-income, and the number of unduplicated clients who are residents of Escondido.

D. <u>Project Description</u>:

- 1. Describe the work to be performed, activities to be undertaken, or the services to be provided.
- 2. Describe the procedures for documenting program participation, including the racial, ethnic, income and gender characteristics of participants.
- 3. Describe the relationship of the proposed activity to other community services addressing the same or similar problem.
- 4. Describe the level and form of coordination with other agencies or organizations in this project.
- 5. Describe who will be involved with the project. If applicable, attach letters of intent from each participating agency specifying the agency's role, function and contributions to the project.

E. <u>Previous Accomplishments</u>:

- 1. If the project has previously received City of Escondido CDBG funding, describe the accomplishments achieved with that funding and the degree to which the objectives were met. If there were difficulties in achieving the objectives, describe how these difficulties or obstacles will be overcome.
- 2. If this is a new project, describe how the agency has managed similar projects in the past, the funding sources used in those projects and the accomplishments achieved.

F. Evaluation:

- 1. Describe how the project will be evaluated and how the agency will determine outcomes of the project, i.e., the positive results that the project is intended to accomplish. Outcomes (measuring impact of the program) must relate back to objectives and the overall goal.
- 2. State one objective (from C1) that will be used for performance measurement.

GUIDELINES FOR PREPARATION OF AGENCY INFORMATION SUMMARY

A. <u>Background</u>:

- 1. Include the agency's mission statement.
- 2. Indicate the length of time the agency has been in operation and how long the agency has provided services to Escondido residents.
- 3. Describe the type of services currently being provided by the agency, including the number and characteristics of clients served.

B. Qualifications:

- 1. Discuss the agency's capacity to develop, implement and administer the proposed project.
- 2. Discuss any other projects the agency has managed that are similar to the proposed project.
- 3. Provide a list of staff persons who will be involved with the project and their qualifications for this work.

C. Financial:

- 1. Describe the agency's fiscal management, accounting systems, and audit practices.
- 2. Describe the experience of the agency in managing federal or State grants.

GUIDELINES FOR PREPARATION OF EXHIBIT A SCOPE OF WORK

The work plan should stand as an independent explanation of your proposal, i.e., a reader should be able to clearly understand what you are proposing to do, for whom, how you propose to do it, and by when, without referring to the project narrative. Using the attached work plan sample, **Example 1**, and guidelines below, describe your implementation schedule.

GOALS

A goal is a general statement of how a group of individuals, system organization or community will be different as a result of your project. The statement describes who/what will be affected, in what respect they will be change/improved, and how this change will be accomplished.

Example:

The goal of the La Vida Buena Project is to increase years of healthy life among low-income Hispanic residents of Escondido by reducing sedentary lifestyles to decrease the risk of chronic diseases.

OBJECTIVES

Objectives are specific statements about what will be done to accomplish goals. They answer the basic questions of who, what, how and when. Objectives are specific, measurable and time-limited. Often a single goal has multiple objectives. Please complete a <u>separate</u> work plan form for <u>each</u> objective.

Example:

Involve 550 Hispanic adults in regular aerobic exercise by increasing the availability and accessibility of these activities in Escondido by June 30, 2022.

KEY ACTIVITIES

The Key Activities section of the work plan should provide a detailed description of the steps you will follow to accomplish the stated objectives. This section should demonstrate that you have thoroughly considered your proposal and clearly identified how you intend to implement it if funded. See **Example 1** for specific examples.

GUIDELINES FOR PREPARATION OF THE BUDGET

THE BUDGET CONSISTS OF TWO PARTS -- A LINE ITEM BUDGET AND A BUDGET NARRATIVE.

LINE ITEM BUDGET

• Please provide an itemized budget detailing <u>all</u> project expenses. Include the total cost of the project and indicate the amount of CDBG funds and other funding sources to be allocated to each line item. Please develop budget line items appropriate to your project expenses. Line items are not specified to accommodate the variety in types of project expenses submitted for CDBG funds. Example 2 is provided as an example and is not intended to serve as a model.

BUDGET NARRATIVE

- Please provide a description and justification of each budget line item. In general, each narrative statement should describe:
 - what the specific item is
 - how the specific item relates to the project
 - how the amount was arithmetically determined

Attachment 4

Item7.

• Please refer to **Example 3** for an example of the level and type of information to be included in the budget narrative.

Attachment 4

CITY OF ESCONDIDO COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM APPLICATION FOR FY 2022-2023 FUNDS

Name of Organization:		
Mailing Address:		
Street	City/State	Zip
Phone Number:	Fax:	
Contact Person:	Title:	
E-mail address:		
Project Name:		
Project Address (if different than above):		
Project Manager:		
Brief Summary of the Project:		
Total Project Cost:		\$
Less Other Funding Sources (Required):		
		\$
		\$
Total 2022-2023 CDBG Funding Request:		\$
Which National Objective will be met?		
Which local priorities will be met?		
Number of unduplicated clients to be served during	ng the year:	
Has agency received past CDBG or human services		
If yes, please identify year, amount, and purpose (2000 to present only).	
Signature of Agency Director or Board Preside	ent Date	
organical of Agency Director of Board Fleside	Int Date	
Print Name and Title		

Attachment 4

Item7.

Application Document Checklist

A complete application for CDBG funding shall include the required information liste Applications/proposals should be presented in the following sequence:	d below.
Project Narrative (Statement of Problem/Need, Target Population, Project Objectives, Project Description, Previous Accomplishments, and Evaluation)	Goal and
☐ Agency Information Summary (Background, Qualifications, Financial)	
☐ Application for Funds form (form on Page 4 of this packet)	
Exhibits:	
A. Project Work Plan (form on Page 6) B. Project Line Item Budget and Budget Narrative (form on Page 7, plus narra C. Environmental Review form (form on Page 8)	ntive)
☐ Current List of Agency's Board of Directors	
☐ Proof of Tax Exempt Status (IRS letter)	
☐ Letters of Collaboration (if applicable)	
☐ Articles of Incorporation of Agency	
☐ By-laws of Agency	
Request for Taxpayer Identification Number	
Copy of most recent financial audit	
☐ Letter from Board of Directors designating the authorized agent for the contra	ict
☐ City of Escondido Business License (required, unless deemed exempt)	
Proof of registration in the federal System for Award Management (SAM.gov) at to accept federal contracts	nd ability

- → Applications which are missing any of the above information will be deemed "incomplete" and may not be considered. City reserves the right to request clarification or any additional information deemed necessary from the applicant.
- → Insurance requirements <u>must</u> be met before execution of the contract. Insurance is an eligible expense. (Guidelines for Obtaining Approval of a Certificate of Insurance Naming the City of Escondido as Additionally Insured are available from the Housing and Neighborhood Services Division Counter or, (760) 839-4057. An original Certificate and Additional Insured Endorsement must be submitted prior to contract execution.)

EXHIBIT A

PROJECT WORKPLAN

Fiscal Year 2022-2023

Organization:	
Project Title:	
Goal Statement:	
Objective:	
	_
Key Activities	Date

If the proposed program has more than one objective, please submit a separate work plan form for <u>each</u> objective. You may wish to make a copy of this page prior to completion.

EXHIBIT B

BUDGET

Fiscal Year 2022-2023

Organization :	:		
Project Title:			

	CDBG	OTHER	FUNDS	PROJECT
ITEM	FUNDING	AMOUNT	SOURCE	TOTAL
Personnel				
Salaries/Labor				
Benefits				
Other				
Program Expenses				
- 10 Brum Emperoco				
Onesting Evnenges				
Operating Expenses				
Professional Services				
Total				

A budget narrative must accompany this form.

EXHIBIT C

ENVIRONMENTAL REVIEW SECTION

FOR COMPLIANCE WITH FEDERAL REGISTER 24 CFR PART 58

1.	Project Name:
2.	Supporting Agency/Representative:
3.	Contact Name:Phone/FAX:
4.	Detailed Project Description (or attachment):
5.	Location of Proposed Site (address):
6.	*Assessor Parcel Number:
7.	*Assessor Parcel Map - to be attached:
8.	*Zone and General Plan designation:
9.	*Permitted Use or Conditional Use:
10.	**Is the site within a 100-year or 500-year floodplain If yes, give community number and map panel number:
11.	Size of Site:
12.	Site of Facility (proposed or existing):
13.	Size of Expansion (if proposed):
14.	Number of Staff:
15.	Number of Clients:
16.	Schedule - Days & Hours of Operation:
17.	Client Capacity & Staff Level:
18.	Client Profile:
19.	Amount of Funding Requested:
20.	Is there more than one funding year involved?

^{*} Information available through City of Escondido's Planning Department (760) 839-4671

^{**} Information available through City of Escondido's Engineering Department (760) 839-4651 x3823

EXAMPLES

Example 1

PROJECT WORKPLAN

Organization: ABC Agency	Fiscal Year 2022-2023
Project Title: Project Help	
Goal Statement: Reduce the risk of violent crime an youth from low-income families in Mission Park Area by skills.	8
Objective: #3, By June 30, 2023, 100 low-income parents enrolled and 80 parents will have comple	•

	Key Activities	Date
3.1	Conduct needs assessment with target population gatekeepers	10/31/2022
3.2	Conduct focus groups with parents of participating youth to determine most effective approaches and strategies	11/30/2022
3.3	Design parent education curriculum and program structure and materials	01/14/2023
3.4	Train staff and parent volunteers to lead/facilitate parent education programs	02/01/2023
3.5	Pilot parent education program at Grant Middle School	02/15/2023
3.6	Graduation and evaluation	05/01/2023

Example 2

BUDGET

Organization:	ABC Agency	Fiscal Year 2022-2023
0		

Project Title: Project Help

	CITY	OTHER FUNDS		PROJECT
ITEM	FUNDING	AMOUNT	SOURCE	TOTAL
PERSONNEL A. Salaries 1. Executive Director				
\$3,000/m0 @ 5% for 12 mos		1,800	SDCF	1,800
2. Project Coordinator \$2,000/mo @ 100% for 11 mos	11,000	11,000	SDCF	22,000
3. Instructors 3 @ \$10/hr. 4hrs/wk, 18 weeks	2,160			2,160
B. Benefits 20% of salaries	2,630	2,560	ABC	5,190
OPERATING EXPENSES A. Space Rent B. Materials C. Transportation D. Incentives	1,080 175 135	1,890	ABC	1,080 175 135 1,890
TOTALS	17,180	17,250		34,430

Example 3

BUDGET NARRATIVE - PROJECT HELP

OVERVIEW

The total cost of Project Help is \$34,430. This proposal requests \$17,180 in CDBG Public Services funding from the City of Escondido. The agency also plans to generate \$17,250 from other sources to fully support Project Help. ABC Agency plans to provide \$4,450 from its reserve fund and has applied to the San Diego Community Foundation for the balance of \$12,800 to fully fund Project Help.

EXPENSES

I. PERSONNEL

A. Salaries

- 1. Executive Director Provides general oversight and fiscal management for the project. \$3,000/month @ 5% for 12 months = \$1,800.
- 2. Project Coordinator Provides program development and administrative management of project. \$2,000/month @ 100% for 11 months = \$22,000.
- 3. Instructors Provide parent education classes. 3 instructors @ \$10/hr, 4 hrs/wk, 18 weeks = \$2,160.

B. Benefits

Includes health and dental coverage, social security, disability insurance and life insurance. Estimated at an average of 20% of salaries. $$25,960 \times .20 = $5,190$.

II. OPERATING EXPENSES

A. Space Rent

Rental of classroom space for parent education sessions. 3 rooms/week @ $$20 \times 18$$ weeks = \$1,080.

B. Materials

Paper, notebooks and duplicating expenses to produce 100 parent notebooks and 8 facilitator notebooks. Estimate 100 @ 50/pgs @ .03 + 8 @ 100/pgs @ .03 = \$175.

C. Transportation

Mileage for parent volunteers. 3 volunteers @ 10 mi/wk @ .25/mi x 18 wks = \$135.

D. Incentives

Cash stipends and discount coupons for focus group participants (12), childcare volunteers (5) and parent facilitators (4). Estimate 21 stipends @ average 5×18 weeks = 1.890.



CITY OF ESCONDIDO HOUSING & NEIGHBORHOOD SERVICES DIVISION

REQUEST FOR PROPOSAL (RFP)

for the U.S. Department of Housing and Urban Development

Emergency Solutions Grant (ESG)

CFDA – 14.231

RFP RELEASE DATE: January 27, 2022

PROPOSAL SUBMITTAL DATE: February 28, 2022

City of Escondido
Housing & Neighborhood Services Division
201 N. Broadway, Escondido, CA
(760) 839-4057

It is the intention of the City of Escondido to comply with the Americans with Disabilities ACT (ADA). To request this document in alternate formats, or to request special assistance at a City meeting, please contact Dulce Salazar at (760) 839-4057 or via e-mail at DSalazar@escondido.org.

Section One – Request for Proposal (RFP)

INTRODUCTION

Under this RFP:

- The City of Escondido (City) Housing and Neighborhood Services Division (HNS) is accepting proposals from eligible organizations providing assistance to persons experiencing homelessness or at-risk of homelessness within the City.
- Funds to be used for this RFP are from the federal Emergency Solutions Grant (ESG) Program.
- The ESG program provides funding to meet the following objectives: (1) engage homeless individuals and families living on the street; (2) help operate emergency shelters for homeless individuals and families; (3) provide essential services to shelter residents, (4) rapidly re-house homeless individuals and families, and (5) prevent families/individuals from becoming homeless.
- Homeless Management Information System (HMIS) participation is required by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act).

BACKGROUND

The HEARTH Act, enacted into law on May 20, 2009, consolidated three separate homeless assistance programs, administered by HUD under the McKinney-Vento Homeless Assistance Act, into a single grant program. One of the main revisions in the HEARTH Act was the revision of the existing federal Emergency Shelter Grant program into the new Emergency Solutions Grant (ESG) Program. The ESG regulations can be found at 24 Code of Federal Regulations (CFR), Part 576.

FUNDING AVAILABILITY: Up to \$140,000

The City anticipates receiving ESG funds through the U.S. Department of Housing and Urban Development (HUD). The specific amount of funding to be received from HUD for FY 2022-2023 is yet to be determined; however, the City anticipates being able to commit approximately \$140,000 in **one-time** ESG funds available under this RFP. These funds are available to non-profit organizations and/or public entities sponsoring projects within the City. Funds under this RFP must be implemented and fully expended during Fiscal Year 2022-2023 (July 1, 2022 - June 30, 2023). The contract term will be limited to 12 months, ending June 30, 2023.

PRIORITIZATION OF ESG OBJECTIVES

For this RFP, the following ESG objectives have been prioritized in the order below:

- 1. Homelessness prevention,
- 2. Emergency shelters and essential services to shelter residents,
- 3. Street outreach to unsheltered individuals, and families, and
- 4. Rapid re-housing for homeless individuals and families.

Proposals for projects that will address higher priority objectives will be receive priority ranking.

No more than 60% of ESG funds can be allocated to Priorities 2 & 3 combined.

NOTE: Due to the limited amount of ESG funds available, applications for rehabilitation, renovation or conversion will not be accepted at this time.

CONDITIONS

The City reserves the right to determine which funding source will be used to fund specific proposals, negotiate and award contracts to multiple applicants, and request additional information from applicants. By the act of submitting a proposal, applicants acknowledge and agree to the terms and conditions of this RFP and to the accuracy of the information they submit in response. The City reserves the right to reject any and all submittals, waive any irregularities in the submittal requirements, or cancel this RFP at any time. All submittal packages become the property of the City.

All requirements of the ESG Program apply under this RFP. The HEARTH Act significantly revised the ESG Programs regulations at <u>24 CFR Part 576</u> and established new requirements for the ESG Program. HNS recommends that all organizations applying for funding review ESG Program eligibility criteria carefully.

PROPOSAL REVIEW

Proposals are subject to preliminary review for threshold criteria. Applicants providing incomplete or ineligible proposals will be so notified. A determination will be made concerning the consistency of the proposal with the priorities outlined in the City of Escondido 2020-2024 Consolidated Plan with amendments.

Following the above review, the proposal and HNS staff comments will be considered by a RFP Review Panel. The RFP Review Panel will make funding recommendations to the Escondido City Council at for consideration on April 20, 2022 (tentative date). Applicants are encouraged to attend and participate at this public meeting.

TECHNICAL ASSISTANCE, CLARIFICATION AND ADDENDA

Requests for clarifications regarding this RFP should be directed to Jonathan Lung at (760) 839-4579, or by email at jlung@escondido.org by February 18, 2022. Responses will be posted on the City's website at www.escondido.org/neighborhood-services.aspx.

Substantive changes in the submittal requirements, if any, will be made and issued in the form of an addendum posted on the City of Escondido website.

SUBMITTALS

Applications must be received no later than **5:00 p.m. on Monday, February 28, 2022**, at City of Escondido Housing & Neighborhood Services Counter at the address listed below.

Submit an original set and three (3) copies and 1 electronic copy:

City of Escondido Housing & Neighborhood Services Division Attn: Housing & Neighborhood Services Manager 201 N Broadway Escondido, CA 92025

Section Two - RFP Funding Source

EMERGENCY SOLUTIONS GRANT PROGRAM

- The federal ESG Program regulations are located at <u>24 CFR Part 576</u>
- Under this RFP, ESG funds will be awarded to non-profit organizations and/or public entities sponsoring projects within the City of Escondido.
- ESG funds will be awarded for a maximum of twelve months.
- All funds awarded under this RFP must be fully expended by June 30, 2023.

