JULY 15, 2020
VIDEO CONFERENCE
6:00 P.M. Regular Session
201 N. Broadway, Escondido, CA 92025

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

COVID-19 PUBLIC SERVICE ANNOUNCEMENT

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

Public Comment: To submit comments in writing, please do so at the following link: https://www.escondido.org/agenda-position.aspx. If you would like to have the comment read out loud at the meeting (not to exceed three minutes), please write "Read Out Loud" in the subject line.

Depending on the volume and/or similarity of public comments, and pursuant to the City Council Rules of Procedure, the Mayor or Presiding Councilmember may limit the number of comments to be read and/or limit the amount of time each comment may be read. It is in the interests of members of the public who desire that their statement be read out loud to be mindful of this potential limitation when drafting their comment. The entirety of all comments received from the public will be made a part of the record of the meeting.

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

ELECTRONIC MEDIA:
Electronic media which members of the public wish to be used during any public comment period should be submitted to the City Clerk's Office at least 24 hours prior to the Council meeting at which it is to be shown.

The electronic media will be subject to a virus scan and must be compatible with the City's existing system. The media must be labeled with the name of the speaker, the comment period during which the media is to be played and contact information for the person presenting the media.

The time necessary to present any electronic media is considered part of the maximum time limit provided to speakers. City staff will queue the electronic information when the public member is called upon to speak. Materials shown to the Council during the meeting are part of the public record and may be retained by the Clerk.

The City of Escondido is not responsible for the content of any material presented, and the presentation and content of electronic media shall be subject to the same responsibilities regarding decorum and presentation as are applicable to live presentations.

July 15, 2020
6:00 P.M. Meeting

Escondido City Council

CALL TO ORDER

MOMENT OF REFLECTION:
City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the evening meeting. The City does not participate in the selection of speakers for this portion of the agenda, and does not endorse or sanction any remarks made by individuals during this time. If you wish to be recognized during this portion of the agenda, please notify the City Clerk in advance.

FLAG SALUTE

ROLL CALL: Diaz, Martinez, Morasco, McNamara

ORAL COMMUNICATIONS

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

CONSENT CALENDAR

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

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

2. APPROVAL OF WARRANT REGISTER (Council)
Request the City Council approve the City Council and Housing Successor Agency warrant numbers:

342898 343093 dated June 17, 2020
343094 343367 dated June 24, 2020
343368 343576 dated July 1, 2020

Staff Recommendation: **Approval (Finance Department: Christina Holmes)**

3. APPROVAL OF MINUTES: None Scheduled

4. RESOLUTION DECLARING A CITY-OWNED PARCEL (APN 232-082-09) LOCATED AT 235 EAST GRAND AVENUE AS EXEMPT SURPLUS LAND -

Request the City Council approve declaring the City-owned parcel (APN 232-082-09) at 235 East Grand Avenue as exempt surplus land and allow for the disposal of the parcel.

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

RESOLUTION NO. 2020-95

5. RESOLUTION DECLARING A VACANT CITY-OWNED PARCEL (APN 225-270-54) ON EAST WASHINGTON AVENUE AS SURPLUS LAND -

Request City Council approve declaring the vacant City-owned parcel (APN 225-270-54) on East Washington Avenue as surplus land and allow for the disposal of the parcel.

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

RESOLUTION NO. 2020-96

6. ORDINANCE AMENDING CHAPTER 10, ARTICLES 1, 5 AND 6 OF THE ESCONDIDO MUNICIPAL CODE FOR THE PROCUREMENT OF GOODS, SERVICES, AND PUBLIC PROJECTS -

Request City Council approve amending Chapter 10, Articles 1, 5 and 6 of the Escondido Municipal Code for to the procurement of goods, services and public projects to update the City of Escondido's purchasing policies and procedures.

Staff Recommendation: **Approval (Finance Department: Christina Holmes)**

ORDINANCE NO. 2020-17 (First Reading and Introduction)

7. APPLICATION FOR THE ACTIVE TRANSPORTATION PROGRAM GRANT FUNDS -

Request the City Council approve authorizing the Director of Community Development or his designee to apply for $230,000 in Active Transportation Program funds to develop a Comprehensive Active Transportation Strategy plan in the City of Escondido; and if awarded, to accept the grant funds, complete a budget adjustment, and complete grant documents on behalf of the City of Escondido.

Staff Recommendation: **Approval (Community Development Department: Mike Strong)**

RESOLUTION NO. 2020-92

8. BID AWARD FOR HALE AVENUE RESOURCE RECOVERY FACILITY PERIMETER SECURITY FENCING AND GATES PROJECT -

Request the City Council approve the bid award and authorize the Mayor and City Clerk to execute a Public Services Agreement with Red Hawk Services, Inc., dba Red Hawk Fence. Red Hawk Fence was the lowest responsive and responsible bidder, in the amount of $551,256.61 for the Hale Avenue Resource Recovery Facility ("HARRF") Perimeter Security Fencing and Gates Project.

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

RESOLUTION NO. 2020-94

9. APPROVAL OF CALPERS INDUSTRIAL DISABILITY FOR FIRE CAPTAIN KENNETH HEAD -

Request the City Council approve the California Public Employees' Retirement System ("CalPERS") Industrial Disability Retirement for Fire Captain Kenneth Head.

Staff Recommendation: **Approval (Human Resources Department: Jessica Perpetua)**

RESOLUTION NO. 2020-93

10. **SAN DIEGO REGIONAL FIRE FOUNDATION $13,328.00 DONATION TO FUND FIRE DEPARTMENT COVID19 SAFETY SUPPLIES -**

Request the City Council accept $13,328.00 in funding from the San Diego Regional Fire Foundation to purchase COVID19 related supplies and equipment. It is also requested that the City Council authorize the Fire Chief to execute, on behalf of the City of Escondido, all documents required for the management of this grant and that the City Council authorize the necessary budget adjustment to establish a new project number to track these grant funds.

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

11. **STATE REVOLVING FUND INSTALLMENT SALE AGREEMENT FOR THE RECYCLED WATER DISTRIBUTION SYSTEM -**

Request the City Council approve authorizing the Director of Utilities to execute an Installment Sale Agreement in the amount of $4.3 million from the State Water Resources Control Board, Division of Financial Assistance. If approved, the loan issued from the State Revolving Fund will be used for construction costs of the distribution system to bring recycled water from the Hogback Reservoir to individual agricultural customer meters.

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

RESOLUTION NO. 2020-56

12. **SETTING SPECIAL TAX LEVY FOR COMMUNITY FACILITIES DISTRICT NO. 2000-01 (HIDDEN TRAILS) -**

Request the City Council approve setting the Special Tax Levy for Community Facilities District No. 2000-01 (Hidden Trails) for Fiscal Year 2020-21.

Staff Recommendation: **Adopt and File (Finance Department: Christina Holmes)**

RESOLUTION NO. 2020-78

13. **SETTING SPECIAL TAX LEVY FOR COMMUNITY FACILITIES DISTRICT NO. 2006-01 (EUREKA RANCH) -**

Request the City Council approve setting the Special Tax Levy for Community Facilities District No. 2006-01 (Eureka Ranch) for Fiscal Year 2020-21.

Staff Recommendation: **Adopt and File (Finance Department: Christina Holmes)**

RESOLUTION NO. 2020-77

14. **RENEW SIGNATURE AUTHORIZATIONS FOR INVESTING CITY FUNDS IN THE LOCAL AGENCY INVESTMENT FUND -**

Request the City Council approve renewing authorization to invest monies not required for immediate cash flow needs in the Local Agency Investment Fund ("LAIF"), which is administered by the State Treasury in accordance with Section 16429.1 of California Government Code.

Staff Recommendation: **Approval (Finance Department: Christina Holmes, City Treasurer's Office: Douglas Shultz)**

RESOLUTION NO. 2020-86

15. **MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF ESCONDIDO AND THE ECEA - ADMINISTRATIVE, CLERICAL, ENGINEERING ("ACE") BARGAINING UNIT -**

Request the City Council approve a successor ECEA - Administrative, Clerical, Engineering ("ACE") Bargaining Unit contract.

Staff Recommendation: **Approval (Human Resources Department: Jessica Perpetua)**

RESOLUTION NO. 2020-102

16. **MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF ESCONDIDO AND THE ECEA - SUPERVISORY ("SUP") BARGAINING UNIT -**

Request the City Council approve a successor ECEA - Supervisory ("SUP") Bargaining Unit contract.

Staff Recommendation: **Approval (Human Resources Department: Jessica Perpetua)**

RESOLUTION NO. 2020-103

17. **MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF ESCONDIDO AND THE POLICE - NON-SWORN ("NSP") BARGAINING UNIT -**

Request the City Council approve a successor Police - Non-Sworn ("NSP") Bargaining Unit contract.

Staff Recommendation: **Approval (Human Resources Department: Jessica Perpetua)**

RESOLUTION NO. 2020-104

18. **STATE CARES ACT FUNDS BUDGET ADJUSTMENT -**

Request the City Council approve a budget adjustment in the amount of $1,889,210 to accept Coronavirus Aid, Relief, and Economic Security ("CARES") Act Coronavirus Relief fund from the State of California.

Staff Recommendation: **Approval (Finance Department: Christina Holmes)**

19. **INCREASE OF REQUESTED AMOUNT FOR CLEAN WATER STATE REVOLVING FUND LOAN FOR THE MEMBRANE FILTRATION/REVERSE OSMOSIS FACILITY PROJECT -**

Request the City Council adopt Resolution No. 2020-105, authorizing application for a Clean Water State Revolving Fund loan for the Membrane Filtration/Reverse Osmosis Facility Capital Improvement Project (CIP No. 557-801508). Resolution No. 2020-105 authorizes repayment of that loan if it is awarded to the City of Escondido. The repayment resolution will increase the amount of the loan application for the project from $29,000,000 to $45,000,000. Prior to receiving any loan funds or any payment being made, the City Council will be asked at a future meeting to authorize execution of loan documents.

CONSENT RESOLUTIONS AND ORDINANCES (COUNCIL/RRB)

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

PUBLIC HEARINGS

20. **AMENDMENT TO THE DOWNTOWN SPECIFIC PLAN (SPA 9) TO CONDITIONALLY PERMIT WEDDINGS AND RECEPTIONS IN THE SOUTHERN GATEWAY DISTRICT; AND A CONDITIONAL USE PERMIT TO CONDUCT WEDDINGS AND RECEPTIONS IN THE REAR-YARD OF AN HISTORIC PROPERTY LOCATED AT 209 E. 4TH AVENUE (PHG 19-0001 & PHG 19-0002) -**

Request the City Council approve amending the Downtown Specific plan to allow weddings and receptions, subject to a Conditional Use Permit ("CUP"), in the Southern Gateway District. It is also requested the City Council approve a CUP to conduct weddings and receptions located at 209 E. 4th Avenue.

Staff Recommendation: **Approval (Community Development Department: Mike Strong)**

A) RESOLUTION NO. 2020-83 B) ORDINANCE NO. 2020-15 (First Reading and Introduction)

21. **ALLOCATION OF SUCCESSOR HOUSING AGENCY FUNDS FOR AFFORDABLE HOUSING -**
Request the City Council approve authorizing the Director of Community Development to conditionally commit $4,000,000 in Low and Moderate Income Housing Funds ("SHA funds") to Ivy Valley Housing Partners, LP for the construction of a 50-unit development at 337 East Valley Parkway; and authorizing the Mayor and City Clerk to execute an Affordable Housing Loan Agreement and all necessary loan and supporting agreements in forms acceptable to the City Attorney when conditions have been met.

Staff Recommendation: **Approval (Community Development Department: Mike Strong, Housing & Neighborhood Services Department: Karen Youel)**

RESOLUTION NO. 2020-74

22. **AMENDMENTS TO THE ESCONDIDO ZONING CODE TO ALLOW MENU BOARD SIGNS AND OVERSIZED DIRECTIONAL SIGNAGE AT CAR WASH FACILITIES (AZ 20-0003) -**
Request the City Council approve amending Article 61 (Administration & Enforcement) and Article 66 (Sign Ordinance) of the Escondido Zoning Code to enhance land use regulations for signage at carwash facilities.

Staff Recommendation: **Approval (Community Development Department: Mike Strong)**

ORDINANCE NO. 2020-14 (First Reading and Introduction)

CURRENT BUSINESS

23. **COMMUNITY OPINION SURVEY PRESENTATION, INCLUDING UPDATED VOTER SUPPORT FOR A POTENTIAL ONE PERCENT SALES TAX REVENUE MEASURE -**
Request the City Council receive and file information pertaining to the community opinion survey.

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

24. **CONSIDERATION OF RESOLUTION AND ORDINANCE PLACING THE ESCONDIDO PUBLIC SAFETY AND ESSENTIAL SERVICES REVENUE BEFORE VOTERS AT MUNICIPAL GENERAL ELECTION ON NOVEMBER 3, 2020 -**
Request the City Council approve a) calling for an election submitting a proposed one percent general transactions and use (sales) tax increase to the voters; and b) amending the Escondido Municipal Code to establish a one percent sales tax to be administered by the California Department of Tax and Fee Administration, including provisions for citizens oversign and accountability. While the introduction of additional taxes on people, especially at this time, should never be done casually, staff recommends placing this item on the November 2020 ballot to allow the voters the opportunity to consider an issue which will address the fiscal health of the City for years to come.

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

A) RESOLUTION NO, 2020-97 B) ORDINANCE NO. 2020-19 (First Reading and Introduction)

25. **CONSIDERATION OF RESOLUTION AND ORDINANCE PLACING A BALLOT MEASURE ESTABLISHING TERM LIMIT FOR MAYOR, MEMBERS OF CITY COUNCIL AND CITY TREASURER BEFORE VOTERS AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 3, 2020 -**

Request the City Council take public input, discuss and consider the adoption of a resolution and ordinance to place a ballot measure establishing term limits for the Mayor, City Councilmembers, and City Treasurer on the November 3, 2020 general municipal election. If the City Council intends to place the matter on the ballot, it must adopt Resolution No. 2020-99 and introduce and adopt Ordinance No. 2020-20.