SUMMARY OF ESG ELIGIBLE PROJECT COMPONENTS

Project Component	Main Eligible Activities
Emergency Shelter*	Renovation (Major Rehabilitation and Conversion), Essential
	Services, Shelter Operations, and Assistance required under
	URA. See <u>24 CFR 576.102</u>
Rapid Re-Housing Assistance	Housing Relocation and Stabilization Services
	Financial Assistance: Moving Costs, Rent Application Fees,
	Security Deposits, Last Month's Rent, Utility Deposit and Utility
	Payment. Assistance may also include a one-time payment of
	rental arrears for up to 6 months.
	Services: Housing Search, Housing Placement, Housing
	Stability, Mediation, Legal Services, Credit Repair, Budgeting,
	Money Management.
	Rental Assistance: Short - Up to 3 months, Medium - 4-24 months. See <u>24 CFR 576.103</u> , <u>576.105</u> , and <u>576.106</u> .
Street Outreach*	Essential Services necessary to reach out to unsheltered
	homeless youth, individuals and families, connect them with
	emergency shelter, housing, or critical services, and provide
	them with urgent, non-facility-based care. Component services
	generally consist of engagement, case management, emergency
	health and mental health services, and transportation. For
	specific requirements and eligible costs, see 24 CFR 576.101
Homelessness Prevention	Same activities as Rapid Re-Housing
HMIS**	Grant funds may be used for certain HMIS and comparable
	database costs, as specified at <u>24 CFR 576.107</u>

^{*} ESG regulations limit street outreach and emergency shelter activities (combined) to no more than 60% of the fiscal year grant.

See HUD's ESG Program Components Quick Reference for more information.

NOTE: Due to the limited amount of ESG funds available, applications for rehabilitation, renovation or conversion will not be accepted at this time.

^{**} HMIS participation is required as a project component within all proposals, but may not be the sole project component.

ELIGIBLE COSTS:

As of December 5, 2011, the Department of Housing and Urban Development issued an interim in regards to Emergency Solutions Grant funding. Please refer to Federal Register Notice Vol. 76. No. 233.

https://www.hudexchange.info/resource/1927/hearth-esg-program-and-consolidated-plan-conforming-amendments/

https://www.hudexchange.info/resources/documents/ESG-Program-Components-Quick-Reference.pdf https://www.hudexchange.info/resources/documents/EmergencySolutionsGrantsProgramFactSheet.pdf

COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS:

Projects that are awarded ESG, funding must act in accordance with all relative federal, State of California, and City of Escondido laws, rules, and regulations. These include but are not limited to the following:

- 24 CFR Part 1 and 6, Public Law 90-284, Fair Housing Act The regulations issued following Title VI of the 1964 Civil Rights Act and Section 109 of the 1975 Housing and Community Development Act that prohibits discrimination in HUD programs based on sex, race, color, national origin, and religion and requires all programs and activities to be administered in a manner to affirmatively further the policies of the Fair Housing Act.
- 24 CFR Part 107 and 108 The regulations issued following Executive Order 11063 and Executive Order 12892 which prohibit discrimination and promote equal opportunity in housing.
- Section 504 of the Rehabilitation Act of 1973, 24 CFR Part 40 and 41 The regulations
 that set forth policies and procedures for the enforcement of standards and requirements
 for disabled accessibility. The Architectural Barriers Act of 1968 and the Americans with
 Disabilities Act provide additional laws on accessibility and civil rights to individual with
 disabilities.
- Age Discrimination Act of 1975 (42 U.S.C. 6101) The regulations that prohibit discrimination on the basis of age.
- 29 CFR Parts 3 and 5 The regulations on labor standard provisions that include the
 payment of prevailing wages on federally assisted projects as mandated by the DavisBacon Act and Contract Work Hours and Safety Standards Act. 24 CFR Part 70 provides
 information on the use of volunteers.
- Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c) The regulations on contracts for construction or repair awarded by subrecipients shall include a provision for compliance.
- 24 CFR Part 58 The regulations prescribing the Environmental Review procedure under the National Environmental Policy Act of 1969.
- National Flood Insurance Act of 1968, 24 CFR Part 55 under Executive Order 11988
 The regulations for proposed projects and properties located in a floodplain.
- **36 CFR Part 800** The regulations outlining the procedures for the protection of historic and cultural properties.
- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

 the policies for displacement, relocation assistance, and real property acquisition as defined by 42 U.S.C. 4601 (URA) and implementing regulations issued by the Department of Transportation at 49 CFR part 24 and section 104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(d)).
- 24 CFR Part 7 and 41 CFR Part 60 The regulations outlining equal employment opportunity without regard to race, sex, color, religion, age, national origin, and disability in federally assisted construction contracts.
- 24 CFR 135 Regulations outlining requirements of Section 3 of the Housing and Urban Development Act of 1968 providing for economic opportunities for low and very low local

residents. All projects must, to the greatest extent feasible, provide opportunities for training and employment for low and moderate income persons residing within the City of Escondido, and contracts or work in connection with the project be awarded to eligible business concerns which are located in or owned in substantial part by persons residing in the City of Escondido.

- Residential Lead Based Paint Hazard Reduction Act of 1992 The regulations implemented by 24 CFR Part 35, Subpart B imposes certain requirements on disclosure of lead based paint hazards.
- 24 CFR Part 24 The regulations that prohibit use of debarred or suspended contractors on federally assisted projects and Drug Free Workplace requirements, issued according to Executive Order 12459.
- 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. These regulations include Conflict of Interest and Procurement provisions under 2 CRF 200.112 and 2 CRF 200.317-326.
- 2 CFR Part 200 Subpart E The regulations that identify cost principals for nonprofits.
- 2 CFR Park 200 Subpart F The regulations concerning annual audits.
- 24 CFR Part 49 The regulations on eligibility restrictions for certain resident aliens.
- 24 CFR Part 87 and Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) The regulations for restrictions on lobbying and required certifications.
- **Executive Order 13170** The regulations on increasing opportunities and access for Disadvantaged Businesses.
- **HUD Requirements** All other applicable required reports, circulars, and procedures.
- **Administrative Procedures** The rules issued by the City of Escondido in relation to contracts, process, and procedures.
- Clean Air Act (42 U.S.C. 7401) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) The regulations that require compliance with all applicable standards, orders, or regulations issued following the rule.

The following resources are available on HUD's website for your use:

- ESG Regulations: Interim Rule: https://www.govinfo.gov/content/pkg/FR-2011-12-05/pdf/2011-30938.pdf

 https://www.govinfo.gov/content/pkg/CFR-2018-title24-vol3/xml/CFR-2018-title24-vol3-part576.xml#segnum576.409
- "Monitoring Checklists":
 https://www.hud.gov/program offices/administration/hudclips/handbooks/cpd/6509.2
- The Code of Federal Regulations (CFR) and Executive Orders may be found at: CFR: https://www.gpo.gov/who-we-are/our-agency/mission-vision-and-goals Executive Orders: http://www.archives.gov/federal-register/index.html
- Emergency Solutions Grant: https://www.hudexchange.info/programs/esg/
- Limited English Proficiency Requirements: https://www.lep.gov/guidance/HUD_guidance_Jan07.pdf

Section Three - Proposal Parameters

REQUIREMENTS FOR SUBMITTAL

To be responsive, a complete RFP Application must contain the following items:

A. Affordability

Attachment A outlines income eligibility levels.

- "Extremely-Low Income" households are households whose adjusted household income is at or below 30% of the area median income ("AMI").
- "Very-Low Income" households are households whose adjusted household income is between 31% and 50% of AMI.
- "Low-income" households are defined here as households whose adjusted household income is between 51% and 80% of AMI.
- "Median income" is defined and published periodically by HUD for the San Diego Standard Metropolitan Statistical Area.

B. Project Location

Projects must be located within the jurisdiction of the City of Escondido or serve residents of the City. Describe the project location and service area in as much detail as possible, including the street address, cross streets and Assessor Parcel Number. All homeless prevention activities must assist households within the incorporated areas of the City of Escondido.

C. Consistency with the FY 2020-24 City of Escondido Consolidated Plan

Applicants are required to demonstrate that their project is consistent with the City of Escondido's Consolidated Plan and proposed amendments. Item 5 in the RFP application addresses this requirement.

D. Match Requirements

<u>Section 576.201</u> of ESG regulations requires a 100% funding match. For this RFP, applicants must match dollar-for-dollar the ESG funding provided by the City with funds from other public or private sources.

Qualifying project match includes, but is not limited to, cash and value of donated materials and labor. Proposed match sources must be approved and consistent with program regulations.

E. Board Resolution

An applicant must submit a resolution of its Board of Directors authorizing the submittal of a proposal and identifying who is authorized to execute documents. Use EXHIBIT 2.

F. Articles of Incorporation and By-Laws

All proposals must include current Articles of Incorporation and By-Laws for the organization.

- G. Audited Financial Statements Submit the following information for the last two (2) fiscal years:
 - Audited financial statements of the entire organization with the applicable notes;
 - Independent Auditor's Report on Compliance and Internal Control over Financial Reporting based on an Audit of the Financial Statements in Accordance with Government Accounting Standards.
 - Independent Auditor's Statement of Findings and Questioned costs.

H. Evidence of Funding Commitments

Applicants must demonstrate reasonable and efficient costs of operations and project implementation. The proposal must identify secured matching funds. Letters from other funding sources must include the name, title, and telephone number of the responsible contact person and funding amount.

I. Cost Allocation Plan

All applicants must submit a cost allocation plan that clearly demonstrates how direct and indirect costs are shared between the project and other agency projects.

J. Position Descriptions

Provide a position description for all proposed staffing positions funded by the project.

K. Organizational/Staffing Chart

Applicants must include an organizational/staffing chart that describes the overall organization and illustrates the relationship of the proposed program with other organizational divisions, programs and sections. Indicate the lines of organizational management, authority, and responsibility. The staffing chart identifies program staff positions (by name and title, if known) and reporting responsibility.

L. Project/Program Description

Applicant must describe the proposed project/program (work to be performed, components to be undertaken, or services to be provided) and also describe specifically how the requested ESG funds will be used. Describe how this project will benefit persons experiencing homelessness or at risk of homelessness. Describe the problem or need that the proposed project is intended to address.

M. Homeless Management of Information System Participation

ESG recipients will assure compliance with all HUD record-keeping provisions, including use of the HMIS for clients served by ESG-funded programs. The cost of complying with this requirement must be reflected in the project budget.

N. Recordkeeping

Under ESG, programs are also required to keep a record of all clients that are screened and classified as ineligible. The ESG recordkeeping and reporting requirements state that for each individual and family determined ineligible to receive ESG assistance, the record must include documentation of the reason for that determination. (See 24 CFR § 576.500(d)).

REQUIREMENTS FOR FUNDING

The following items must be completed prior to funding:

A. Environmental Review

From the time the application has been submitted, the contractor must not commit funds or take any choice limiting actions (including option agreements or contracts for site purchase, excavation, filling, construction, rehabilitation, renovation, conversion or other physical activities) until completion of the environmental processing and HUD's formal Release-of-Funds, regardless of whether the work would be accomplished with federal funds or other matching funds. Failure to comply will jeopardize the availability of HUD funds for the project. An environmental review must be completed before the City will execute a contract. City staff conducts this review using information provided in the application.

B. Insurance Requirements

Proof of insurance meeting these requirements must be submitted to the City ten (10) days prior to contract execution.

- Commercial General Liability. Insurance Services Office ("ISO") Form CG 00 01 covering Commercial General Liability on an "occurrence" basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury, with limits no less than \$2,000,000 per occurrence and \$4,000,000 general aggregate.
- Automobile Liability. ISO Form CA 00 01 covering any auto (Code 1), or if Subrecipient has
 no owned autos, hired (Code 8) and non-owned autos (Code 9), with limits no less than
 \$1,000,000 per accident for bodily injury and property damage, unless waived by the City and
 approved in writing by the City's Risk and Safety Division.
- Workers' Compensation. Worker's Compensation as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease.
- Professional Liability (Errors and Omissions). Professional Liability (Errors and Omissions) appropriate to Subrecipient's profession, with limits no less than \$2,000,000 per occurrence or claim and \$2,000,000 aggregate.
- If Subrecipient maintains broader coverage and/or higher limits than the minimums otherwise required by this Agreement, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by Subrecipient.

PROJECT ADMISTRATION AND MONITORING

The City is the administrative and monitoring agency for projects awarded through this RFP. Note the following project funding conditions:

A. Disbursement of Funds

It is estimated that it will take up to two-three months before contract documents are executed. The actual time will vary based on HUD timelines, the complexity of the approved project(s), environmental constraints, and contract negotiations. HNS expects to execute one-time ESG contract(s) effective July 1, 2022.

Under this RFP, City will award ESG funds in the form of grants. City distributes funds through a reimbursement program. Expenses incurred prior to the effective date of the executed contracts are not eligible for reimbursement. Billings for reimbursement must be submitted in accordance with contract specifications 2 CFR Part 200.

B. Funding Reallocations

City reserves the right to reallocate funds from one approved project to another or to a new activity, or to cancel fund reservations at its discretion if projects are not proceeding satisfactorily (in the sole opinion of City) towards commencement of the proposed activity.

Section Four - Project Proposal Ranking

Each proposed project is rated on the merits of the application using criteria for need, feasibility, fiscal, and project management capacity. A minimum score of 70 (seventy) out of 100 (one hundred) points is required for a project to be recommended for funding by the review panel.

All proposals will be reviewed for completeness and threshold criteria. All proposals must meet the threshold criteria to be forwarded for further review by a RFP review panel. The threshold criteria for ESG RFP proposals are as follows:

Threshold Criteria

Serves residents whose incomes are at or below 30% of the AMI
Serves persons experiencing homelessness or at risk of homelessness
City of Escondido benefit
Consistent with the 2020-2024 Consolidated Plan and amendments
100% match funding is proposed and funding source is identified
 All submittal requirements have been met

Once proposals have been screened for threshold criteria and have been forwarded for competitive review, a RFP Review Panel will be convened. The next page contains scoring criteria that will be used for the RFP process. Funding recommendations will then be made to the Escondido City Council for consideration.

PROJECT PROPOSAL RANKING

Maximum	
Possible Points	
A. Project Need	
Target Population – Does the applicant describe the target population or subpopulation and how they are accessed? Does it address the needs of the population? Does it describe	10
challenges and barriers? Does the target population align with City priorities?	
2. Geographic Area – Does the applicant describe the location? Does the project benefit the needs of City Residents?	10
3. Consolidated Plan – Does the applicant demonstrate how the proposal meets with the	10
priorities outlined in the City of Escondido 2020-2024 Consolidated Plan?	
	30
B. Project Description	
Project Goals/Objectives/Activities – Does the applicant provide a complete description of program?	10
2. How does the project benefit persons experiencing homelessness or at risk of	25
homelessness? Proposals for projects that will address higher priority objectives will be receive priority ranking (See Section One, Subsection IV).	
	35
C. Experience, Management and Staffing	
Agency/Program Experience – Does the applicant describe in detail the agency/program experience in developing, implementing and evaluating the proposed project or comparable project?	9
2. Government Contracts – Does the applicant have any experience with government contracts for similar projects? Have there been any corrective actions and were they resolved? If none, does the applicant have other contracts for similar projects?	6
3. Organizational/Staffing Chart – Did the applicant include an organizational/staffing chart? Does the chart illustrate organizational management, authority, and responsibility? Does the chart identify program staff (including title and FTE) and demonstrate the lines of accountability and reporting responsibility for the proposed project?	2
4. Position Descriptions – Does the applicant provide a position description for all the proposed staffing of the project? Does the position description reflect the proposed project? Does the applicant provide a résumé for the Executive Director/Chief Executive Officer? Does the résumé demonstrate capacity/experience to support the project?	3
	20
D. Fiscal Capacity	
1. Audited Financials – Does the applicant provide last two (2) fiscal years' Audited Financial Statements of the entire organization with the applicable notes, Independent Auditor's Report on Compliance and Internal Control over Financial Reporting based on an Audit of the Financial Statements in Accordance with Government Accounting Standards and	5
Independent Auditor's Statement of Findings and Questioned costs?	
2. ESG Cost Allocation Plan – Does the applicant provide a detailed cost allocation plan that	10
clearly demonstrates how direct and indirect costs are shared between the project and other agency projects? Is it consistent with 2 CFR Part 200 Subpart E?	
, , , ,	15
E. Total	100

APPLICATION CHECK LIST

Please complete the following checklist and submit this form with the application.

One n	ges 8.5 x 11 inches naster copy (no staples or binding) and three copies; both signed. CD/portable drive with electronic file copies.
Requi	rements for Submittal
	RFP Application with Exhibits (pages 10-15)
	CHMENTS: Articles of Incorporation and By-Laws Audited Financial Statements/Single Audit (last two (2) fiscal years) Board Resolution For non-profit organizations, proof of 501(c)(3) status Evidence of Funding Source Commitments (evidence of 100% match)
Requi	rements for Funding
	Environmental Review General Liability Insurance, Automobile Liability Insurance and Workers Compensation Insurance.
The praise	roposal and its submittals have been reviewed for completeness using the checklist

Authorized Signature: _____ Title: _____ Date: _____

RFP APPLICATION

City of Escondido Housing and Neighborhood Services Division

Emergency Solutions Grant (ESG)

1. PROJECT TITLE	i:		· · · · · · · · · · · · · · · · · · ·
2. APPLICANT:			
Contact Pers Contact Pers Email:	son:son's Title:	Telephon	e
Organizatior Phone:	Address:	Fax:	
3. ORGANIZATION	IAL STATUS (Check all tha	it apply):	
Non-prof	it OrganizationPublic E	ntity	
Does your organizat	ion expend \$750,000 or more	e a year in federal funds?	YYesNo
4. SUMMARY OF F	FUNDING REQUEST (List b	by funding activity):	
	Activity	ESG	
			_
	TOTAL REQUEST	\$	
NOTE: Due to the li	JECT INFORMATION mited amount of ESG funds ersion will not be accepted a	• •	for rehabilitation,
Attach pages as n	ecessary to describe the f	following:	
Describe your proje	ct, including overall goals, s	specific objectives and a	ctivities.
	project benefits persons exp uding target (sub)population	•	ss or at risk of
	project is consistent with the dated Plan and amendment		

objective (s) your project will help accomplish. Identify which special needs and disabled population(s) will be served in accordance with the Con Plan and amendments.