Staff Recommendation: **Provide Direction (City Attorney's Office: Michael R. McGuinness)**

A) RESOLUTION NO. 2020-99 B) ORDINANCE NO. 2020-20 (First Reading and Introduction)

FUTURE AGENDA

26. **FUTURE AGENDA -**

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

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

COUNCIL MEMBERS SUBCOMMITTEE REPORTS AND OTHER REPORTS

CITY MANAGER'S WEEKLY ACTIVITY REPORT

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development. This report is also available on the City's website, www.escondido.org.

- **WEEKLY ACTIVITY REPORT -**

ORAL COMMUNICATIONS

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

ADJOURNMENT

UPCOMING MEETING SCHEDULE				
Date	**Day**	**Time**	**Meeting Type**	**Location**
July 22	-	-	No Meeting	-
July 29	-	-	No Meeting	-
August 5	-	-	No Meeting	-
August 12	Wednesday	5:00 & 6:00 p.m.	Regular Meeting	Council Chambers

TO ADDRESS THE COUNCIL

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

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

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

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

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

- Online at http://www.escondido.org/meeting-agendas.aspx
- In the City Clerk's Office at City Hall
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

AVAILABILITY OF SUPPLEMENTAL MATERIALS AFTER AGENDA POSTING: Any supplemental writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 201 N. Broadway during normal business hours, or in the Council Chambers while the meeting is in session.

LIVE BROADCAST

Council meetings are broadcast live on Cox Cable Channel 19 and U-verse Channel 99 – Escondido Gov TV. They can also be viewed the following Sunday and Monday evenings at 6:00 p.m. on those same channels. The Council meetings are also available live via the Internet by accessing the City's website at www.escondido.org, and clicking the "Live Streaming –City Council Meeting now in progress" button on the home page.

Please turn off all cellular phones and pagers while the meeting is in session.

The City Council is scheduled to meet the first four Wednesdays of the month at 5:00 in Closed Session and 6:00 in Open Session.
(Verify schedule with City Clerk's Office)
Members of the Council also sit as the Successor Agency to the Community Development Commission, Escondido Joint Powers Financing Authority, and the Mobilehome Rent Review Board.

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

If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4643. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.

Listening devices are available for the hearing impaired – please see the City Clerk.

ESCONDIDO
City of Choice

Consent Item No. 1 **July 15, 2020**

A F F I D A V I T S

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P O S T I N G

ESCONDIDO
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CITY COUNCIL STAFF REPORT

Consent Item No. 2 | **July 15, 2020** | **File No. 0400-40**

SUBJECT: Approval of Warrants

DEPARTMENT: Finance Department

RECOMMENDATION:

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

342898 – 343093 dated June 17, 2020
343094 – 343367 dated June 24, 2020
343368 – 343576 dated July 1, 2020

FISCAL ANALYSIS:

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

June 11 – June 17, 2020, is $ 3,490,449.60
June 18 – June 24, 2020, is $ 1,180,734.51
June 25 – July 1, 2020, is $ 4,142,145.37

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.

ESCONDIDO
City of Choice

Consent Item No. 3 **June 24, 2020**

APPROVAL

OF

MINUTES

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 4 | **July 15, 2020** | **File No. 0690-20**

SUBJECT: Resolution Declaring a City-Owned Parcel (APN 232-082-09) Located at 235 East Grand Avenue as Exempt Surplus Land

DEPARTMENT: Engineering Services Department; Real Property

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-95 declaring the City-owned parcel (APN 232-082-09) at 235 East Grand Avenue as exempt surplus land and allow for the disposal of the parcel.

FISCAL ANALYSIS:

Once disposed, all sale proceeds will be allocated into the City of Escondido's ("City") General Fund.

BACKGROUND:

The subject property was built in 1941 and consists of a 465 square foot building situated on a 1,900 square foot lot, located at 235 East Grand Avenue. The City acquired this property in 1990 and has been used as the City's Visitor Center and Storefront Police Office. An easement was granted on the parcel in 2015 to the neighboring business, Burger Bench located at 237 East Grand Ave, to install a grease interceptor. The building is no longer used by the City and it has been determined that this parcel is no longer required for the City's use.

Under the Surplus Lands Act, Government Code Section 54200-54234 ("Act"), "surplus land" is defined as "land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use." Certain surplus lands, however, are exempt from the Act. One example of "exempt surplus land" is land that is less than 5,000 square feet in area. Both "surplus land" and "exempt surplus land" must be declared as such and supported by written findings by the local agency's governing body at a regular public meeting before a local agency may take any action to dispose of the land.

The City is a "local agency" as defined by the Act and desires to dispose of the surplus land that is not necessary for the City's use. The City owned parcel meets the definition of "exempt surplus land" and City staff will negotiate in good faith to sell the surplus land in accordance with the Act.

A sale of surplus government property is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to Title 14 Section 15312 of the California Code of Regulations ("CEQA Guidelines"), so long as certain criteria is met, and no exceptions apply. Here, the subject

property is not located in an area of statewide, regional, or area-wide concern as defined in CEQA Guidelines Section 15206(b)(4). Moreover, none of the exceptions listed in CEQA Guidelines Section 15300.2 apply to the subject property. Therefore, the sale of the subject property is categorically exempt from CEQA as a Class 12 exemption pursuant to Section 15312 of the CEQA Guidelines.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
7/8/20 4:26 p.m.

ATTACHMENTS:

1. Resolution No. 2020-95

RESOLUTION NO. 2020-95

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, DECLARING A CITY OWNED PARCEL (APN 232-082-09**)** LOCATED AT 235 E GRAND AVENUE AS EXEMPT SURPLUS LAND

WHEREAS, the City of Escondido ("City") owns certain real property of approximately 1,903 square feet, located at 235 East Grand Avenue; and

WHEREAS, since the parcel was acquired by the City in 1990, it has been used as the City's Visitor Center and Storefront Police Office and it has been determined that the parcel is no longer required for the City's use; and

WHEREAS, the Surplus Lands Act (Gov. Code Section 54220, *et seq.*) (the "Act") requires local agencies, prior to disposing of surplus real property, to provide a notice of availability of that property to certain entities for specified uses, including affordable housing, parks and recreation, or open space; and

WHEREAS, the Act defines "surplus land" as "land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use;" and

WHEREAS, certain surplus lands, however, are exempt from the noticing requirements under the Act. One example of "exempt surplus land" is surplus land that is less than 5,000 square feet in area; and

WHEREAS, this subject property is a 465 square foot building situated on a 1,900 square foot lot and therefore, may be deemed “exempt surplus land” under the Act; and

WHEREAS, the City is a “local agency” as defined by the Act and desires to dispose of the surplus land that is not necessary for the City’s use. The City owned parcel meets the definition of “exempt surplus land” under California law; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to declare the parcel as exempt surplus land and to dispose of the identified parcel.

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

1. That the above recitations are true.

2. The Real Property Manager is authorized to negotiate, on behalf of the City, to reach agreeable terms in the disposal of the exempt surplus land.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No.5 **July 15, 2020** **File No. 0690-20**

SUBJECT: Resolution Declaring a Vacant City-Owned Parcel (APN 225-270-54) on East Washington Avenue as Surplus Land

DEPARTMENT: Engineering Services Department, Real Property

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-96 declaring the vacant City-owned parcel (APN 225-270-54) on East Washington Avenue as surplus land and allow for the disposal of the parcel.

FISCAL ANALYSIS:

Once disposed, sale proceeds will be allocated into the City of Escondido's ("City") Wastewater Enterprise Fund.

BACKGROUND:

The parcel is 3.25 acres, located between East Washington Avenue and East El Norte Parkway, and is zoned R-1-6. The City acquired the subject parcel in 1991 for development as a neighborhood park, but was then later able to purchase the area now known as Ryan Park. The site was later considered as a location for the Membrane Filtration Reverse Osmosis facility, but was determined to be infeasible. It has been determined that the parcel, APN 225-270-54, is no longer required for the City's use and can be disposed of as surplus property.

Under the Surplus Lands Act, Government Code Section 54200-54234 ("Act"), "surplus land" is defined as "land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use." Surplus land must be declared as such and supported by written findings by the local agency's governing body at a regular public meeting before a local agency may take any action to dispose of the land. The City is a "local agency" as defined by the Act and desires to dispose of the surplus land that is not necessary for the City's use.

Prior to disposing of surplus land, a written notice of availability shall be sent to any local public entity within whose jurisdiction the surplus land is located, for the purpose of developing low and moderate-income housing. A written notice of availability must also be sent for open space purposes, land suitable for school district uses, and for the purpose of developing property located within an infill opportunity zone. Nothing in the Act prevents the City from obtaining fair market value for the disposition of surplus land.

A sale of surplus government property is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to Title 14 Section 15312 of the California Code of Regulations (CEQA Guidelines), so long as certain criteria are met and no exceptions apply. Here, the subject property is not located in an area of statewide, regional, or area-wide concern as defined in CEQA Guidelines Section 15206(b)(4). Moreover, none of the exceptions listed in CEQA Guidelines Section 15300.2 apply to the subject property. Therefore, the sale of the subject property is categorically exempt from CEQA as a Class 12 exemption pursuant to Section 15312 of the CEQA Guidelines.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Julie Procopio, Director of Engineering Services
7/8/20 4:26 p.m.

ATTACHMENTS:

1. Resolution No. 2020-96

RESOLUTION NO. 2020-96

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, DECLARING A VACANT CITY OWNED PARCEL (APN 225-270-54) LOCATED ON EAST WASHINGTON AVENUE AS SURPLUS LAND

WHEREAS, the City of Escondido ("City") owns certain real property of approximately 3.25 acres, located on East Washington Avenue. This vacant parcel is situated between East El Norte Parkway and East Washington Avenue, identified by Assessor Parcel Number 225-270-54; and

WHEREAS, the City acquired the parcel in 1991 for development as a neighborhood park and later considered it as a location for the Membrane Filtration Reverse Osmosis ("MFRO") facility, but it was determined to be infeasible for either a park or the MFRO facility; and

WHEREAS, it has been determined that the parcel is no longer required for the City's use and the Surplus Lands Act (Gov. Code Section 54220, *et seq.*) (the "Act") requires local agencies, prior to disposing of surplus real property, to provide a notice of availability of that property to certain entities for specified uses, including affordable housing, parks and recreation, or open space; and

WHEREAS, the Act defines "surplus land" as "land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use;" and

WHEREAS, the City is a “local agency” as defined by the Act and desires to dispose of the surplus land that is not necessary for the City’s use; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to declare the parcel as surplus land and to dispose of the identified parcel.

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

1. That the above recitations are true.

2. The Real Property Manager is authorized to provide notice of availability required under the Act and negotiate, on behalf of the City, to reach agreeable terms in the disposal of the surplus land.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 6 **July 15, 2020** **File No. 0680-50**

SUBJECT: Ordinance Amending Chapter 10, Articles 1, 5 and 6 of the Escondido Municipal Code for the Procurement of Goods, Services, and Public Projects

DEPARTMENT: Finance

RECOMMENDATION:

It is recommended that the City Council introduce Ordinance No. 2020-17, amending Chapter 10, Articles 1, 5 and 6 of the Escondido Municipal Code for to the procurement of goods, services and public projects to update the City of Escondido's ("City") purchasing policies and procedures.

PREVIOUS ACTION:

The City's Purchasing Code (the "Code") was originally adopted in 1957. On February 7, 2007, by Resolution No. 2007-10, the City adopted the Uniform Construction Cost Accounting Act (the "Act"). The City Council also adopted Ordinance No. 2007-02, amending the Code to clarify and standardize other purchasing policies and procedures. On March 23, 2016, the City Council adopted Ordinance No. 2016-03, amending the Code to provide disabled veteran owned businesses a 2% credit on bids for purchases of supplies and equipment.

BACKGROUND:

The Act was enacted in 1983 under the Public Contract Code ("PCC") Section 22000 et seq. to provide statewide uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities ("Public Projects"). The Act is a voluntary program available to any public entity that has "opted in" to the provisions of the Act, which the City has done.

As of January 2019, the Act authorizes a public agency to use its own workforce to perform Public Projects of $60,000 or less by the agency's force account, negotiated contract, or purchase order, and allows agencies to let contracts of $200,000 or less without submitting the projects to formal bid. Existing law also allows the informal process to be used even if bids received are as high as $212,500, if it determines that the agency's cost estimate was reasonable. Additionally, in 2018, the Office of Management and Budget of the Executive Office of the President raised its threshold for simplified acquisitions up to $250,000.

Every five years, pursuant to PCC Section 22020, the Uniform Construction Cost Accounting Commission ("Commission") considers whether there have been material changes in public construction costs to recommend to the State Controller adjustments to the bidding procedure's monetary limits. In 2011, the informal and formal bidding procedures monetary limits were increased

to $45,000 and $175,000 respectively. Most recently, in 2016, these monetary limits were raised to $60,000 and $200,000 respectively.

The Code has not been updated to reflect the new monetary limits for formal or informal bidding allowed under the Act. As a result, the City's bidding procedure threshold for informal bidding is set at $100,000 and requires formal bidding procedures for all projects over $100,000.

In addition to Public Projects, State law regulates bidding on public purchases. Unlike Public Projects, however, cities have more latitude when determining how to make general purchases and create its own procurement procedures. Chapter 10, Article 6, as amended in 2007, authorizes the City to use verbal quotes for purchases of supplies and equipment with a value under $10,000, informal bidding procedures for purchases with an estimated value between $10,000 and $100,000, and formal bidding procedures for purchases with an estimated value over $100,000. This article also authorizes the use of open bidding procedures for non-professional services and non-Public Projects regardless of the contract amount through oral or written quotes.