Describe how your project aligns with the San Diego Continuum of Care goals, objectives, and community standards.

Provide a summary description of project proposed, including the projected number of clients or units/beds to be served.

6. TARGETING

Attach pages as necessary to describe the following:

Describe the characteristics of the population to be served (e.g. youth, seniors, veterans, persons with disabilities, etc.) and the geographic area to be benefited. It is important to also attach a map showing the project location and draw a line on the map outlining the boundaries of the geographic area served.

(1) Total number of housing units/beds upon project completion:	
(2) Total number of assisted units/beds upon project completion:	
(3) Total number of extremely low-income households (at or below 30% of AMI) to be served:	
(4) Total number of persons experiencing homelessness to be served:	
(5) Total number of persons at risk of homelessness to be served:	
(6) Other project objectives:	

Median income is defined and published periodically by the United States Department of Housing and Urban Development (HUD) for the San Diego Standard Metropolitan Statistical Area. Please refer to Attachment A.

7. APPLICANT EXPERIENCE

Attach pages as necessary to describe the following:

A. Organization

Describe the following for the organization:

- (1) Mission Statement
- (2) Past activities/experience
- (3) Administrative structure
- (4) Cost Allocation Plan
- B. Technical Capacity
 - (1) Describe the organization's capability to administer the project proposed.
 - (2) Attach resumes of staff and consultants specifically assigned to this project and describe contractual relationship.

8. OTHER

State anything else pertinent about the proposed project.

9. CERTIFICATION

The undersigned certifies under penalty of perjury that all statements made in this proposal are true and correct to the best of the undersigned's knowledge.

Authorized Signature [Board Officer]	Typed Name
Title	Date Signed

Submit an original set and three (3) sets of hard copies for a total of four (4) sets of your application and one (1) CDs (or thumb drive) in WORD or PDF Format prior to the date and time specified in the cover letter.

City of Escondido Housing & Neighborhood Services Division Attn.: Housing & Neighborhood Services Manager 201 N Broadway Escondido, CA 92025

Faxed and/or emailed applications will not be accepted.

EXHIBIT A ESG WORK PLAN 2022-2023

Organization:	
Project Title:	
Goal Statement:	
Okioativa	
Objective:	
Key Activities	Date
,	
	•

If the proposed program has more than one objective, please submit a separate work plan form for $\underline{\text{each}}$ objective.

EXHIBIT B ESG PROGRAM BUDGET 2022-2023

APPLICANT: _____

PROGRAM NAME:				
Sources of Funds:	Requested ESG Funds:	Applicant's Funds:	Other Sources: (List each separately)	TOTAL:
Homelessness Prevention: Service Activity:				
Service Activity:				
Service Activity:				
Emergency Shelter 1: Operational Activity:				
Operational Activity:				
Operational Activity:				
Street Outreach ¹ : Activity:				
Activity:				
Activity:				
Rapid Re-Housing Assistance Activity:				
Activity:				
Activity:				
HMIS ² : Activity:				
TOTAL:				

^{1:} Limited up to 60% of the total fiscal year grant for street outreach and emergency shelter activities combined

^{2:} HMIS participation is required by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act).

Exhibit 2 Board Resolution

RESOLUTION OF BOARD OF DIRECTORS

OF

WHEREAS, this entity has a minimum of four directors who constitute a quorum for conducting organization business; the organization conducts quarterly board meetings; quarterly financial statements are reviewed by the board; and, the executive director and other paid staff do not serve as voting board members;
WHEREAS, is a[Status of Corporation; i.e., A Non-profit Public Benefit Corporation, qualified pursuant to the provisions of Internal Revenue Code Section 501 (c) (3), etc.];
WHEREAS,, recognizes that the community at large, and especially low-income residents have many diverse needs for social, housing, education and other services;
WHEREAS,, is committed to effectively serving the communities referenced in the prior recital and
NOW THEREFORE BE IT RESOLVED as follows: 1. That is committed to providing safe, decent and affordable housing for persons of very low, low and moderate-income levels;
2. That on or about, 20, the Board of Directors voted to authorize the [title of person authorized], or his designee, to apply for and accept assistance of the Project, for the purpose of obtaining a grant to provide for the [purpose; i.e., service provision, etc.] of the Project, in an amount not to exceed (\$) from the City of Escondido.
3. That the Board of Directors further voted to authorize the [title of person], or his designee, to execute any and all documents required by the City of Escondido, Housing and Neighborhood Services Division to document and secure its grant.
4. That the Board of Directors further authorized the [title of person], or his designee, to perform all acts and to do all things necessary, in the opinion of the City of Escondido, Housing and Neighborhood Services Division to implement the funding and making of the grant.
I, the undersigned, certify that this Resolution was adopted at regularly or specially noticed meeting of the Board of Directors on, 20, at which a quorum of the Board of Directors was present, and at which the requisite percentage of the quorum voted to adopt the Resolution and that the Resolution has not been rescinded, modified or canceled as of the date of my execution of the same and that it remains in full force and effect as of this date. I further understand that the City of Escondido, Housing and Neighborhood Services Division is relying on the validity of this Resolution in taking the actions to process and approve the application. I declare under penalty of perjury, under the laws of the State of California that the foregoing is true and correct. Executed this day of, 20, at, California.
By:
Title:

RFP ATTACHMENTS

ATTACHMENT A HUD Income Limits for the County of San Diego

	ELIGIBLE INCOME LIMITS CHART 2021 San Diego-Carlsbad								
	HOUSEHOLD SIZE								
		1	2	3	4	5	6	7	8
30%	Extremely low	\$25,450	\$29,100	\$32,750	\$36,350	\$39,300	\$42,200	\$45,100	\$48,000
50%	Very Low	\$42,450	\$48,500	\$54,550	\$60,000	\$65,450	\$70,300	\$75,150	\$80,000
80%	Low	\$67,900	\$77,600	\$87,300	\$97,000	\$104,800	\$112,550	\$120,300	\$128,050
	Income Limits effective April 1, 2021								



STAFF REPORT

January 26, 2022 File Number 0470-32

SUBJECT

MANAGEMENT AND CONCESSION CONTRACT FOR REIDY CREEK GOLF COURSE

DEPARTMENT

Communications and Community Services

RECOMMENDATION

Request the City Council authorize staff to move forward with issuing a Request for Proposals ("RFP") for the management of the Reidy Creek Golf Course and Concessions.

Staff Recommendation: Approval (Communications and Community Services: Danielle Lopez)

FISCAL ANALYSIS

Future fiscal impact will be dependent on the direction provided and future management agreement terms if applicable.

PREVIOUS ACTION

In March 2001, the City Council approved a ten-year management contract with JC Resorts to operate Reidy Creek Golf Course on behalf of the City.

On June 27, 2012, the City Council approved Resolution 2012-123 authorizing the Mayor and City Clerk to execute a 10-year Management Agreement and a Lease and Concession Agreement with JC Management LLC and JC Resorts LLC.

BACKGROUND

Reidy Creek is an 18-hole executive municipal golf course that opened in 2002 and was developed in conjunction with the 222-lot Brookside residential development approved by the City Council in July of 2000. The course is constructed on approximately 65 acres of which 25 acres was owned by the City and 40 acres was transferred to the City by New Urban West, the Brookside developer. Amenities for public use include a 2,582-yard course that offers 18 holes of golf, disc golf and foot golf, a pro shop with golf and disc golf merchandise, and the newly renovated Clubhouse and Creekside Tavern that also serves as a venue for meetings and special events.



CITY of ESCONDIDO

STAFF REPORT

A 26-acre portion of the Property serves as a silt detention basin and flood control facility for large storms when runoff exceeds the carrying capacity of the Reidy Creek channel running through the site. The Course creates an approximate 100-foot-wide naturally contoured drainage channel with a 40-foot-wide natural bottom. Flows from Reidy Creek that exceed system capacity from north of the site are diverted and detained west of North Broadway on holes 11 through 17 of the golf course.

In 2002, the City entered into a 10-year Management Agreement with JC Resorts to manage the Golf Course on the City's behalf. The Agreement was renegotiated in 2012 and extended an additional 10-years, ending in June 2022. Under the Agreement, JC Management is responsible for the ongoing operation, management, maintenance, repair and upkeep of the golf course and receives an annual fixed base management fee defined in the Agreement (currently \$86,066) and 0.75% of gross revenues (\$7,492 in FY 2020/21). The percentage received from gross revenues cannot exceed 20% of the fixed base management fee.

The City is responsible for the cash flows necessary for operations which are recorded as transfers from the General Fund. The amount of the transfer is budgeted for at the beginning of each fiscal year as part of the adoption of the City's Operating Budget. At the end of each fiscal year, if budgeted operating expenses exceed the net revenues, additional funds are requested from the General Fund to replenish the cash necessary to continue operations at the golf course.

In addition to the financial operations of Reidy Creek, the City is also responsible for the debt service of tax-exempt Lease Revenue Bonds that were issued in April 2001 for the construction of the golf course. The debt issued was intended to be paid back or subsidized by income earned at the property. Since the property has not achieved those levels of income, the General Fund is obligated to make the debt service payments which average about \$361,000 a year. The current outstanding principal and interest on the bonds is \$3,303,494 which will be paid in full October 2030.

For years Reidy Creek reported operating deficits. To address the decline in revenues, cost reductions were implemented by JC Management including reducing maintenance on less visible parts of the course and reducing the level of staffing. Two new revenue generating activities were introduced, including foot golf in 2016 and disc golf in 2019. These golf alternatives provide more affordable, multigenerational, family-oriented opportunities expanding the courses client base. In addition, clubhouse improvements for the "Creekside Tavern" were completed in 2020, giving a fresh look to the interior and the ability for the space to be rented for meetings and events.

Another contributing factor to the decline in revenues was the ongoing flooding of the cart tunnel that runs under Broadway and connects the front and back nine holes. When the tunnel is flooded, the back nine is essentially inaccessible. Public Works has since installed submersible pumps that divert the water From the Broadway tunnel to Reidy Creek. This improvement has provided year-round access through the tunnel, increasing playability and safety for participants, as the alternative was to cross over at the very busy intersection of Broadway and Jesmond Dene Road. Furthermore, JC Management staff continue to



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make improvements to the course. Specifically, they renovated and added sand material to the bunkers on the front nine and are in the process of doing the same on the remaining back nine holes. This makes them more playable for the guests and also reduces liability from root exposure.

In FY 2020/21 these efforts paid off as Reidy Creek Golf Course had the best performance it has had since opening and was able to end the year with positive net income for the first time in 10 years. Overall operating net income revenues were up 85% compared to the prior year and disc golf revenues continue to exceed expectations, coming in at 69% more than budgeted. As of June 30, 2021, Reidy Creek total net income was \$78,103, excluding transfers from the General Fund.

The added activity at the course led to an increase (36%) in operating expenses, primarily due to the maintenance and repairs of aging equipment. Reidy Creek had a fleet of 26 golf carts that had exceeded their useful life and had become costly to maintain. The industry average for a golf cart's life expectancy is between 4-6 years, these carts had more than doubled the expected useful life, as they were purchased in 2001. In 2021, the City Council approved the purchase of 26 new carts. The carts have been received and are currently in use. The result will be a net savings to the golf course operations.

The increased use of the golf course and resulting net operating revenue are anticipated to continue into future fiscal years. The FY 2021/2022 proposed budget projects a net income of \$95,940 with no transfer from the General Fund.

With the current agreement ending on June 30, 2022, City staff have explored alternatives for the property once the agreement ends. The options for changing the use of the property are limited due to the Lease Revenue Bonds issued to construct the golf course. In order to maintain the tax-exempt status of the bonds, the law requires that the property must be used for municipal purposes. The following is a summary of the options explored.

Option One: Continue to operate the space as a golf course.

Negotiate a new contract with more favorable terms; potential decrease to City obligation if revenues continue as projected.

Option Two: Repurpose the course into an open space park.

The cost to maintain the course as a park would require additional City staff and resources and cost the City approximately \$440,000 annually to maintain.

Option Three: Let the course go fallow.

The City could let the course go fallow and not maintain the land as a park; however, there are continued costs of at least \$100,000 annually to address weed abatement, graffiti elimination, code enforcement, and other policing of the site. In addition, alternative uses would need to be established for the clubhouse, maintenance building, and facilities yard that may result in even higher maintenance and security costs than anticipated.



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Options	Golf Course	Open Space Park	Fallow
Operating Costs	<\$95,940>*	\$440,000	\$100,000
Bond Debt Service Payment	\$365,000	\$365,000	\$365,000
Total	\$269,060	\$805,000	\$465,000

^{*}proposed net income for FY 2021/22

It is staff's recommendation that we continue to operate the property as a golf course, at minimum, through the term of the debt service payments (2030), and that the City Council authorize staff to move forward with issuing a Request for Proposals for the management of the Reidy Creek Golf Course and Concessions.

The new management agreement with the successful bidder will seek to adopt more favorable terms for the City and will terminate in 2030 to align with the bond maturity date. At that time, other options including but not limited to a fitness park, skate park, bike park, sports fields, or housing will be explored, as these types of projects could be more financially viable at that time.

Specifically related to housing, AB-672, a bill currently going through the legislative process, may provide future opportunities for grants related to the conversion of municipal golf courses to housing. Existing law establishes the Department of Housing and Community Development and requires it to, among other things, administer various programs intended to fund the acquisition of property to develop or preserve affordable housing. If approved, this bill would require the Department of Housing and Community Development to administer a program to provide incentives in the form of grants to local agencies that enter into a development agreement to convert a golf course, owned by the local agency, into housing and publicly accessible open space. This legislation has not yet been approved. Staff will continue to monitor the status of the bill and if approved, will evaluate the terms for future opportunities.



STAFF REPORT

January 26, 2022 File Number 0480-70

SUBJECT

ESCONDIDO CREEK TRAIL EXPANSION AND RENOVATION PROJECT UPDATE

DEPARTMENT

Communications and Community Services

RECOMMENDATION

Request the City Council receive and file an update on the progress of the Escondido Creek Trail Expansion and Renovation Project ("Project") funded through an \$8.5 million Prop 68 grant.

Staff Recommendation: Receive and File (Communications and Community Services: Joanna Axelrod)

FISCAL ANALYSIS

The City of Escondido ("City") was awarded \$8.5 million in Prop 68 Statewide Park Development and Community Revitalization Program ("SPP") funds from the California Department of Parks and Recreation to fund this Project.

PREVIOUS ACTION

On September 29, 2021, the City Council approved Resolution No 2021-146 authorizing the acceptance of Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021 in the amount of \$38,808,509 amongst which \$1 million was allocated to the Project.

On June 5, 2019, the City Council approved Resolution No. 2019-87 authorizing the Director of Communications and Community Services or her designee to submit an application to the California Department of Parks and Recreation for \$8.5 million in SPP funds for improvements to the Escondido Creek Trail.

On January 25, 2012, the City Council approved Resolution No. 2012-11 accepting the final Escondido Creek Trail Master Plan Report and authorized staff to seek and acquire grant funding that will enable the City to continue revitalization of the Escondido Creek Trail.

BACKGROUND

California voters passed the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 ("Prop 68") on June 5, 2018. The California Department of Parks and Recreation released the SPP application with the goal of creating new parks and recreation opportunities in critically underserved communities across California. The City submitted an application requesting \$8.5 million to



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fund the Project which will construct multiple trail amenities to transform the Class I bicycle lane into a linear park. This Project will expand and improve Escondido Creek Linear Park by constructing new walking trails; providing access from the Creek Trail to the fitness court and skate park at Washington Park; adding directional and educational signage; opening a community garden; adding murals and other decorative and artistic features; and improving fencing, lighting and landscaping at key locations throughout the site. The Project will open both sides of the Escondido Creek Trail to accommodate multiple types of users by building an additional pedestrian pathway along approximately 1.7 miles of trail between Date Street and Midway Drive. These improvements are consistent with the Escondido Creek Trail Master Plan developed and approved in 2012 and have been retested and vetted during multiple community feedback sessions between July 2019 and summer 2021.

On February 21, 2020, the California Department of Parks and Recreation notified the City that our Project had been selected to be funded at the full requested amount of \$8.5 million. On March 16, 2020, the City released a Request for Proposal ("RFP") seeking proposals for design services from firms who could bring to life the community's vision for revitalizing the Escondido Creek Trail and turning it into a premier linear park. The scope of this Agreement included design services, project management, public outreach and engagement, environmental services, preparation of construction bid documents, and oversight of the construction process. The City awarded the contract to RRM Design Group.