In an effort to update the Code and provide recommendations to the City Council, City staff has evaluated applicable state and federal regulations, as well as the policies and monetary authorization levels from other local agencies. As a result of this analysis, City staff has developed recommendations that will help streamline and clarify the procurement process, while complying with the different state and federal regulations. In addition, the following recommendations will help reduce administrative burden, allow projects to be completed in a shorter period of time from bidding to completion, reduce project costs, and create efficient processes for smaller projects. The following list summarizes the proposed changes and recommendations:

1. Reorganize Article 5 and 6 of Chapter 10 of the Municipal Code to clarify regulations related to the procurement of goods, services and Public Projects.
2. Increase and consolidate the thresholds for formal and informal bidding procedures for all types of contracts. Increasing the informal bidding limits for all procurement types up to $200,000, which is consistent with the federal simplified acquisition threshold and the threshold for Public Projects under the Act.
3. Increase the City Manager's authority to execute contracts up to a maximum of $200,000, which is consistent with the threshold amount for informal bidding procedures.
4. Allow Department Heads to approve and execute contracts up to a maximum of $75,000, and removing the ability to delegate this approval authority.
5. By written authorization, Department Heads may delegate their authority to approve and execute contracts up to a maximum of $25,000.
6. Give the City Attorney the awarding authority for the procurement of legal services up to the amount of approved and reasonable appropriations.
7. Update the professional service provisions to be consistent with current state law.
8. Require that quotes or proposals be in writing for informal bidding procedures and removing the use of oral quotes to properly document the procurement process to ensure the City is compliant with state and federal laws.

9. Update the cooperative purchasing section to authorize the Purchasing Officer to use cooperative purchasing for the procurement of goods and services if the cooperative procurement benefits and presents the best value for the City. The use of cooperative procurement can help the City reduce administrative cost and obtain better pricing due to volume purchasing.
10. Authorize the Purchasing Officer to utilize competitive negotiated procurement procedures for the purchase of specialized goods and services when the use of bids is not the best option for the City, and when it is not conflicting with other provisions of the Municipal Code or other laws.
11. Update the procurement procedures for equipment leases authorizing the Purchasing Officer the ability to negotiate leasing contracts when leasing of equipment is deemed the best option for the City based on a cost-benefit analysis.
12. Authorize the City Manager to approve the use of design-build procurement procedures using the best value procurement method for Public Projects as authorized by state law. The use of design-build can benefit agencies by reducing project cost and expedite project completion.

Based on the foregoing, and considering that having a more simplified bidding process will increase efficiencies throughout the City, staff recommends amending Chapter 10, Articles 1, 5, and 6 to reflect the proposed changes as prescribed by state and federal laws.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christina Holmes, Acting Director of Finance
7/8/20 3:56 p.m.

ATTACHMENTS:

1. Ordinance No. 2020-17
2. Ordinance No. 2020-17- Exhibit “A”

ORDINANCE NO. 2020-17

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING ARTICLES 1,5 AND 6 OF CHAPTER 10 OF THE ESCONDIDO MUNICIPAL CODE RELATED TO THE PROCUREMENT OF GOODS, SERVICES, AND PUBLIC PROJECTS

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. That Articles 1, 5 and 6 of Chapter 10 of the Escondido Municipal Code are amended as set forth in Exhibit "A" to this Ordinance and incorporated herein by this reference as though fully set forth herein.

SECTION 2. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this Ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 3. That as of the effective date of this Ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 4. That the City Clerk is hereby directed to certify to the passage of this Ordinance and to cause the same or a summary to be prepared in accordance with Government Code section 36933, to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the County and circulated in the City of Escondido.

ARTICLE 1 In general

Sec. 10-8 Purchases funded by grants.

Any contract partially or fully funded through state, federal or private grants shall strictly comply with the procurement procedures established by the procurement articles set forth in this chapter, those purchasing rules and regulations set forth in the applicable grant agreements, and any other applicable state and federal regulations if not addressed by this chapter. If a conflict exists between a federal, state, or local procurement standards, the more restrictive procurement standard shall prevail.

Sec. 10-9 Code of conduct.

No employee or official shall participate in the selection, award, or administration of a contract if this person has a real or apparent conflict of interest as established in the Code of Federal Regulations section 200.318(c)(1).

Sec. 10-10 Debarment and suspension.

No contract shall be made with parties listed on the government-wide Excluded Parties List System (EPLS) in the System for Award Management (SAM). The EPLS in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority.

Sec. 10-11– 10-13 Reserved

ARTICLE 5 Purchasing of Goods and Services

Division 1. Generally

Sec. 10-78 Purchasing system.

The centralized purchasing system set forth in this chapter is adopted to further California Government Code section 54202. Its purpose is to establish efficient procedures outlining the purchase of goods and services; to secure these goods and services at the lowest possible cost commensurate with the quality needed; to exercise both financial and quality control; and to clearly define authority for the various purchasing functions.

Sec. 10-79 Centralized purchasing division.

The city manager shall establish a centralized purchasing division that shall have authority to purchase goods and services.

Sec. 10-80 Emergencies and exigency.

In the case of public exigency or an emergency as defined in section 8558 of the California Government Code, the city may dispense with competitive procurement for the purchase of goods

and services for the duration of the exigency or emergency. The purchase may be made under the direction of the city council or city manager. The city manager is empowered to declare an emergency or public exigency pursuant to chapter 7 of this Code.

Sec. 10-81 City attorney to approve expenditure contracts and forms.

All contracts executed pursuant to this chapter shall be subject as to approval to form by the city attorney.

Sec. 10-82 Purchasing officer defined.

As used in this chapter, "purchasing officer" shall mean the person appointed by the city manager. In the absence of such an appointment, the functions of the purchasing officer shall be performed by the city manager or his or her designee. The purchasing officer shall have general supervision of the purchasing division set forth in this chapter. The duties of the purchasing officer may be combined with those of any other office or position.

Sec. 10-83 Duties of the purchasing officer.

The purchasing officer shall have authority to perform the following duties:

(a) Purchase or contract for goods and services required by any department in accordance with purchasing procedures prescribed by this chapter, administrative regulations as adopted by the purchasing officer, and all other rules and regulations as prescribed by the city manager;

(b) Negotiate and recommend execution of contracts for the purchase of goods and services;

(c) Procure goods and services as needed by the city at the least expense to the city while meeting required standards of quality;

(d) Obtain fair and open competition on all purchases;

(e) Prepare and recommend rules governing the purchase of goods and services to the city manager for city council action;

(f) Prepare revisions and amendments to the purchasing rules, and recommend the same to the city manager for city council action;

(g) Keep informed of current developments in the realm of purchasing, prices, market conditions, and new products;

(h) Utilize and maintain such forms as are reasonably necessary to the operation of this chapter and other rules and regulations;

(i) Supervise and inspect goods and services purchased to ensure conformance with specifications;

(j) Recommend to the city manager the transfer of surplus or unused supplies and equipment between departments, and the sale of surplus city property;

(k) Maintain a bidders' list, vendors' list, catalog file, and records needed for the

efficient operation of the purchasing system;

(l) Prepare specifications for goods and services for the city in consultation with affected departments; and

(m) Such other responsibilities deemed appropriate by the city council or city manager.