A variety of partners have contributed to the community-based design of and public enthusiasm for this Project. The Escondido Creek Conservancy has not only gathered feedback and presented recommendations on the plant palette but have also committed to supporting future volunteer clean-up and tree-planting efforts along the ECT. Neighborhood Healthcare has invested in Crime Prevention Through Environmental Design (CPTED) improvements to their facilities and have committed the ECT-facing wall of their facility to host a mural. San Diego Gas & Electric and Urban Corps are donating funding and labor to plant 100 trees and install the supporting irrigation. The Public Art Commission will also be funding art through their mural and public art grants that will bring beauty, culture, and personality to this effort. Escondido Education COMPACT has assisted with outreach and provided input, continued to host clean-ups along the urban sections of the ECT and COMPACT has committed to organize additional community volunteerism along the Creek Trail, including clean-ups, invasive removal, and planting new California friendly, drought- tolerant plants.

On October 12, 2021 the Planning Commission provided design review supportive of the proposed amenities and improvements finding the Project to be consistent with the goals of improving the aesthetics, safety, and usability of the Trail. In particular, immediate visual improvements including the use of various ground cover materials to soften the look of the trail, and the installation of new fencing to replace the chain link fencing. The landscaping proposed is primarily California native plants, and all are drought tolerant. In addition, the City's recycled water system will provide water for irrigation.

Preparation of a Mitigated Negative Declaration ("MND") is underway for the Project. The MND will be considered by the City Council prior to awarding the construction contract which is anticipated to come



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before the Council in early summer 2022. Construction is anticipated to begin in late summer 2022 and take approximately 9 months to complete. A ribbon cutting celebration and grand opening of the Trail will follow.

Additional details about the Project's history, timeline, outreach efforts, design renderings, and related projects are available on the City's website at http://escondido.org/ect.



STAFF REPORT

January 26, 2022 File Number 1320-55; 0600-10, A-0511

SUBJECT

AUTHORIZING A SECOND AMENDMENT TO THE ESCONDIDO-VISTA WATER FILTRATION JOINT POWERS AGREEMENT, AND AUTHORIZING THE TRANSFER OF OWNERSHIP OF CERTAIN RAW WATER COMVEYANCE FACILITIES

DEPARTMENT

Utilities Department, Water Division

RECOMMENDATION

Request the City Council adopt Resolution No. 2022-05 authorizing the Mayor to execute, on behalf of the City of Escondido:

- (1) a Second Amendment to the Escondido-Vista Water Filtration Joint Powers Agreement (JPA);
- (2) an Assignment and Assumption Agreement;
- (3) a Quitclaim Deed; and
- (4) a Bill of Sale.

Staff Recommendation: Approval (Utilities Department, Water Division: Christopher W. McKinney)

FISCAL ANALYSIS

Execution of the attached agreements, deed, and Bill of Sale would transfer ownership of raw water conveyance pipelines, facilities, and easements described in the attachments. Ownership would transfer from the Vista Irrigation District ("VID") to the City of Escondido ("City"), without payment, as required under the 2017 Local Entities' Agreement between VID and the City. All transferred facilities have been fully depreciated, excepting two: (1) the 54" pipeline constructed around 1992 to replace a portion of the Escondido Siphon has a net booked value of \$330,586, and (2) the Wohlford Penstock replacement constructed around 2003 has a net booked value of \$1,481,050. The total net booked value of all transferred facilities is \$1,811,636.

PREVIOUS ACTION

On July 21, 1971, the City Council adopted Resolution No. 4925, authorizing a Joint Powers Agreement with VID for the purpose of constructing and operating the Escondido-Vista Water Treatment Plant ("EVWTP").

On November 13, 1991, the City Council adopted Resolution No. 91-498, authorizing an amendment to the 1991 Joint Powers Agreement with VID for the purpose of constructing and operating a 54" raw water pipeline from Lake Wohlford Dam to the Escondido-Vista Water Treatment Plant.



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On January 25, 2017, the City Council adopted Resolution 2017-20, authorizing the Agreement between the City of Escondido and the Vista Irrigation District for the Allocation and Management of Local Water and Facilities ("Local Entities' Agreement").

BACKGROUND

The City and VID have worked together to construct and operate several raw water conveyance facilities to transport water from Lake Henshaw in the San Luis Rey River basin, down the San Luis Rey River, through the Escondido Canal to Lake Wohlford, and finally from Lake Wohlford via pipelines to the EVWTP. These facilities are part of the so-called Local Water System ("LWS"), which was the subject of the 2017 San Luis Rey Water Rights Settlement Agreement and Implementation Agreement among the City and VID, together known as the Local Entities ("LEs"), the five members of the San Luis Rey Indian Water Authority ("SLRIWA"), and the United States government.

Some of the facilities in the LWS are jointly owned by the City and VID, while other are wholly owned by one agency or the other. In preparation for final ratification of the 2017 San Luis Rey Water Rights Settlement Agreement and Implementation Agreement, the City and VID entered into the 2017 Local Entities Agreement. Among the terms of the Local Entities Agreement (Section 8.B) is the transfer of any of VID's remaining ownership interest in those facilities to Escondido. VID remains committed to reimbursing the City half the cost of operating, maintaining, repairing, or replacing (OMR&R) those facilities. This transfer of ownership is beneficial to the City and VID because it clarifies and simplifies Escondido's role in conveying Local Water to the EVWTP under the Local Entitles' Agreement.

Section 8.B of the Local Entities Agreements requires VID to transfer ownership to the City all VID-owned facilities between the "P1/P2" Pump Station at the EVWTP and Wohlford Dam. The four agreements attached to this Staff Report (Assignments and Assumption Agreement, Bill of Sale, Quitclaim Deed, and Second Amendment to Water Filtration Plant Joint Powers Agreement between the City of Escondido and Vista Irrigation District) fulfill that requirement and are recommended by City Staff for City Council approval. The VID Board of Directors authorized the VID General Manager to execute these agreements on November 17, 2021. Please note that the agreements adopt the Local Entities' Agreement convention of referring to VID as "Vista" (not to be confused with the City of Vista) and the City of Escondido as "Escondido."

The four recommended agreements are as follows:

1. <u>Assignment and Assumption Agreement</u>. Under this agreement, the City assumes from VID all its rights and obligations under the four pipeline easements identified in Exhibit A of the Assignment and Assumption Agreement.



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- 2. <u>Bill of Sale</u>. Under the Bill of Sale, VID conveys all of its ownership interest in the "Vista Transfer Facilities" to the City. A map of the transferred facilities is attached as Exhibit A of the Bill of Sale, and a list of included facilities is attached as Exhibit B of the Bill of Sale. Key facilities include the Wohlford penstock (both the current penstock built in 2003 and the abandoned penstock which it replaced); the Bear Valley Energy Absorber and Bypass Valve facilities; the 54", 48", 42" and 36" pipelines, which constitute the Bear Valley Siphon and the abandoned pipelines which they replaced; and approximately 750 feet of the Jack Creek Bench of the Vista Flume, which conveys raw water to the P1/P2 Pump Station for delivery to the EVWTP. The transferred facilities include associated valves, blow-offs, air vents, cathodic protection stations, electrical facilities, etc.
- 3. Quitclaim Deed. In a 1926 agreement, the Escondido Mutual Water Company ("Mutual"), a public company that constructed a significant portion of the City's existing water system, granted an easement to VID for a pipeline parallel to its own existing pipeline; both pipelines are now abandoned. Under the Quitclaim Deed, VID forever quit claims the Mutual easement and other interests under that 1926 agreement. Mutual was assumed by the City, so all its existing assets, rights, and responsibilities including the Mutual easement are now the responsibility of the City.
- 4. Second Amendment to Water Filtration Plant Joint Powers Agreement between the City of Escondido and Vista Irrigation District. In 1991, VID and the City entered into a First Amendment to Water Filtration Plant Joint Powers Agreement to jointly construct and operate a new 54" pipeline from Lake Wohlford to the EVWTP under which VID was to own 50% of the new facilities. The facilities actually constructed under the First Amendment are different than those described in the document; however, the difference in facilities constructed is inconsequential since per the terms of the Second Amendment to the Water Filtration Plant Joint Powers Agreement Vista transfers and the City accepts all of VID's ownership of the constructed facilities. No other terms of the Water Filtration Plant Joint Powers Agreement (governing the ownership, operation and maintenance of the EVWTP) are affected.

RESOLUTIONS

- a. Resolution No. 2022-05
- b. Resolution No. 2022-05 Exhibit "A" Assignments and Assumption Agreement
- c. Resolution No. 2022-05 Exhibit "B" Bill of Sale
- d. Resolution No. 2022-05 Exhibit "C" Quitclaim Deed
- e. Resolution No. 2022-05 Exhibit "D" Second Amendment to Water Filtration Plant Joint Powers Agreement between the City of Escondido and Vista Irrigation District



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RESOLUTION NO. 2022-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY, A SECOND AMENDMENT TO THE ESCONDIDO-VISTA WATER FILTRATION JOINT POWERS AGREEMENT, AND AUTHORIZING THE TRANSFER OF OWNERSHIP OF CERTAIN RAW WATER CONVEYANCE FACILITIES

WHEREAS, The City of Escondido ("City") and the Vista Irrigation District ("VID") have worked together to construct and operate a Local Water System ("LWS"); and

WHEREAS, the City and VID jointly own and operated the Escondido-Vista Water Treatment Plant ("EVWTP"); and

WHEREAS, the LWS is comprised of several raw water conveyance facilities that transport water from Lake Henshaw in the San Luis Rey River basin, down the San Luis Rey River, through the Escondido Canal to Lake Wohlford, and finally from Lake Wohlford via pipelines to the EVWTP; and

WHEREAS, the City Council adopted Resolution No. 4925 in 1971 authorizing a Joint Powers

Agreement with VID that governs the operation and maintenance of EVWTP; and

WHEREAS, the City Council adopted Resolution No. 91-498 in 1991 authorizing an amendment to the 1971 Joint Powers Agreement with VID for the purpose of constructing and operating a 54" raw water pipeline from the Lake Wohlford Dam to the Escondido-Vista Water Treatment Plant; and

WHEREAS, the City Council adopted Resolution 2017-20 in 2017 authorizing the Agreement between the City of Escondido and the Vista Irrigation District for the Allocation and Management of Local Water and Facilities ("Local Entities' Agreement"); and

WHEREAS, among the terms of the Local Entities Agreement (Section 8.B) is the transfer of any of VID's remaining ownership interest in facilities of the LWS to Escondido without cost; and

WHEREAS, VID remains committed to reimbursing the City half the cost of operating, maintaining, repairing or replacing (OMR&R) those facilities; and

WHEREAS, this transfer of ownership is beneficial to the City and VID because it clarifies and simplifies Escondido's role in conveying Local Water to the EVWTP under the Local Entitles' Agreement.

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

- 1. That the above recitations are true.
- 2. That the City Council authorizes the Mayor to execute, on behalf of the City, the Assignments and Assumption Agreement (Exhibit "A" to this Resolution), Bill of Sale (Exhibit "B" to this Resolution), Quitclaim Deed (Exhibit "C" to this Resolution), and Second Amendment to Water Filtration Plant Joint Powers Agreement between the City of Escondido and Vista Irrigation District (Exhibit "D" to this Resolution).

EXEMPT FROM FEES pursuant to Gov't Code §§ 6103, 27383, and 27388.1 (filing requested/executed by municipality)

EXEMPT FROM DOCUMENT TAX pursuant to Rev. & Tax Code § 11922

RECORDING REQUESTED BY, AND WHEN RECORDED RETURN TO:

Attn: Utilities Director City of Escondido 201 North Broadway Escondido, California 92025-2798

This Space for Recorder's Use Only

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement"), is made as of _______, 20____, (the "Effective Date"), by and between VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. ("Vista"), and CITY OF ESCONDIDO, a California municipal corporation ("Escondido").

RECITALS

- A. Vista provides water to the City of Vista and other jurisdictions.
- B. Escondido provides water to the City of Escondido and other jurisdictions.
- C. Vista and Escondido obtain a portion of their water supplies from a local water system (the "Local Water System") consisting of wells, dams, lakes, canals, and power plants which each has acquired over many years.
- D. The Local Water System has been the subject of complicated litigation and legislation over the years, including claims by local Indian bands and the United States of America. For purposes of resolving the various claims and controversies, the parties have entered into the following agreements:
- a. Implementing Agreement Among the City of Escondido, California, On Its Own Behalf and as Successor to the Escondido Mutual Water Company, the Vista Irrigation District, the San Luis Rey River Indian Water Authority, and the La Jolla, Rincon, San Pasqual, Pauma, and Pala Bands of Mission Indians Pursuant to the San

Luis Rey Indian Water Rights Settlement Act, Public Law 100-675, as Amended, dated December 5, 2014 (the "Implementing Agreement").

- b. Settlement Agreement Between the United States and the La Jolla, Rincon, Pala, Pauma, and San Pasqual Bands of Mission Indians and the San Luis Rey Indian Water Authority and the City of Escondido and Vista Irrigation District, dated January 30, 2015 (the "Settlement Agreement").
- In furtherance of the Implementing Agreement, on or about January 25, E. 2017, Vista and Escondido entered into that certain agreement titled "Agreement Between the City of Escondido and the Vista Irrigation District for the Allocation and Management of Local Water and Facilities" (the "Local Entities Agreement"), pursuant to which, among other things, Vista and Escondido agreed that (a) Vista would transfer to Escondido the ownership of any water pipelines and appurtenances and related water conveyance facilities that are located between that certain pumping station designated as the "P1/P2 Pump Station" on the map attached hereto and incorporated herein as Exhibit "B" (the "Water Conveyance Facilities Map") and Wohlford Dam and that are owned by Vista (collectively, the "Vista Transfer Facilities"), and (b) except for certain power costs, the "OMR&R" (as defined in the Local Entities Agreement) costs of the Vista Transfer Facilities would be calculated on an annual basis and shared one-half (1/2) by Escondido and one-half (1/2) by Vista (with Vista's one-half (1/2) of such costs referred to hereinafter as "Vista's 50% OMR&R Cost Allocation"), all as more fully set forth in the Local Entities Agreement.
- F. Water pipelines and appurtenances and related water conveyance facilities that are owned by Vista but that do not constitute Vista Transfer Facilities are hereinafter referred to as "Vista Retained Facilities."
- G. Vista accesses, operates, and maintains the Vista Transfer Facilities and the Vista Retained Facilities pursuant to various easement agreements and other agreements (collectively, the "Vista Easement/Use Agreements") entered into by and between Vista and the fee owners (or their predecessors-in-interest) of the real property within or upon which the Vista Transfer Facilities and Vista Retained Facilities have been installed.
- H. Concurrently herewith, Vista is transferring and conveying to Escondido all of its ownership interests in the Vista Transfer Facilities pursuant to a Bill of Sale (the "Vista Transfer Facilities Bill of Sale").
- I. Each of the Implementing Agreement, Settlement Agreement, Local Entities Agreement, and Vista Easement/Use Agreements are public records available for inspection at the offices of Vista, at 1391 Engineer Street, Vista, CA 92018-8840.

J. With the exception of Vista's 50% OMR&R Cost Allocation, Vista now desires to transfer and assign all of its rights and obligations in, to and under all of the Vista Easement/Use Agreements (the "Assigned Vista Easement/Use Agreements") to Escondido.

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Vista and Escondido hereby agree as follows:

- 1. <u>Assignment by Vista</u>. As of the Effective Date, with the exception of Vista's 50% OMR&R Cost Allocation, Vista assigns all of its rights and obligations in, to and under the Assigned Vista Easement/Use Agreements to Escondido. The Assigned Vista Easement Use Agreements are set forth in <u>Exhibit "A"</u>, which is attached hereto and incorporated herein by this reference.
- 2. <u>Assumption by Escondido</u>. As of the Effective Date, with the exception of Vista's 50% OMR&R Cost Allocation, Escondido assumes and agrees to be bound by the Assigned Vista Easement/Use Agreements. With the exception of Vista's 50% OMR&R Cost Allocation, Escondido shall fully and faithfully perform and discharge, as and when performance and discharge are due, all of the obligations of Vista under the Assigned Vista Easement/Use Agreements.
- 3. <u>Indemnification by Escondido</u>. With the exception of Vista's 50% OMR&R Cost Allocation, Escondido shall indemnify, defend, and hold Vista harmless from any and all losses, liabilities, damages, expenses, or claims arising from any breach or default in the performance of any of obligations of Vista under the Assigned Vista Easement/Use Agreements accruing after the Effective Date.
- 4. <u>Indemnification by Vista</u>. Vista shall indemnify, defend, and hold Escondido harmless from any and all losses, liabilities, damages, expenses, or claims arising from any breach or default in the performance of any of obligations of Vista under the Assigned Vista Easement/Use Agreements accruing prior to the Effective Date.
- 5. <u>Maintenance/Operating Requirements of Vista Transfer Facilities</u>. Vista and Escondido hereby agree that as of the Effective Date and upon Escondido's acceptance of the Vista Transfer Facilities, with the exception of Vista's 50% OMR&R Cost Allocation, which is more fully set forth in the Local Entities Agreement (i) Escondido shall be deemed to have assumed all of Vista's obligations under any such agreement or other written instrument with respect to the Vista Transfer Facilities, including, without limitation, any obligations to maintain, repair, and operate the Vista Transfer Facilities, and (ii) Vista shall be relieved of any and all obligations and liability with respect to the

Vista Transfer Facilities, including, without limitation, any obligations to maintain, repair, and operate, and any liability with respect to the maintenance, operation, and repair of, the Vista Transfer Facilities.