Sec. 10-84 Purchasing officer's authority to make inspections and conduct tests.

The purchasing officer, or his or her designee, shall be responsible for the inspection of delivered goods to conform with purchase order specifications. The purchasing officer shall have authority to require chemical and physical tests of samples submitted with the bids, and samples of deliveries, whenever necessary to determine quality and conformance with specifications.

Sec. 10-85 Performance bonds.

Before entering into a contract, the city shall have authority to require a performance bond in such amount as it shall find reasonably necessary to protect the best interests of the city. If the city requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids.

Sec. 10-86 Local purchases.

The city receives from the state one percent (1%) sales tax revenue of all sales within the city. Therefore, a one percent (1%) credit on quotes or bids shall be allowed to vendors in the City of Escondido supplying goods that have submitted proof of sales tax remittance within the city limits, except when prohibited by state or federal rules and laws.

Sec. 10-87 Appropriations of funds.

Except in cases of emergency, exigency, or in cases where specific authority has been first obtained from the city council, the purchasing officer shall not issue a purchase order for goods or services unless there exists a budget appropriation in the affected department's budget.

Sec. 10-88 Requisitions.

Departments shall submit requests for goods or services to the purchasing officer by standard requisitions or by other means established by the purchasing rules and regulations.

Sec. 10-89 Purchase orders.

Purchases of goods or services may be processed by purchase orders. Except as otherwise provided in this chapter, no purchase order may be issued unless prior approval by the purchasing officer has been obtained. Except in the case of a declared emergency or exigency, no purchase shall be valid and binding against the city without an accompanying contract or purchase order.

Sec. 10-90 Splitting of purchase orders.

The splitting or separating of any purchase or contract into smaller orders or projects to avoid compliance with this chapter is strictly prohibited.

Sec. 10-91 Cooperative purchasing.

The purchasing officer may authorize purchases of goods or services with cooperative purchasing programs conducted by the state, county, or any other public or cooperative agency when such agency has processed these cooperative purchases competitively. Cooperative purchases must be authorized in advance by the purchasing officer.

Sec. 10-92 Compliance required; effect of noncompliance.

No obligation for the payment of goods or services shall be incurred by the city except as prescribed by this chapter. Any agreement for the purchase or lease of goods or services made contrary to the provisions of this chapter, and any demand against the same shall be invalid.

Sec. 10-93 Petty cash.

Petty cash may be used to purchase supplies without a purchase order for amounts of less than fifty dollars ($50.00). With the authorization by the purchasing officer, petty cash may be used to reimburse employees when their own funds are used to purchase miscellaneous supplies.

Sec. 10-94 Leasing of equipment.

The purchasing officer may negotiate leasing contracts when leasing of equipment is considered to be the best contracting option for the city. If feasible, the award shall be based upon at least three written proposals and shall be awarded to the most responsible vendor whose proposal is responsive and is determined to be most advantageous to the city, taking into consideration price and the evaluation criteria set forth in the request for proposal. The city may negotiate with one or more of the vendors for final contract award based on best value to the city. Best value means the same as used in Sec.10-98 of this article.

Sec. 10-95 Disabled veteran business enterprise.

The purchasing officer shall purchase goods from a state-certified disabled veteran business enterprise whenever possible, except when prohibited by state or federal rules and laws. A two percent (2%) credit on the bid price shall be allowed to vendors that have submitted proof of state certification of a disabled veteran business enterprise.

Sec. 10-96 Authorizations to purchase goods and services.

(a) Authorization and responsibility for the purchase of goods or services shall be by the following parties, once all insurance requirements are met and agreements have been approved to form by the city attorney:

(1) The city council shall approve contracts for amounts over two hundred thousand dollars ($200,000.00).

(2) The city manager may approve and execute contracts up to a maximum amount of two hundred thousand dollars ($200,000.00).

(3) Department heads may approve and execute contracts up to a maximum amount of seventy-five thousand dollars ($75,000.00).

(4) Department head designee(s) by written authorization may approve and execute contracts up to a maximum amount of twenty-five thousand dollars ($25,000.00).

(b) Authorization for the purchase of goods or services shall be made on standard forms approved in advance for such purpose, or on other forms with the approval of the city attorney.

(c) The city attorney shall be the awarding authority for the procurement of legal services, regardless of the dollar amount, up to the amount of appropriations available.

Sec. 10-97 Amendments.

(a) No change to an agreement or a contract shall be made without the issuance of a written amendment. Also, no payment for any such change shall be made unless a written amendment has first been approved and executed in accordance with this section, designating in advance the work to be done and the amount of additional compensation to be paid.

(b) The authorized purchaser shall have the authority to execute amendments within the authority granted by section 10-96, provided the total amount as revised is no greater than ten percent (10%) of the upper limit of that authority.

(c) If the funding for an agreement or a contract has been previously approved and the expenditure of such funds has been authorized by the city council, the city manager shall have the authority to execute amendments for any such contract or agreement as follows:

(1) Amendments to all contracts or agreements in an amount not to exceed twenty-five percent (25%) of the original price, which may exceed the city manager's authorization set forth in section 10-96.

(2) The city council may by resolution authorize the city manager to approve amendments in excess of twenty-five percent (25%) to an amount determined appropriate for such agreement or contract by the city council.

(d) Amendments to an agreement or contract not addressed by subsections (a), (b), and (c) above shall be approved by the city council.

Sec. 10-98 Competitive negotiated procurement.

(a) The purchasing officer may authorize the use of competitive, negotiated procurement procedures for the purchase of specialized goods or services, or both

goods and services including, but not limited to, the purchase of technology-related services or goods.

(b) The competitive negotiated procurement procedures are as follows:

(1) A request for proposals is submitted to at least three (3) vendors or contractors which must include the evaluation criteria to be used for selection of the successful vendor or contractor; and

(2) Written proposals are submitted based upon the proposed goods or services, qualifications, price, and other relevant criteria; and

(3) The purchasing officer may select the proposal or proposals that provide the best value to the city. Best value means the most advantageous offer determined by evaluating and comparing all relevant criteria in addition to price so that the offer meeting the overall combination that best serves the city is selected. These criteria may include, in addition to others, the total cost of ownership, performance history of the vendor or contractor, quality of goods, delivery, and proposed technical performance; and

(4) The city may negotiate with one or more of the vendors or contractors for final contract award based on the best value to the city.

Sec. 10-99 Reserved

Division 2. Procurement of Goods

Sec. 10-100 Small purchase procedures.

(a) The small purchase procedures may be used when:

(1) The estimated value of the goods is between ten thousand dollars ($10,000) and two hundred thousand dollars ($200,000); or

(2) When, in the course of the formal bid procedure, no bids are received or all bids received substantially exceed the city's cost estimate for the purchase.