6. <u>Notices</u>. All notices herein provided to be given, or which may be given by one party to the other party shall be deemed to have been fully given when made in writing and (i) deposited in the United States Mail, certified and postage prepaid, (ii) personally delivered, or (iii) deposited with reputable overnight courier service that provides a receipt with the date and time of delivery, and in all events addressed as follows:

If to Escondido: City Manager

(With additional copies to City Attorney and Utilities Director)

City of Escondido 201 North Broadway

Escondido, California 92025

If to Vista: General Manager

(With additional copy to General Counsel)

Vista Irrigation District 1391 Engineer Street Vista, California 92081

Any of said addresses may be changed at any time by written notice given by one party to the other as provided above.

- 7. Covenant of Good Faith and Fair Dealing. Neither Escondido nor Vista shall do anything which shall have the effect of harming or injuring the right of the other to receive the benefits of this Agreement. Each shall refrain from doing anything which would render its performance under this Agreement impossible, and shall do everything which this Agreement contemplates that such party shall do to accomplish the objectives and purposes of this Agreement.
- 8. <u>Covenant of Cooperation</u>. The parties hereto shall cooperate with and assist each other in the performance of the provisions of this Agreement. Each of the parties hereto shall cooperate with and provide reasonable assistance to the other in the performance of all obligations under this Agreement.
- 9. <u>Amendment</u>. No modification, waiver, amendment, discharge, or change of or to this Agreement shall be valid unless the same is in writing and signed by both parties.

- 10. Notice of Dispute/Negotiated Resolution. In the event of any controversy, claim or dispute between the parties arising out of or related to this Agreement, which has not been resolved by informal discussions and negotiations, either party may, by written notice to the other, invoke the formal dispute resolution procedures set forth in this Section 10. The written notice invoking these procedures shall set forth in reasonable detail the nature, background, and circumstances of the controversy, claim or dispute. During the thirty (30) business day period following receipt of said written notice ("Meet/Confer Period"), the parties shall meet, confer, and negotiate in good faith to resolve the dispute. Either party, may, during the Meet/Confer Period, request the services of a professional mediator, and the other party shall cooperate with this request and share the reasonable costs of such mediator. If, after the Meet/Confer Period, a mediator has not been requested by one or both parties, then a mediator may be subsequently utilized only upon the mutual consent of the parties; the reasonable cost of said mediator shall be shared by the parties.
- 11. <u>Litigation</u>. If any controversy, claim or dispute between the parties arising out of or relating to this Agreement cannot be settled or resolved amicably by the parties either informally, or during the Meet/Confer Period of good faith negotiations provided for above, or after utilizing the services of a professional mediator, then either party may bring an action in a court of competent jurisdiction against the other to settle the pending controversy, claim or dispute.
- 12. <u>Governing Law and Venue</u>. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California. Venue for actions under this Agreement shall be in the San Diego County Superior Court, North County Branch.
- 13. Attorney's Fees. In the event either party hereto brings suit to enforce the terms of this Agreement or on account of breach hereof, the party not prevailing in such suit shall pay all reasonable costs and expenses incurred by the other party in such suit, including, without limitation, court costs, attorneys' fees, and expert witness fees.
- 14. <u>No Construction Against Any Party</u>. The parties agree that the terms and conditions of this Agreement are the result of negotiations between the parties and/or their counsel, and that this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or its counsel or representatives participated in drafting it or any portion of it.
- 15. <u>Severability</u>. Any provision of this Agreement that is found to be prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating any of the remaining provisions thereof. In the event any such provision of this Agreement is so held invalid; the parties shall promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original

intent and effect. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

- 16. Representation of Authority. Each party represents and warrants to the others that it has the full right and authority to enter into this Agreement, and further that it has the power, authority and ability to carry out the obligations assumed and promised hereunder, and is not presently aware of any pending event that would, or could, hamper, hinder, delay, or prevent the timely performance of said obligations.
- 17. Entire Agreement. This Agreement, along with the Local Entities Agreement, that certain Agreement entered into between Escondido and Vista on or about July 23, 1971, regarding the construction and operation of a joint water filtration plant, as amended from time to time, and the Vista Transfer Facilities Bill of Sale, contains the entire agreement between Vista and Escondido with respect to the subject matter hereof. This Agreement shall bind and inure to the benefit of Vista and Escondido and their respective personal representatives, heirs, successors, and assigns. This Agreement shall be governed and construed in accordance with the laws of the State of California.
- 18. <u>Counterparts</u>. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Vista and Escondido have executed this Agreement as of the date first hereinabove written.

"Vista"

APPROVED AS TO FORM: RUTAN & TUCKER, LLP Jennifer Farrell, General Counsel	VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. By:
	"Escondido" CITY OF ESCONDIDO, a California municipal corporation
APPROVED AS TO FORM: Office of the City Attorney	By: Name:
Michael R. McGuinness, City Attorney	Its:

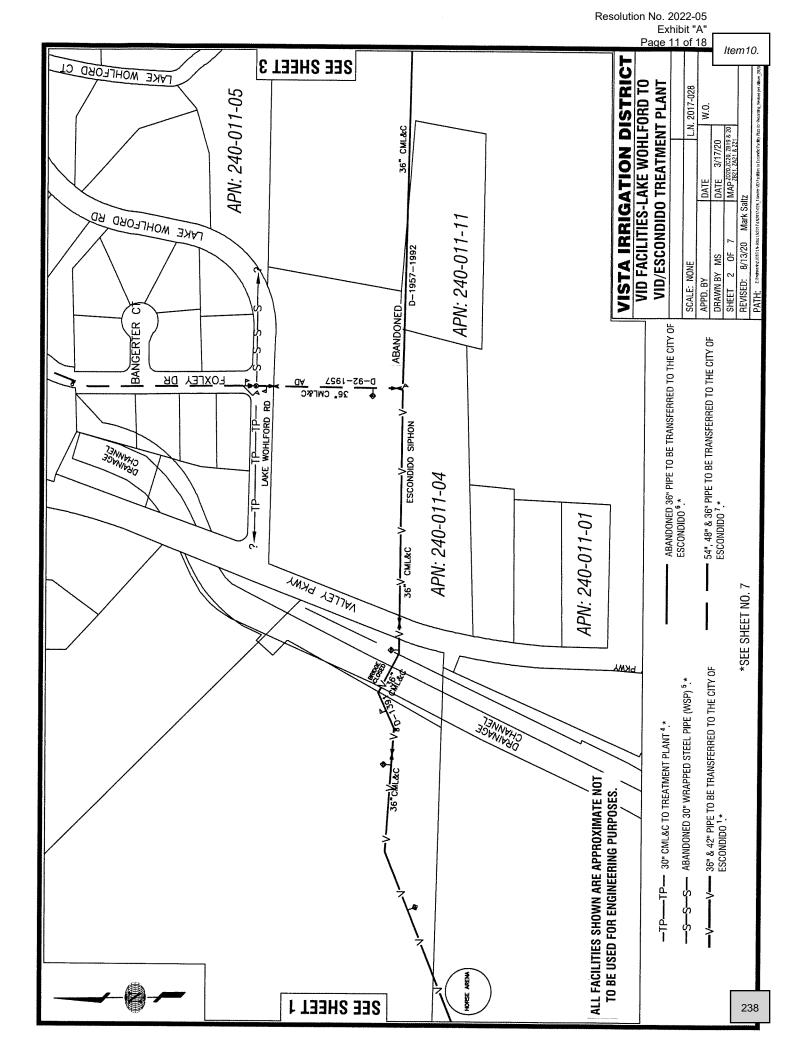
EXHIBIT "A"

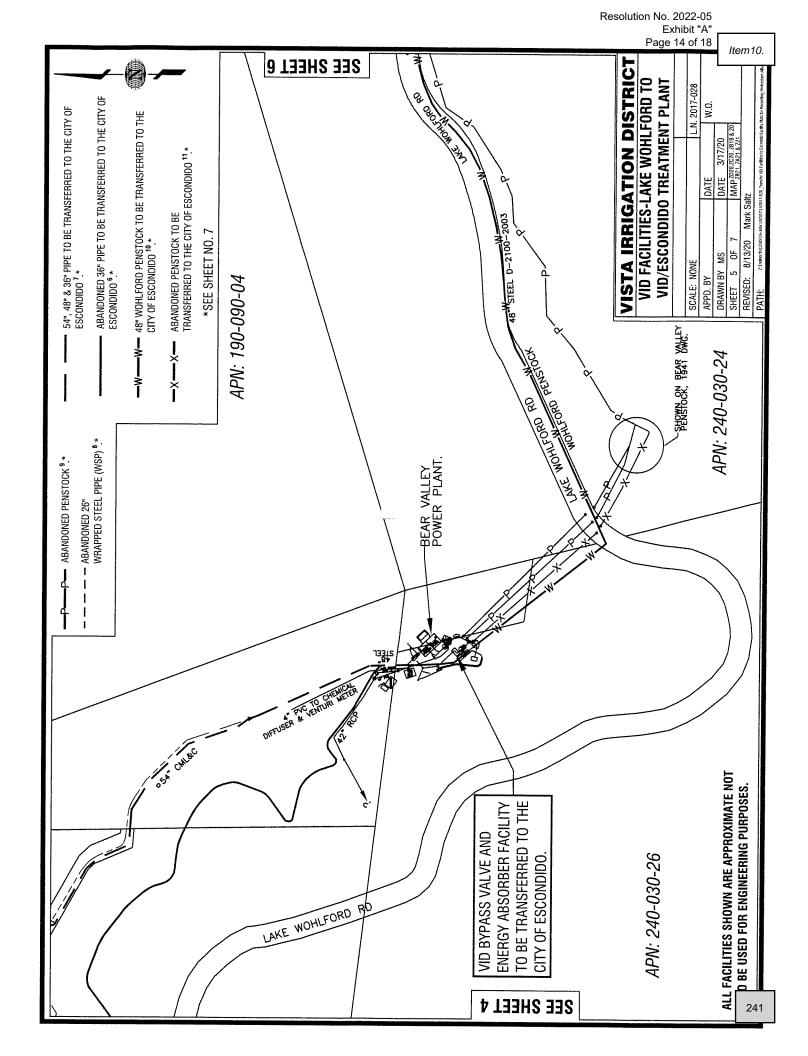
ASSIGNED VISTA EASEMENT/USE AGREEMENTS

- 1. Easement granted by Community Lutheran Church to Vista Irrigation District, dated January 10, 1994, recorded on February 7, 1994, in the Official Records of the County of San Diego, as <u>Instrument No. 1994-0084306</u>.
- 2. Easement granted by Ernest J. Andrews and Emily O. Andrews, Husband and Wife, dated May 9, 1925, recorded on October 2, 1925, in Book No. 1127, Page 153 of Deeds, in the Official Records of the County of San Diego.
- 3. Unrecorded Easement granted by John J. Gain and Emily A. Gain, Husband and Wife, dated May 17, 1940.
- 4. Easement granted by J. Worthen and L.H. Worthen, Husband and Wife, dated August 20, 1925, recorded on October 2, 1925, in Book No. 1122, Page 283 of Deeds, in the Official Records of the County of San Diego.

EXHIBIT "B"

WATER CONVEYANCE FACILITIES MAP





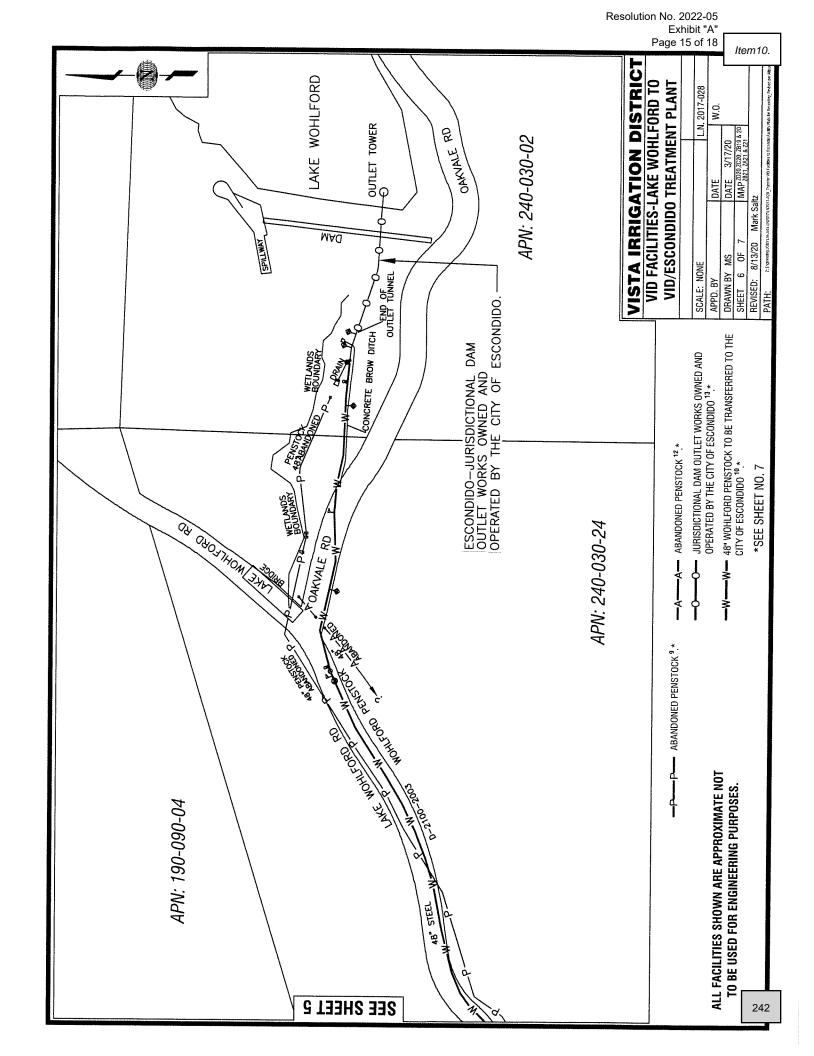


Exhibit "A" Page 16 of 18

DRAWING REFERENCES & FACILITY STATUS

136" & 42" PIPE SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D-1957-1992 & 1925 FLUME DRAWINGS. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

² COVERED FLUME (JACK CREEK BENCH) SHOWN ON VISTA TO BE TRANSFERRED TO THE CITY OF ESCONDIDO. IRRIGATION DISTIRCT 1925 FLUME DRAWINGS. **1**8

| | |

FLUME DRAWINGS. TO REMAIN UNDER VID OWNERSHIP. ³ FLUME SHOWN ON VISTA IRRIGATION DISTRICT 925

⁴ 30" CML&C TO TREATMENT PLANT. IMPROVEMENT ALREADY OWNED BY THE CITY OF ESCONDIDO. -TP-TP-

⁵ ABANDONED 30" WSP. SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D -1957-1992, IMPROVEMENT ALREADY OWNED BY THE CITY OF ESCONDIDO.

DISTRICT 1925 FLUME DRAWINGS. TO BE TRANSFERRED ⁶ ABANDONED 36" PIPE SHOWN ON VISTA IRRIGATION TO THE CITY OF ESCONDIDO.

EVWTP JPA FIRST AMENDMENT. TO BE TRANSFERRED TO DISTRICT DRAWING D-1957-1992. INSTALLED PER 1991 ⁷ 54", 48" & 36" PIPE, SHOWN ON VISTA IRRIGATION THE CITY OF ESCONDIDO.

DISTRICT DRAWING D-1957-1992. IMPROVEMENT ALREADY ⁸ ABANDONED 26" WSP. SHOWN ON VISTA IRRIGATION OWNED BY THE CITY OF ESCONDIDO.

IRRIGATION DISTRICT DRAWING D-2100-2003 & THE IMPROVEMENT ALREADY OWNED BY THE CITY OF BEAR VALLEY PENSTOCK DRAWING FROM 1941. ⁹ ABANDONED PENSTOCK. SHOWN ON VISTA ESCONDIDO.

IRRIGATION DISTRICT DRAWING D-2100-2003. TO BE 10 48" WOHLFORD PENSTOCK. SHOWN ON VISTA TRANSFERRED TO THE CITY OF ESCONDIDO. | | |-! }

RRIGATION DISTRICT DRAWING D-2100-2003 & THE BEAR VALLEY PENSTOCK DRAWING FROM ¹¹ ABANDONED PENSTOCK. SHOWN ON VISTA 1941. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

12 ABANDONED PENSTOCK. SHOWN ON VISTA IRRIGATION DISTRICT DRAWING ALREADY OWNED BY THE CITY OF D-2100-2003. IMPROVEMENT ESCONDIDO. ¹³ JURISDICTIONAL DAM OUTLET WORKS, IMPROVEMENT ALREADY OWNDED BY THE CITY OF ESCONDIDO.

VISTA IRRIGATION DISTRICT VID FACILITIES-LAKE WOHLFORD TO VID/ESCONDIDO TREATMENT PLANT

		1	_		_
	L.N. 2017-028	W.0.			
	L.N	DATE	DATE 3/17/20	MAP 2020, 2020, 2819 & 20 2821, 2821 & 221	7
					Mark Saltz
	NE		MS	0F 7	8/13/20
	SCALE: NONE	APPD. BY	DRAWN BY MS	SHEET 7	REVISED:
_					

Item10.

ADDITIONALLY- THE VID BYPASS VALVE AND ENERGY ABSORBER FACILITY LOCATED AT THE BEAR VALLEY POWER PLANT TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

CERTIFICATE OF ACCEPTANCE

This to certify that the interests in real property conveyed by the foregoing Assignment, Assumption, and Reservation Agreement from VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. to the CITY OF ESCONDIDO, a California municipal corporation, is hereby accepted by the undersigned officer of the City of Escondido, on behalf of the City of Escondido, pursuant to authority conferred by Resolution No.					
CITY OF ESCONDIDO, a California municipal corporation					
y:					
ated:					
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.					
tate of California) ounty of San Diego)					
On, before me,,					
Notary Public, personally appeared, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.					
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.					
WITNESS my hand and official seal.					
gnature (Seal)					

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

State of California County of San Diego

On 11-22-2021 , before me, Lisa R. Soto, Notary Public (insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature

(Seal)

LISA R. SOTO

Notary Public - California
San Diego County
Commission # 2311777
My Comm. Expires Dec 5, 2023

BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is made and entered into on this __day of ____, 20__, (the "Effective Date"), by and between VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. ("Vista"), and CITY OF ESCONDIDO, a California municipal corporation ("Escondido").

RECITALS

- A. Vista provides water to the City of Vista and other jurisdictions.
- B. Escondido provides water to the City of Escondido and other jurisdictions.
- C. Vista and Escondido obtain a portion of their water supplies from a local water system (the "**Local Water System**") consisting of wells, dams, lakes, canals, and power plants which each has acquired over many years.
- D. The Local Water System has been the subject of complicated litigation and legislation over the years, including claims by local Indian bands and the United States of America. For purposes of resolving the various claims and controversies, the parties have entered into the following agreements:
- a. Implementing Agreement Among the City of Escondido, California, On Its Own Behalf and as Successor to the Escondido Mutual Water Company, the Vista Irrigation District, the San Luis Rey River Indian Water Authority, and the La Jolla, Rincon, San Pasqual, Pauma, and Pala Bands of Mission Indians Pursuant to the San Luis Rey Indian Water Rights Settlement Act, Public Law 100-675, as Amended, dated December 5, 2014 (the "Implementing Agreement").
- b. Settlement Agreement Between the United States and the La Jolla, Rincon, Pala, Pauma, and San Pasqual Bands of Mission Indians and the San Luis Rey Indian Water Authority and the City of Escondido and Vista Irrigation District, dated January 30, 2015 (the "Settlement Agreement").
- E. In furtherance of the Implementing Agreement, on or about January 25, 2017, Vista and Escondido entered into that certain agreement titled "Agreement Between the City of Escondido and the Vista Irrigation District for the Allocation and Management of Local Water and Facilities" (the "Local Entities Agreement"), pursuant to which, among other things, Vista and Escondido agreed that Vista would transfer to Escondido the ownership of any water pipelines and appurtenances and related water conveyance facilities that are located between that certain pumping station designated as the "P1/P2 Pump Station" on the map attached hereto and incorporated herein as Exhibit "A" (the "Water Conveyance Facilities Map") and Wohlford Dam and that are owned by

Vista (collectively, the "Vista Transfer Facilities"). The Vista Transfer Facilities include the water pipelines and facilities listed in Exhibit "B", and all related facilities associated therewith, including, without limitation, valves, blow-off's, air vents, and cathodic protection.

- F. Water pipelines and appurtenances and related water conveyance facilities that are owned by Vista but that do not constitute Vista Transfer Facilities are hereinafter referred to as "Vista Retained Facilities." For the avoidance of doubt, the P1/P2 Pump Station is referenced herein and depicted on the Water Conveyance Facilities Map for locational reference purposes only, and Vista's partial ownership of and other rights with respect to the P1/P2 Pump Station constitutes a portion of Vista Retained Facilities.
- G. Vista accesses, operates, and maintains the Vista Transfer Facilities and the Vista Retained Facilities pursuant to various easement agreements and other agreements (collectively, the "Vista Easement/Use Agreements") entered into by and between Vista and the fee owners (or their predecessors-in-interest) of the real property within or upon which the Vista Transfer Facilities and Vista Retained Facilities have been installed.
- H. Concurrently herewith, Vista and Escondido are entering into the following agreements:
 - a. Assignment and Assumption Agreement ("Vista Easement/Use Assignment Agreement"), pursuant to which Vista is assigning to Escondido all of its rights and obligations pursuant to the Vista Easement/Use Agreements. Notwithstanding the foregoing, however, Vista and Escondido acknowledge and agree that pursuant to the Local Entities Agreement, except for certain power costs, the "OMR&R" (as defined in the Local Entities Agreement) costs of the Vista Transfer Facilities shall be calculated on an annual basis and shared one-half (1/2) by Escondido and one-half (1/2) by Vista, all as more fully set forth in the Local Entities Agreement.
 - b. Second Amendment to Water Filtration Plant Joint Powers Agreement Between the City of Escondido and Vista Irrigation District (the "Second Amendment to JPA"), pursuant to which Escondido will become the sole owner of any water transfer facilities between the P1/P2 Pump Station and Wohlford Dam that are presently owned by Vista, including but not limited to bypass facilities at the Bear Valley Power Plant, portions of the active and abandoned pipeline and siphon (including the 54" pipeline and its related 48",42" and 36" pipelines) between the Power Plant and the Treatment Plant and that portion of the Vista Flume

upstream of the P1/P2 Pump Station. Notwithstanding the foregoing, however, Vista and Escondido acknowledge and agree that pursuant to the Local Entities Agreement, except for certain power costs, the OMR&R costs of the Vista Transfer Facilities shall be calculated on an annual basis and shared one-half (1/2) by Escondido and one-half (1/2) by Vista, all as more fully set forth in the Local Entities Agreement.

- I. Each of the Implementing Agreement, Settlement Agreement, Local Entities Agreement, Vista Easement/Use Agreements, Vista Easement/Use Assignment Agreement, and Second Amendment to JPA are public records available for inspection at the offices of Vista, at 1391 Engineer Street, Vista, CA 92018-8840.
- J. Vista now desires to transfer and convey to Escondido all of Vista's ownership interests in and to the Vista Transfer Facilities.

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Vista and Escondido hereby agree as follows:

AGREEMENTS

- 1. Recitals. The foregoing recitals are true, correct and by this reference incorporated herein.
- 2. Conveyance of Vista's Ownership Interests in the Vista Transfer Facilities. Vista hereby sells, conveys, assigns, transfers, sets over, and delivers to Escondido all of Vista's ownership interests in and to the Vista Transfer Facilities and Escondido hereby accepts all of Vista's ownership interests in and to the Vista Transfer Facilities, as of the Effective Date.
- 3. <u>Maintenance/Operating Requirements of Vista Transfer Facilities.</u> Vista and Escondido hereby agree that as of the Effective Date and upon Escondido's acceptance of the Vista Transfer Facilities, (i) Escondido shall be deemed to have assumed all of Vista's obligations under any such agreement or other written instrument with respect to the Vista Transfer Facilities, including, without limitation, any obligations to maintain, repair, and operate the Vista Transfer Facilities, and (ii) Vista shall be relieved of any and all obligations and liability with respect to the Vista Transfer Facilities, including, without limitation, any obligations to maintain, repair, and operate, and any liability with respect to the maintenance, operation, and repair of, the Vista Transfer Facilities. Notwithstanding the foregoing, however, Vista and Escondido acknowledge and agree that pursuant to the Local Entities Agreement, except for certain power costs, the OMR&R costs of the Vista Transfer Facilities shall be calculated on an annual basis and shared one-half (1/2) by Escondido and one-half (1/2) by Vista, all as more fully set forth in the Local Entities Agreement.

4. <u>Notices</u>. All notices herein provided to be given, or which may be given by one party to the other party shall be deemed to have been fully given when made in writing and (i) deposited in the United States Mail, certified and postage prepaid, (ii) personally delivered, or (iii) deposited with reputable overnight courier service that provides a receipt with the date and time of delivery, and in all events addressed as follows:

If to Escondido: City Manager

(With additional copies to City Attorney and Utilities Director)

City of Escondido 201 North Broadway

Escondido, California 92025

If to Vista: General Manager

(With additional copy to General Counsel)

Vista Irrigation District 1391 Engineer Street Vista, California 92081

Any of said addresses may be changed at any time by written notice given by one party to the other as provided above.

- 5. <u>Covenant of Good Faith and Fair Dealing</u>. Neither Escondido nor Vista shall do anything which shall have the effect of harming or injuring the right of the other to receive the benefits of this Bill of Sale. Each shall refrain from doing anything which would render its performance under this Bill of Sale impossible and shall do everything which this Bill of Sale contemplates that such party shall do to accomplish the objectives and purposes of this Bill of Sale.
- 6. <u>Covenant of Cooperation</u>. The parties hereto shall cooperate with and assist each other in the performance of the provisions of this Bill of Sale. Each of the parties hereto shall cooperate with and provide reasonable assistance to the other in the performance of all obligations under this Bill of Sale.
- 7. <u>Amendment.</u> No modification, waiver, amendment, discharge, or change of or to this Bill of Sale shall be valid unless the same is in writing and signed by both parties.
- 8. Notice of Dispute/Negotiated Resolution. In the event of any controversy, claim or dispute between the parties arising out of or related to this Bill of Sale, which has not been resolved by informal discussions and negotiations, either party may, by written notice to the other, invoke the formal dispute resolution procedures set forth in this Section 8. The written notice invoking these procedures shall set forth in reasonable detail the nature, background, and circumstances of the controversy, claim or dispute. During the thirty (30) business day period following receipt of said written notice ("Meet/Confer Period"), the parties shall meet, confer, and negotiate in good faith to resolve the dispute. Either party, may, during the Meet/Confer Period, request the services of a professional mediator, and the other party shall cooperate with this request and share the reasonable costs of such mediator. If, after the Meet/Confer Period, a mediator has not been

requested by one or both parties, then a mediator may be subsequently utilized only upon the mutual consent of the parties; the reasonable cost of said mediator shall be shared by the parties.

- 9. <u>Litigation</u>. If any controversy, claim or dispute between the parties arising out of or relating to this Bill of Sale cannot be settled or resolved amicably by the parties either informally, or during the Meet/Confer Period of good faith negotiations provided for above, or after utilizing the services of a professional mediator, then either party may bring an action in a court of competent jurisdiction against the other to settle the pending controversy, claim or dispute.
- 10. <u>Governing Law and Venue</u>. This Bill of Sale shall be interpreted, governed by, and construed under the laws of the State of California. Venue for actions under this Bill of Sale shall be in the San Diego County Superior Court, North County Branch.
- 11. Attorney's Fees. In the event either party hereto brings suit to enforce the terms of this Bill of Sale or on account of breach hereof, the party not prevailing in such suit shall pay all reasonable costs and expenses incurred by the other party in such suit, including, without limitation, court costs, attorneys' fees, and expert witness fees.
- 12. No Construction Against Any Party. The parties agree that the terms and conditions of this Bill of Sale are the result of negotiations between the parties and/or their counsel, and that this Bill of Sale shall not be construed in favor of or against any party by reason of the extent to which any party or its counsel or representatives participated in drafting it or any portion of it.
- 13. <u>Severability</u>. Any provision of this Bill of Sale that is found to be prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating any of the remaining provisions thereof. In the event any such provision of this Bill of Sale is so held invalid; the parties shall promptly renegotiate in good faith new provisions to restore this Bill of Sale as nearly as possible to its original intent and effect. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.
- 14: Representation of Authority. Each party represents and warrants to the others that it has the full right and authority to enter into this Bill of Sale, and further that it has the power, authority and ability to carry out the obligations assumed and promised hereunder, and is not presently aware of any pending event that would, or could, hamper, hinder, delay, or prevent the timely performance of said obligations.
- 15. <u>Entire Agreement</u>. This Bill of Sale, along with the Local Entities Agreement, and Vista Easement/Use Assignment Agreement, represent the full understanding of the parties regarding the subject matter hereof and shall supersede all prior oral or written agreements related thereto.

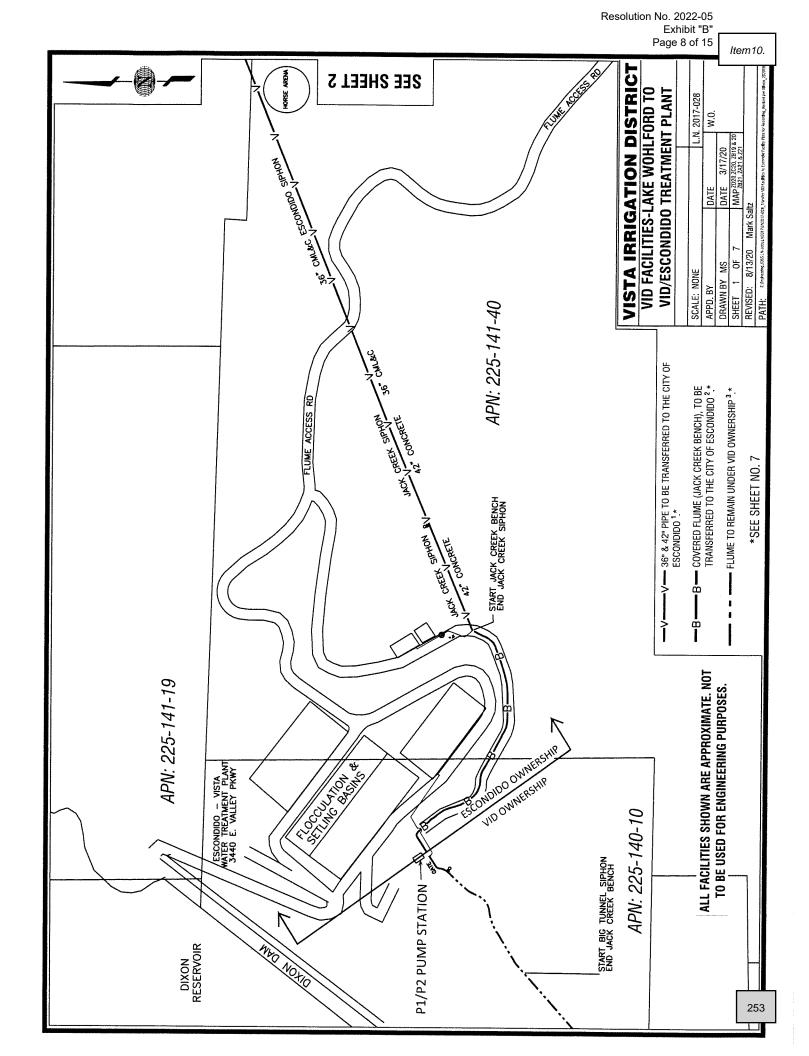
[SIGNATURE PAGE FOLLOWS]

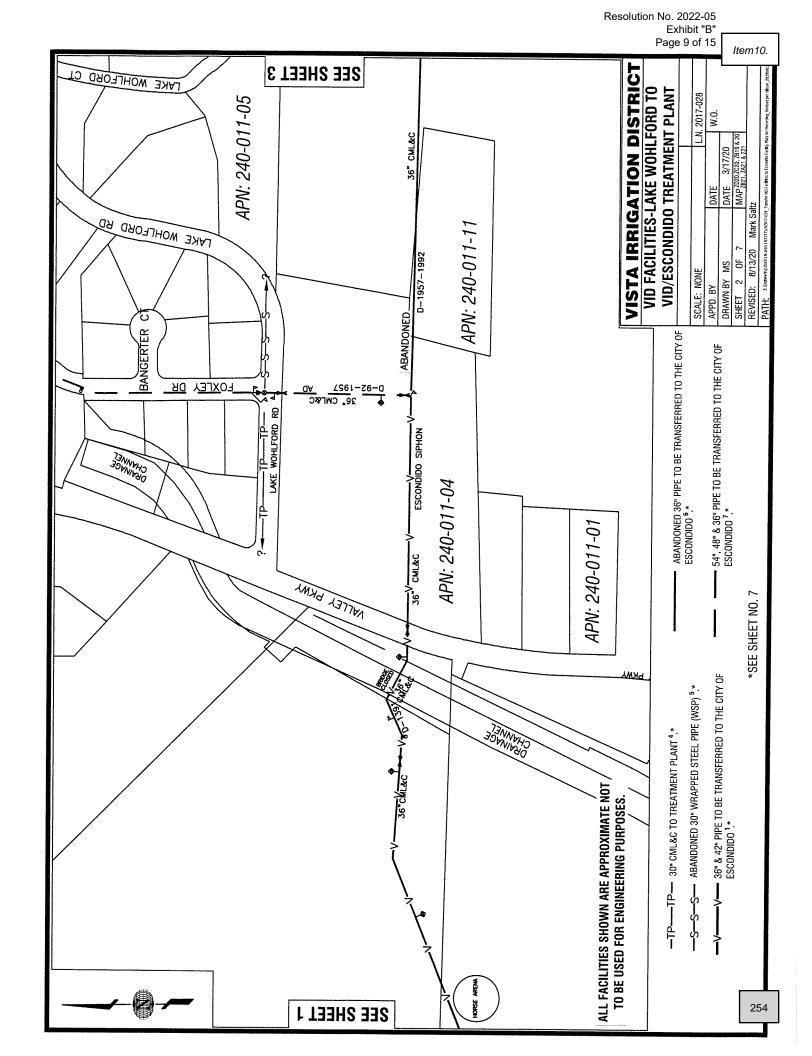
IN WITNESS WHEREOF, Vista and Escondido have caused this Bill of Sale to be executed effective as of the Effective Date.