(b) The small purchase procedures shall be as follows:

(1) At least three (3) written quotes or bids from prospective vendors for the purchase must be obtained.

(2) The purchasing officer shall keep a public record of all informal bid requests and bids for one (1) year after the submission of the bids or, if no bids are received, after the placing of the orders.

(3) Purchases shall be awarded to a responsible vendor who submits the lowest responsive quote or bid.

(4) The purchasing officer or his or her designee shall complete the purchase.

Sec. 10-101 Formal procurement procedures.

Except as otherwise provided in this chapter, purchases of goods of an estimated value greater than two hundred thousand dollars ($200,000.00) shall be by written contract with the lowest responsible bidder who submits a responsive bid. The formal bidding procedures are as follows:

(a) Notices inviting for sealed bids shall be published at least once, fourteen (14) days before the date of opening of the bids, in a newspaper of general circulation in the city, printed and published in the county. Notices inviting bids shall include: a general description of the articles to be purchased; where bid forms and specifications may be obtained; any required bidder's security; and the time and place for the opening of bids.

(b) Where possible the purchasing officer shall also solicit sealed bids from all responsible prospective bidders from the bidders list maintained by the city or as known to the purchasing officer. Minimum criteria for development and maintenance of the bidders list shall be determined pursuant to the Uniform Public Construction Cost Accounting Commission and state law.

(c) When deemed necessary by the purchasing officer, bidder's security may be prescribed in the public notices inviting bids. Bidders shall be entitled to the return of the bid security, however, a successful bidder may forfeit his or her bid security upon his or her refusal or failure to execute the contract within twenty (20) days after the notice of award of contract has been mailed, or as otherwise specified in the bid documents, unless the city is solely responsible for the delay in executing the contract.

(d) Sealed bids shall be submitted to the purchasing officer and shall be so identified on the envelope. Bids shall be opened in public at the time and place stated in the public notices inviting the bids. A tabulation of all bids received shall be available for public inspection during regular business hours for a period of no less than thirty (30) calendar days after the bid opening.

(e) In its sole discretion, the city council may reject any and all bids presented and re-advertise for bids. Such rejections shall not give rise to a claim for bid preparation costs and submission of bids pursuant to this article shall constitute the bidder's agreement to this waiver.

(f) If no bids are received, or that all bids received substantially exceed the city estimate of cost for the purchase, the city council may reject all bids and direct that the city proceed pursuant to the terms of section 10-102.

(g) If two (2) or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising for bids, the purchasing officer may in his or her discretion accept either bid. The purchasing officer may also negotiate with the tie bidders and accept the lowest bid.

(h) The city may require a performance bond before entering a contract in such amount

as it finds reasonably necessary to protect the best interests of the city. If the city requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids or proposals.

(i) The definition of a responsible bidder includes, but is not limited to, a bidder who has the capability in all respects to fully perform the bid requirements, including the integrity, reliability, and references that will ensure good faith performance to the city. The determination of whether a bidder is a responsible bidder is left to the sole discretion of the city.

(j) The definition of a responsive bidder includes, but is not limited to, a bidder who has submitted a bid that conforms in all material respects to the invitation for bids. The city council has the sole discretion to determine whether a bidder is responsive or whether to waive an immaterial deviation in a bid.

(k) In the event a successful bidder fails to execute a contract:

(1) The city council or its designee may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder who submits a responsive bid.

(2) If the city council or its designee awards the contract to the next lowest bidder, the amount of the lowest bidder's security may be applied by the city to the contract price differential between the lowest bid and the second lowest bid, and the surplus, if any, may be returned to the lowest bidder.

(3) If the city council rejects all bids presented due to the failure of the successful bidder to execute the contract, and re-advertises, the amount of the lowest bidder's security may be used to offset the cost of receiving new bids, and the surplus, if any, may be returned to the lowest bidder.

(l) In the event the city has a bid protest for purchase of items needing city council approval:

(1) Any bid protest for city purchases of supplies and equipment must be made in writing and submitted to the purchasing officer five (5) calendar days after the bid opening.

(2) The purchasing officer shall notify the city council of the facts and circumstances regarding the bid protest.

(3) The city council shall hear and determine the bid protest before the bid award. The city council may continue the matter to obtain additional information as the city council deems necessary, or may determine the final decision of the bid award.

Sec. 10-102 Exceptions to small purchase and formal procurement procedures.

The informal and formal procurement procedures required under this chapter shall not be necessary under the following circumstances:

(a) When an emergency or exigency requires the goods as set forth in section 10-80; or

(b) When the commodity or item is required to match or be compatible with other furnishings, materials or equipment presently on hand and is to be purchased from the supplier of such on-hand items; or

(c) When a particular type or make of commodity or item, furnishings, type of material or equipment has been standardized for the city by order of the city manager; or

(d) When the city manager has declared in writing a specific brand or a specialized piece of equipment is required to meet quality and performance criteria, and a substitute item would not meet or exceed the specified criteria. In such cases, the brand item or specialized piece of equipment may be considered a sole source; or

(e) When the competitive negotiated procurement procedure in section 10-98 is used.

Sec. 10-103 Goods not governed by this division.

Purchases not subject to the provisions of this division 2 are as follows:

(a) Transportation and freight charges;

(b) Works of art, entertainment or performers;

(c) Books and periodicals; and

(d) Software licensing for existing software;

Sec. 10-104 Recycled products.

(a) Specifications for goods may not require the use of products manufactured from virgin materials or exclude the use of recycled products, reusable products or products designed to be recycled unless it can be demonstrated to the purchasing officer that these products would not achieve a necessary performance standard.

(b) Award of bids to the lowest bidder may not be required when recycled products are purchased. The city encourages the purchase of recycled content for goods. It may include post-consumer waste of the highest content possible.

(c) The purchasing officer may encourage manufactures, distributors, and bidders to provide and use recycled products or products designed to be recycled. The city may participate in cooperative purchasing efforts with other government agencies buying recycled products.

Sec. 10-105– 10-121 Reserved.

Division 3. Procurement of Services

Sec. 10-122 Procurement procedure for services.

(a) The procurement procedure for the purchase of services shall be as follows:

(1) The purchasing officer shall solicit quotes or proposals by written request from prospective contractors.

(2) The purchasing officer shall keep a public record of all requests for one (1) year after the submission of the proposals or, if no proposals are received, the placing of the purchase orders.

(3) For purchases of services greater than $10,000, if feasible, the contract award shall be made based upon at least three (3) written quotes or proposals to a responsible contractor, who submits the lowest responsive quote or proposal, or whose quote or proposal provides the best value to the City. Best value means the same as used in Sec. 10-98 of this article.

(b) Nothing in this division shall be construed to authorize the purchase of services that would otherwise not comply with relevant state law or other legal authority.

Sec. 10-123 Specialized professional services.

(d) The selection of specialized professional services of private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms shall be awarded based on demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required at a fair and reasonable price consistent with Government Code 4526.