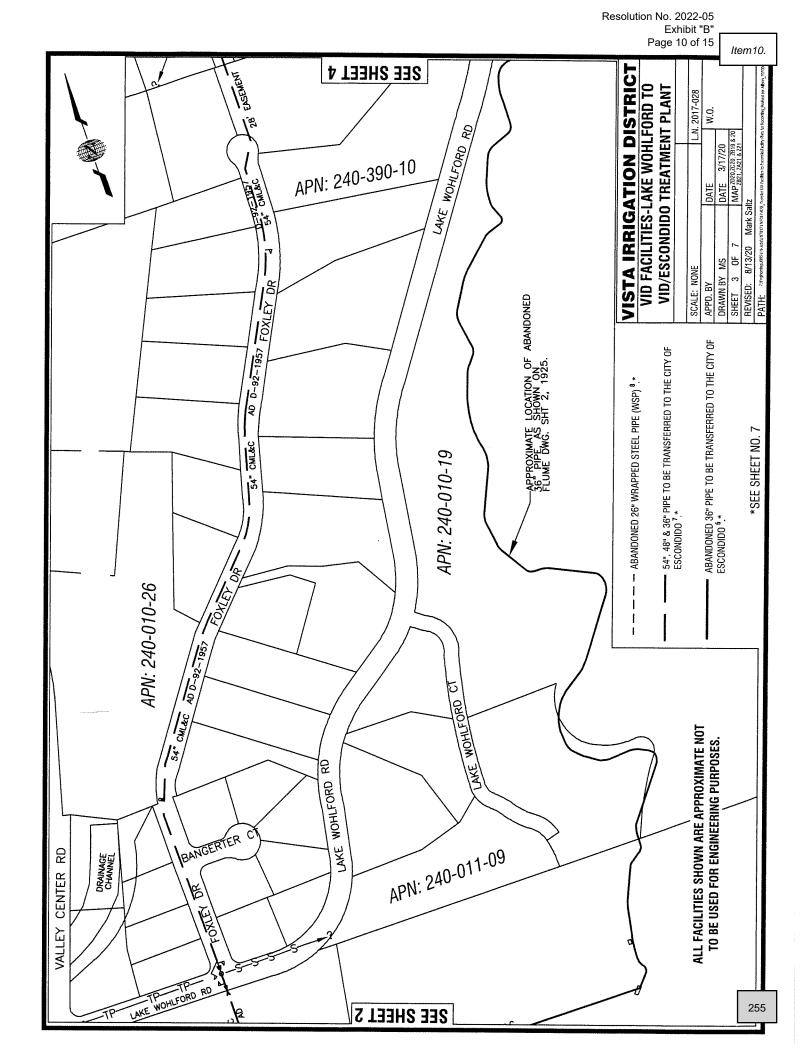
	"Vista"
APPROVED AS TO FORM: RUTAN & TUCKER, LLP Jennifer Fayrell, General Counsel	VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. By: Name: Britt Hodgkiss Its: General Manager "Escondido"
	CITY OF ESCONDIDO, a California municipal corporation
APPROVED AS TO FORM: Office of the City Attorney	By: Name:
Michael R. McGuinness, City Attorney	Its:

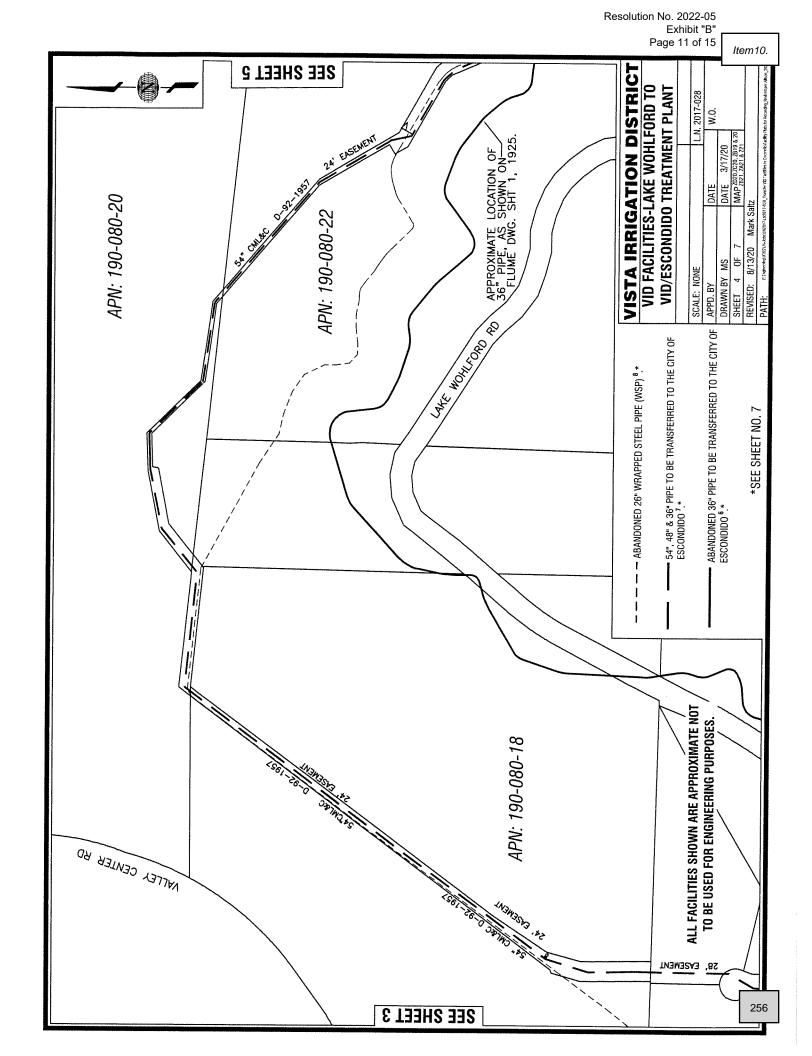
EXHIBIT "A"

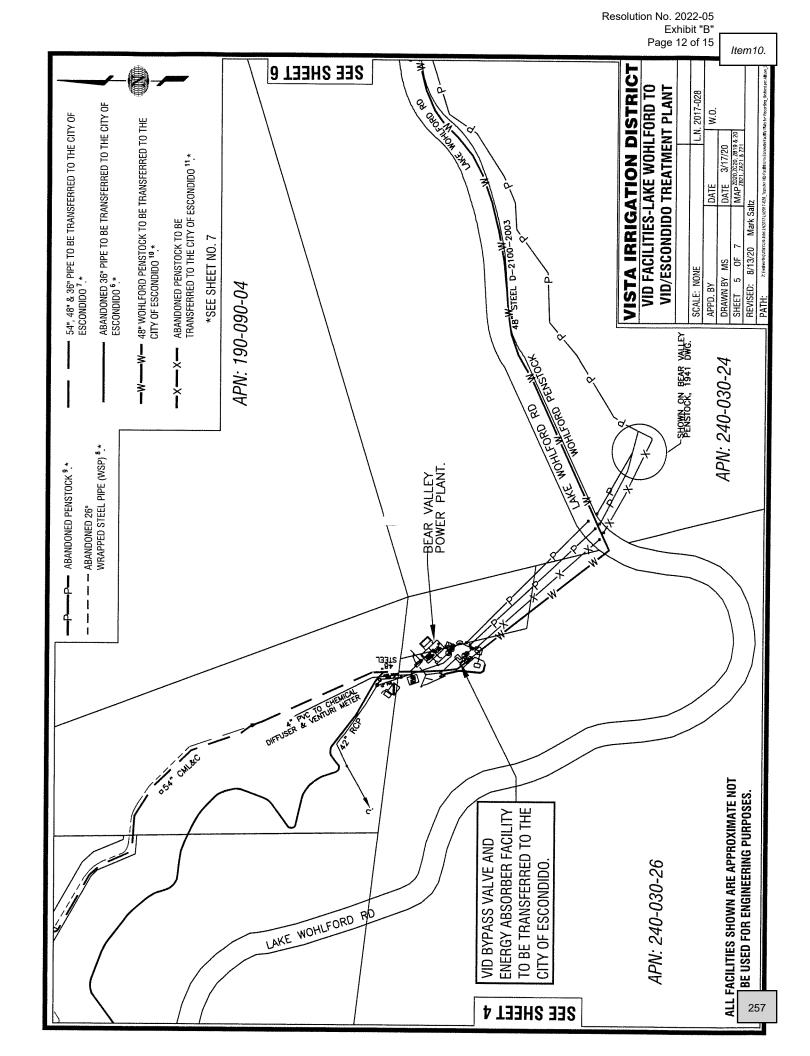
Water Conveyance Facilities Map

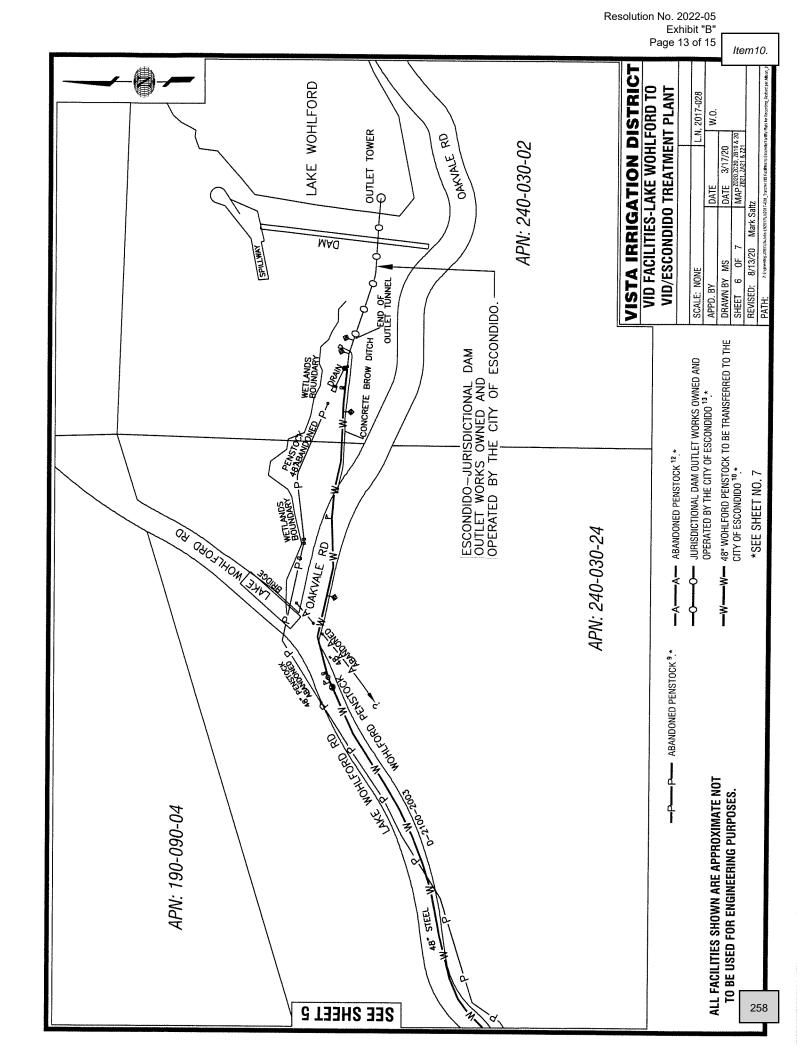












DRAWING REFERENCES & FACILITY STATUS

-V --- ¹36" & 42" PIPE SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D-1957-1992 & 1925 FLUME DRAWINGS. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO. B --- 2 COVERED FLUME (JACK CREEK BENCH) SHOWN ON VISTA IRRIGATION DISTIRCT 1925 FLUME DRAWINGS. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

3 FLUME SHOWN ON VISTA IRRIGATION DISTRICT 925
 FLUME DRAWINGS. TO REMAIN UNDER VID OWNERSHIP.

—TP——TP— ⁴ 30" CML&C TO TREATMENT PLANT. IMPROVEMENT ALREADY OWNED BY THE CITY OF ESCONDIDO. --S--S--S--S ABANDONED 30" WSP. SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D -1957-1992. IMPROVEMENT ALREADY OWNED BY THE CITY OF ESCONDIDO.

* ABANDONED 36" PIPE SHOWN ON VISTA IRRIGATION DISTRICT 1925 FLUME DRAWINGS. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO. 7 54", 48" & 36" PIPE, SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D-1957-1992. INSTALLED PER 1991 EVWTP JPA FIRST AMENDMENT. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

B ABANDONED 26" WSP. SHOWN ON VISTA IRRIGATION
DISTRICT DRAWING D-1957-1992. IMPROVEMENT ALREADY
OWNED BY THE CITY OF ESCONDIDO.

■ P— P— 9 ABANDONED PENSTOCK. SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D-2100-2003 & THE BEAR VALLEY PENSTOCK DRAWING FROM 1941. IMPROVEMENT ALREADY OWNED BY THE CITY OF ESCONDIDO.

—-W----W-- ¹⁰ 48" WOHLFORD PENSTOCK. SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D-2100-2003. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

---X----X 1 ABANDONED PENSTOCK. SHOWN ON VISTA IRRIGATION DISTRICT DRAWING D-2100-2003 & THE BEAR VALLEY PENSTOCK DRAWING FROM 1941. TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

———O—— ¹³ JURISDICTIONAL DAM OUTLET WORKS, IMPROVEMENT ALREADY OWNDED BY THE CITY OF ESCONDIDO.

ADDITIONALLY- THE VID BYPASS VALVE AND ENERGY ABSORBER FACILITY LOCATED AT THE BEAR VALLEY POWER PLANT TO BE TRANSFERRED TO THE CITY OF ESCONDIDO.

EXHIBIT "B"

Vista Transfer Facilities

- 1. 36" and 42" pipe depicted on Sheets 1, 2 of Water Conveyance Facilities Map and identified in footnote 1 on Sheets 1, 2 and 7 of Water Conveyance Facilities Map.
- 2. Covered flume (Jack Creek Bench) depicted on Sheet 1 of Water Conveyance Facilities Map and identified in footnote 2 on Sheets 1 and 7 of Water Conveyance Facilities Map.
- 3. Abandoned 36" pipe depicted on Sheets 2, 3, 4 and 5 of Water Conveyance Facilities Map and identified in footnote 6 on Sheets 2, 3, 4, 5 and 7 of Water Conveyance Facilities Map.
- 4. 54", 48" & 36" pipe depicted on Sheets 2, 3, 4 and 5 of Water Conveyance Facilities Map and identified in footnote 7 on Sheets 2, 3, 4, 5 and 7 of Water Conveyance Facilities Map.
- 5. 48" Wohlford Penstock depicted on Sheets 5 and 6 of Water Conveyance Facilities Map and identified in footnote 10 on Sheets 5, 6 and 7 of Water Conveyance Facilities Map.
- 6. Abandoned Penstock depicted on Sheet 5 of Water Conveyance Facilities Map and identified in footnote 11 on Sheets 5 and 7 of Water Conveyance Facilities Map.
- 7. Bypass valve and energy absorber facility depicted on Sheet 5 of Water Conveyance Facilities Map.

The Vista Transfer Facilities include all related facilities associated with the foregoing facilities, including, without limitation, valves, blow-off's, air vents, cathodic protection, and electrical facilities.

EXEMPT FROM FEES pursuant to Gov't Code §§ 6103, 27383, and 27388.1 (filing requested/executed by municipality)

EXEMPT FROM DOCUMENT TAX pursuant to Rev. & Tax Code § 11922

RECORDING REQUESTED BY, AND WHEN RECORDED RETURN TO:

Attn: Utilities Director City of Escondido 201 North Broadway Escondido, California 92025-2798

This Space for Recorder's Use Only

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seg. (the "Grantor"), do(es) hereby remise, release and forever quitclaim to CITY OF ESCONDIDO, a California municipal corporation (the "Grantee"), all of the Grantor's easement and other interests in and under that certain Agreement entered into on or about April 23, 1926, between Grantor and the Escondido Mutual Water Company ("EMWC"), predecessor-in-interest to Grantee, and recorded in County of San Diego Deed Book 1219, pages 76-82, on May 3, 1926.

Dated //-22-2/

"Grantor"

APPROVED AS TO FORM: RUTAN & TUCKER, LLP

Jennifer Farrell, General Counsel

VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seg.

: Brett Hodgkiss General Manager

Page 2 of 3

Item10.

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

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

WITNESS my hand and official seal.

Signature (V)

(Seal)

LISA R. SOTO
Notary Public - California
San Diego County
Commission # 2311777
My Comm. Expires Dec 5, 2023

CERTIFICATE OF ACCEPTANCE

This to certify that the interests in real property conveyed by the foregoing Quitclaim Deed from VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, <i>et seq.</i> to the CITY OF ESCONDIDO, a California municipal corporation, is hereby accepted by the undersigned officer of the City of Escondido, on behalf of the City of Escondido, pursuant to authority conferred by Resolution No of the City Council of the City of Escondido adopted on, 20, and the City of Escondido consents to the recordation of said Agreement by its undersigned duly authorized officer.
CITY OF ESCONDIDO, a California municipal corporation
By:
Dated:
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
State of California) County of San Diego)
On, before me,, Notary Public, personally appeared,
Notary Public, personally appeared, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.
Signature (Seal)

SECOND AMENDMENT TO WATER FILTRATION PLANT JOINT POWERS AGREEMENT BETWEEN THE CITY OF ESCONDIDO AND VISTA IRRIGATION DISTRICT

This SECOND AMENDMENT TO WATER FILTRATION PLANT JOINT POWERS AGREEMENT BETWEEN THE CITY OF ESCONDIDO AND VISTA IRRIGATION DISTRICT("Second Amendment) is made as of this __ day of _____, 20___, (the "Effective Date"), by and between the CITY OF ESCONDIDO, a California municipal corporation ("Escondido"), and VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. ("Vista").

RECITALS:

- A. On or about July 23, 1971, Escondido and Vista entered into an agreement for the construction and operation of a joint water filtration plant (the "**Original Agreement**").
- B. On July 5, 1972, the Original Agreement was modified by Water Filtration Plant Operating Memorandum No. 1, which reduced the initial size of the Escondido-Vista Water Treatment Plant (the "Filtration Plant") from 50 million gallons a day ("MGD") to 37.5 MGD, changed Escondido's initial ownership and share of capital expenses from 70% to 60%, changed Vista's initial ownership and share of capital expenses from 30% to 40%, and made other related changes.
- C. On October 1, 1975, the Original Agreement was modified by Water Filtration Plant Operating Memorandum No. 2, which provided for the substitution of a new 42" supply pipeline directly from the CWA crossover pipeline to the Filtration Plant in place of the originally proposed pumping station on the existing 30" Dixon Supply Line, provided for the sharing of costs related to the construction of said pipeline, provided for the reimbursement of Vista for loss in "available capacity" and for additional treatment costs, and changed the date on which Vista could make its owned capacity firm under Section 12(e) of the Original Agreement.
- D. Pursuant to the terms of the Original Agreement, the capacity of the Filtration Plant has been increased to 90 MGD, of which Escondido now owns 72 MGD and Vista now owns 18 MGD.
- E. On July 31, 1987, Vista gave notice to Escondido pursuant to Section 12(e) of the Original agreement of the cancellation effective July 31, 1990, of the operative provisions of Section 12 (Sections 12(a) through 12(d)), which cancellation has become final.
- F. On or about December 13, 1991, Vista and Escondido entered into a First Amendment to Water Filtration Plant Joint Powers Agreement Between the City of Escondido and Vista Irrigation District, pursuant to which Vista and Escondido agreed to jointly construct and operate a new 54" pipeline from Lake Wohlford to the Filtration Plant (the "Contemplated 54" Pipeline"), and to proceed with said construction and operation

generally in accordance with the provisions of the Original Agreement which governs the construction and operation of the Filtration Plant (the "First Amendment").

- G. The Original Agreement, as modified by Water Filtration Plant Operating Memorandum No. 1, Water Filtration Plant Operating Memorandum No. 2, and the First Amendment is hereinafter referred to as the "**Agreement**."
- H. The Contemplated 54" Pipeline was never completed but was partially constructed from the Bear Valley Power Plant to Foxly Lane. The completed portion of the project was constructed with 54", 48" & 36" size pipes that comprise the "Completed Portion of 54" Pipeline", which is in operation pursuant to the terms of the Agreement.
- I. On or about January 25, 2017, Vista and Escondido entered into that certain agreement titled "Agreement Between the City of Escondido and the Vista Irrigation District for the Allocation and Management of Local Water and Facilities" (the "Local Entities Agreement"), pursuant to which, among other things, Vista and Escondido agreed that Vista would transfer the ownership of any water pipelines and appurtenances and related water conveyance facilities that are located between that certain pumping station commonly known as the "P1/P2 Pump Station" and Wohlford Dam and owned by Vista (collectively, the "Vista Transfer Facilities"). The Completed Portion of 54" Pipeline comprises part of the Vista Transfer Facilities.
- I. Concurrently herewith, Vista and Escondido are executing a series of documents and agreements to effect the transfer of the Vista Transfer Facilities to Escondido (collectively, the "Vista Transfer Facilities Implementing Document and Agreements"), all of which are public records available for inspection at the offices of Vista, at 1391 Engineer Street, Vista, CA 92018-8840.
- J. Vista and Escondido now wish to further amend the Agreement to provide that following the Effective Date and upon acceptance by Escondido of the Vista Transfer Facilities, all obligations with respect to the Completed Portion of 54" Pipeline shall become the sole obligations of Escondido except pursuant to the Local Entities Agreement any OMR & R costs of this pipeline shall be calculated on an annual basis and shared one-half (1/2) by Escondido and one-half (1/2) by Vista.

AMENDMENT:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and the promises and covenants hereinafter contained, and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Vista and Escondido agree as follows:

1. <u>Amendment of Agreement</u>. The Agreement, and in particular Sections 3, 4, and 5 of the First Amendment, is hereby amended to provide that as of the Effective Date and upon acceptance by Escondido of the Vista Transfer Facilities, Escondido shall be the sole owner of the Completed Portion of 54" Pipeline, and shall be solely

responsible for all obligations with respect to the Completed Portion of 54" Pipeline, including obligations to administer, operate, maintain, repair, and insure the Completed Portion of 54" Pipeline, and as of such date Vista shall be relieved of those obligations and liability with respect to the Completed Portion of 54" Pipeline. Notwithstanding the foregoing, however, Vista and Escondido acknowledge and agree that pursuant to the Local Entities Agreement, except for certain power costs, any "OMR&R" (as defined in the Local Entities Agreement) costs of the Completed Portion of 54" Pipeline shall be calculated on an annual basis and shared one-half (1/2) by Escondido and one-half (1/2) by Vista.

- 2. <u>Interpretation</u>. The terms of this Second Amendment shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Second Amendment or any other rule of construction which might otherwise apply. Any terms used herein but not separately defined herein shall be defined as set forth in the Agreement. The section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Second Amendment. This Second Amendment shall be construed, to the maximum extent possible, to be consistent and in harmony with the Vista Transfer Facilities Implementing Documents and Agreements.
- 3. <u>Counterparts</u>. This Second Amendment may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument.

[End – Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the Effective Date.

APPROVED AS TO FORM: RUTAN & TUCKER, LLP Jennifer Farrell, General Counsel	"Vista" VISTA IRRIGATION DISTRICT, a special governmental district formed and operating under the Irrigation District Law, California Water Code Section 20500, et seq. By: Butt Hodgkiss Name: Brett Hodgkiss Its: General Manager
APPROVED AS TO FORM: Office of the City Attorney Michael R. McGuinness, City Attorney By:	"Escondido" CITY OF ESCONDIDO, a California municipal corporation By: Name: Its:



STAFF REPORT

January 26, 2022 File Number 0460-20

SUBJECT

CALPERS PENSION FUNDING WORKSHOP

DEPARTMENT

Finance

RECOMMENDATION

Request the City Council Receive and file information on the City's California Public Employees Retirement System pension obligations.

Staff Recommendation: Receive and File (Finance Department: Christina Holmes)

FISCAL ANALYSIS

Ongoing information for budget planning purposes.

BACKGROUND

The City of Escondido ("City") provides retirement benefits to its employees who provide the City services residents rely on, by contracting with the California Public Employees Retirement System ("CalPERS"). The City has taken decisive action on pension reform and saving significant taxpayer dollars by addressing this cost head on. CalPERS offers a defined benefit plan where retirement benefits are based on a formula, rather than contributions to and earnings from a savings plan such as those commonly used in the private sector such as 401ks. Retirement benefit formulas are calculated based on an employee's years of service credit, age at retirement, and final compensation, which is determined by an employee's average salary, excluding overtime, for a defined period of employment. Retirement formulas for employee groups vary based on classification (Miscellaneous or Safety), and within these groups, by date of entering CalPERS membership ("Classic" or "PEPRA" if entered into CalPERS after January 1, 2013).

The City continues to be a responsible and accountable fiscal steward of taxpayer dollars through pension reform and maintaining a stringent budget. In 2013 California pension reform became law under the Public Employees' Pension Reform Act ("PEPRA"). PEPRA, effective for all new employees hired after January 1, 2013, made broad prospective changes to pensions in California with the goal to create a more sustainable pension system by reducing employer's pension liabilities and increasing employee contributions towards their pension benefits. However, savings from the reform will take many years to be realized.



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CalPERS Projected Contribution and Funding Levels

Retirement benefits are funded by contributions from both employees and the City ("normal" annual service costs) as well as investment earnings. Annual contribution amounts are determined based on a percentage of payroll and in accordance with an actuarially based funding policy. The actuarially-determined pension funding plan determines exactly how much should be contributed each year to ensure that the benefits being earned will be securely funded in a systematic fashion. Since actuarial assumptions are for the long term, demographic and economic assumptions can vary from actual experience. There are many factors considered such as mortality experience, retirement rates, disability incidences, salary growth, investment returns and more. An actuarial plan valuation is therefore prepared each year to true-up contribution levels to better match actual experience.

CalPERS invests contribution payments with the goal of earning sufficient returns over the long-term to pay defined benefits as promised and cover CalPERS expenses. Historically, more than 60% of all funds paid to CalPERS retirees comes from investment earnings. The estimated long-term average return expected to be earned on investments is referred to as the "discount rate". When lower investment earnings occur, future contributions must increase to make up the expected difference and an unfunded accrued liability ("UAL") is created. The UAL represents the shortfall or gap between what is needed to pay retiree benefits versus how much in current assets the City actually has in its accounts with CalPERS. The UAL is calculated annually and changes depending on the demographic trends of the plan participants.

For many years, due to positive investment returns, CalPERS cities were "superfunded," meaning total plan assets exceeded the total CalPERS projected liability. However, during the Great Recession and resulting downturn in the economy, investment returns were impacted negatively nationwide, including CalPERS investments, decreasing the City's total plan assets and creating an unfunded liability. In addition to the investment losses, adjustments have been made to demographic assumptions such as higher retirement rates, and also the expectation that retired employees are living longer, which have also contributed to the increasing liability.

CalPERS and the City of Escondido have taken a number of actions to address unfunded liabilities across its member plans with the objective of reaching 100 percent funded status. Since December 2016, CalPERS has been lowering its discount rate in recognition that its assumptions about the rate of return on investments have been overly optimistic. The discount rate was lowered from 7.5% to 7.0% over a 3-year period beginning with the June 30, 2016 valuation. Without any offsetting action, reducing the discount rate increases costs to member agencies in the short-term. In the long-term, the reduced rate is expected to lower the cost to member agencies as CalPERS is more likely to achieve the investment earnings target.



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When CalPERS last reduced its discount rate, causing employer liabilities to significantly increase, CalPERS also implemented a "ramp up" strategy to smooth out the increases in UAL contributions. As opposed to a fixed-level payment schedule, CalPERS began using a 25-year amortization schedule where payments are ramped up in the beginning years and ramped down in the ending years.

The table below provides more detailed information about the total employer contributions to CalPERS for the Miscellaneous and Safety Plans over the last five years. As the table reflects, the normal cost for the Miscellaneous and Safety Plans have increased 7% and 3%, respectively, over the last five years. The UAL for the Miscellaneous and Safety Plans have increased 63% and 85%, respectively, over the same time period. For reference, General Fund revenues increased 10% between FY2019/20 to FY2020/21 and Projected Revenue Growth is about 3% each year. While a portion of pension contributions for the Miscellaneous group is provided by funds other than the General Fund, it is anticipated that the General Fund will have responsibility for approximately 78% of the annual unfunded liability.

Annual Payments	2017-18	2018-19	2019-20	2020-21	2021-22	5-Year Increase		
UAL Miscellaneous Plan	\$8,267,000	\$9,607,958	\$11,026,653	\$12,089,955	\$13,503,578	\$5,236,578	63%	
UAL Safety Plan	5,387,634	6,574,242	7,832,654	8,845,044	9,952,564	4,564,930	85%	
UAL Total	13,654,634	16,182,200	18,859,307	20,934,999	23,456,142	9,801,508	72%	
Normal Cost Miscellaneous Plan	3,802,260	3,750,135	4,138,487	4,439,106	4,082,911	280,651	7%	
Normal Cost Safety Plan	5,100,798	4,893,714	5,032,595	5,649,745	5,273,860	173,062	3%	
Normal Cost Total	8,903,058	8,643,849	9,171,082	10,088,851	9,356,771	453,713	5%	
Total	\$22,557,692	\$24,826,049	\$28,030,389	\$31,023,850	\$32,812,913	\$10,255,221	45%	

Required annual payments to CalPERS towards the UAL have increased significantly and the payments are projected to grow annually. While PEPRA and CalPERS actions subsequent to PEPRA will reduce the City's pension liabilities, the annual budgetary effects of this reform will not materially be realized by the City for many years.

Actions Taken to Address Increasing Costs

The City has taken several steps to address the CalPERS pension costs. These have included:

 Lower Benefit Tiers for Employees. Taking advantage of state legislation, two new lower benefit tiers have been established with CalPERS: Tier 2 Employees hired in 2011-12 (depending on employee group) are required to pay the full employee contribution upon hiring. Tier 3 was created in 2013 as a result of the California Public Employees' Pension Reform Act (PEPRA) and



STAFF REPORT

establishes a reduced tier of benefits for new CalPERS employees. The employee share for PEPRA employees is higher than that for Tier 1 and Tier 2 employees.

- 2) Employee Cost Sharing. In 2018, to help address the long-term budget impacts as a result of CalPERS pension liabilities, the Firefighters Association, Police Officers Association, and Maintenance & Operations bargaining units agreed to share in the costs of the employer's CalPERS contribution. Prior to the agreements, Classic CalPERS Safety members were contributing 9% and Classic CalPERS Miscellaneous members were contributing 8% of their salary towards the employee's retirement benefit. The amount increased by 1% each year until the additional contribution reached 3% for each group. Classic CalPERS Safety members are currently contributing 12% and Classic CalPERS Miscellaneous members are contributing 11% towards their CalPERS retirement benefit.
- 3) <u>Prepayments to CalPERS</u>. Since FY2017/18 the City has prepaid the annual Unfunded Accrued Liability payment at the beginning of each fiscal year to save 3.5% (approximately \$800,000/year).
- 4) <u>Creation of a Section 115 Trust</u>. Historically, Internal Revenue Code Section 115 Irrevocable Trusts have been used to pre-fund other post-employment benefits. In 2015, Public Agency Retirement Services (PARS) received a favorable private letter ruling from the Internal Revenue Service that allows public agencies to pre-fund pension obligations in a Section 115 Irrevocable Trust. This ruling allows the City to safely and securely set aside funds, separate and apart from the state retirement system, in a tax-exempt irrevocable trust to reduce pension liabilities and stabilize pension costs.

The City Council conducted a Pension Workshop on September 27, 2017, and determined to establish a Section 115 Irrevocable Pension Trust. On February 14, 2018, the City Council authorized the establishment of the Trust with PARS. The City Council also approved a deposit of \$1,984,000 to initially fund the Trust. Since then, Council policy have resulted in additional contributions from: (1) Successor Agency Loan Repayment (final payment received in FY2021/22); (2) proceeds from the sale of City property belonging to the General Fund; (3) and any General Fund surplus realized at the end of each fiscal year. The Section 115 Pension Trust Fund currently has a balance of \$26.8 million (December 2021).

5) Annually – Staff implement operational efficiencies, where possible, to minimize costs and impact to service levels as CalPERS costs increase.

Recent CalPERS Board Action

In July 2021, CalPERS reported investment returns of 21.3%, for the 12-month period ended June 30, 2021. This triggered a Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015. Under the Funding Risk Mitigation Policy, the double-digit return will cause a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member



STAFF REPORT

contributions. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%. As explained above, this action is outside the City's control, and will result in a higher required CalPERS payment.

Next Steps

As we begin the FY2022/23 budget process and review and review the feedback on community needs and priorities gathered from the 2021 Community Satisfaction Survey, it is important to understand the budgetary impacts of the actions taken by the CalPERS Board and the effect that the UAL has on the General Fund now and into the future. Therefore, staff have contracted with Bartel Associates, LLC, to provide an analysis and update on the City's CalPERS program. Bartel Associates, LLC is an independent actuarial firm that provides actuarial valuation, consulting, and advisory services to large and small retirement systems in the state of California.



2/2/2022

CONSENT CALENDAR - (R. VOGT) - <u>ANNUAL STATE MANDATED INSPECTION COMPLIANCE REPORT</u> - Request the City Council approve acknowledging the Fire Department's report of compliance with annual State mandated inspections.

CONSENT CALENDAR - (D. SHULTZ) - TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2021 - Request the City Council receive and file the Quarterly Investment Report for the quarter ended December 31, 2021.

CONSENT CALENDAR - (J. PROCOPIO) - NOTICE OF COMPLETION FOR GATEWAY GRAND PROJECT - It is requested that City Council adopt Reso No. 2022-20 to approve and accept the Public Improvements and authorize staff to file Notice of Completion.

CONSENT CALENDAR - (J. PROCOPIO) - <u>NOTICE OF COMPLETION FOR LEXUS OVERFLOW PARKING LOT</u>- It is requested that City Council adopt Reso No. 2022-21 to approve and accept the Public Improvements and authorize staff to file a Notice of Completion.

CONSENT CALENDAR - (J. PROCOPIO) - CHANGE ORDER FOR THE 2021 STREET MAINTENANCE REHABILITATION AND MAINTENANCE PROJECT - Request the City Council approve the Change Order in the amount of \$320,141.67 to complete additional pavement repairs as part of the project and to assist the Utilities Department for the 20212 Street Rehabilitation and Maintenance Project – Phase 2 Public Improvements and authorize staff to file Notice of Completion.

CONSENT CALENDAR - (J. PERPETUA) - <u>DENIAL OF CALPERS INDUSTRIAL DISABILITY FOR POLICE SERGEANT PAUL F.</u>

<u>WOODWARD</u> - Request the City Council approve denying the California Public Employees' Retirement System (CalPERS)
Industrial Disability Retirement for Police Sergeant Paul F. Woodward.

CURRENT BUSINESS - (C. HOLMES) - FINANCIAL STATUS REPORT FOR THE FISCAL YEAR 2021/22 SECOND QUARTER ENDING DECEMBER 31, 2021 AND BUDGET ADJUSTMENT - Request the City Council receive and file the second quarter financial report and approve a budget adjustment to amend the fiscal year 2021/22 operating budget.

02/09/2022 - CANCELLED

2/16/2022 - CANCELLED

02/23/2022 - NO MEETING (PRESIDENT'S DAY)