(e) Requests for proposals shall be used when the specialized services of professionals are needed. For services in excess of $10,000, whenever possible, at least three (3) proposals shall be received for the specialized professional service needed. The purchasing officer may waive the requirements for solicitation of multiple proposals if only one (1) individual or firm can readily provide the specialized professional service or if services are entirely funded through reimbursement from a private party.

(f) The award of the specialized service contract shall be made to the responsible bidder whose proposal is determined to be most advantageous to the city, taking into consideration not just the proposal price, but also the evaluation criteria set forth in the request for proposal.

(g) In carrying out its procurement procedures, the city is specifically prohibited from any unlawful activity including, but not limited to, rebates, kickbacks, or other unlawful consideration, and city employees are specifically prohibited from

participating in the selection process if they have a relationship with a person or business entity seeking a contract that would subject those employees to the prohibition of Government Code section 87100 or a violation of any other law.

Sec. 10-124 Exceptions to procurement procedures for services.

The procurement procedures for services may be dispensed with when:

(a) The services will be performed entirely by city forces at no cost;
(b) The services are otherwise excepted from the procurement procedures pursuant to section 10-123 or state law;
(c) When only one (1) individual or firm can provide the service;
(d) The services are secured by the competitive negotiation procedures in section 10-98; or
(e) An emergency or exigency requires the services as set forth in section 10-80.

Sec. 10-125 Services not governed by this division.

Purchases not subject to the provisions of this division 3 are as follows:

(a) Real property purchases and related title and escrow fees;
(b) Real property leases;
(c) Procurement credit card purchases;
(d) Transportation and freight charges when not specifically indicated on a purchase order;
(e) Works of art, entertainment or performers;
(f) Periodicals;
(g) Insurance and bond premiums;
(h) Advertising;
(i) Membership dues, conventions, training, travel arrangements, including hotels, car rentals, and airfare;
(j) Services provided by other governmental agencies, as authorized by Government Code section 54981 or other legal authority; and
(k) Maintenance or upgrades to existing software purchased from the same contractor.

Sec. 10-126 – 10-130 Reserved.

ARTICLE 6 Public Projects

Sec. 10-131 Adoption of the California Uniform Construction Cost Accounting Act.

By adoption of Resolution 2007-10, the City of Escondido has elected to become subject to the bidding procedures set forth in the Uniform Construction Cost Accounting Act, found in California Public Contract Code ("PCC") section 22000, et seq. (hereafter, the "Act").

Sec. 10-132 Public projects.

Contracts for public projects in the city shall be defined and governed by applicable state laws, including PCC section 20100, et seq., and the city's adoption of the alternative provisions of the Act. Contracts for public projects shall be governed by the current edition of the Standard Specifications for Public Works Construction and the latest supplement thereto, except as otherwise provided by city council, the city manager, or in proposed contract documents.

Sec. 10-133 Authorizations for award of contracts.

(h) Authorization and responsibility for the award of contracts for public projects shall be by the following parties, once all insurance requirements are met, and agreements have been approved as to form by the city attorney:

(a) The city council shall approve public projects for amounts over two hundred thousand dollars ($200,000.00).

(b) The city manager may approve and execute contracts for public projects up to a maximum amount of two hundred thousand dollars ($200,000.00).

(c) Department heads may approve and execute contracts for public projects up to a maximum amount of seventy-five thousand dollars ($75,000.00).

(i) Authorization for the award of contracts for public projects shall be made on standard forms approved in advance for such purpose, or on other forms with the approval of the city attorney.

Sec. 10-134 Public projects under sixty thousand dollars.

Public projects for amounts of sixty thousand dollars ($60,000.00) or less may be awarded without using the informal or formal bid procedures. Such expenditures shall be made after obtaining written quotes to establish cost comparisons.

Sec. 10-135 Public project informal bid procedures.

(a) Public projects that are estimated to cost more than sixty thousand dollars ($60,000.00) but no more than two hundred thousand dollars ($200,000.00) shall be bid to contract by the informal procedures set forth in PCC section 22034, et seq., as amended.

(b) Subject to the provisions of PCC section 22034, as amended, the city must comply

with the following requirements for such informal bidding procedures:

(a) The city shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractor's list shall be determined pursuant to the Uniform Public Construction Cost Accounting Commission and state law.

(b) All contractors on the list for the category of work being bid shall be mailed a notice inviting informal bids, except when:

(i) There is no list of qualified contractors maintained by the city for the particular category of work to be performed, the notice inviting bids shall be sent to construction trade journal(s) as specified by the California Construction Cost Accounting Commission in accordance with section 22036 of the Act; and

(ii) The product or service is proprietary or so specialized in nature that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

(c) Additional contractors and/or construction trade journals may be notified at the city's discretion.

(d) All mailing of notices to contractors shall be completed not less than ten (10) calendar days before bids are due.

(e) The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and the time and place for the submission of bids.

(f) If all bids received are in excess of two hundred thousand dollars ($200,000.00), the city council may by adoption of a resolution by a four-fifths (4/5) majority vote, award a contract, up to two hundred twelve thousand five hundred dollars ($212,500.00) to the lowest responsible bidder, if the city council determines the city's cost estimate was reasonable.

(c) Pursuant to the provisions of PCC section 22035, in case of emergency where repair or replacements are necessary, the city council may authorize the work to proceed on an emergency basis, and without giving notice for bids to let contracts. The procedure for declaration of an emergency must follow the provisions set forth in PCC section 22050.

Sec. 10-136 Public project formal bid procedures.

Public projects, as defined by the Act, which are estimated to be greater than two hundred thousand dollars ($200,000.00) shall be let to contract by formal bid procedures as set forth by the Act and state law.

Sec. 10-137 Design-build.

The City Manager may authorize the use of design-build services for public projects as authorized by state law.

Sec. 10-138 Change orders.

(a) No change in an agreement or a contract for a public project shall be made without the issuance of a written change order. Also, no payment for any such change shall be made unless a written change order has first been approved and executed in accordance with this section, designating in advance the work to be done and the amount of additional compensation to be paid.

(b) The authorized purchaser shall have the authority to execute change orders within the authority granted by section 10-96, provided the amount as revised is no greater than ten percent (10%) of the upper limit of that authority.

(c) If the funding for an agreement or a contract has been previously approved and the expenditure of such funds authorized by the city council, the city manager shall have the authority to execute change orders to public project contracts in an amount equal to the contingency set at the time of the bid award, or ten percent (10%) of the original bid price, whichever is greater.

Sec. 10-139 – 10-144 Reserved.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 7 | **July 15, 2020** | **File No. 1080-65**

SUBJECT: Application for the Active Transportation Program Grant Funds

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-92 authorizing the Director of Community Development or his designee to apply for $230,000 in Active Transportation Program ("ATP") funds to develop a Comprehensive Active Transportation Strategy ("CATS") plan in the City of Escondido ("City"); and if awarded, to accept the grant funds, complete a budget adjustment, and complete grant documents on behalf of the City of Escondido.

FISCAL ANALYSIS:

The State of California's 2019-20 Budget Act have allocated funds for the statewide and regional ATP grant funds to encourage active modes of transportation. Applicants for the state entry will automatically be entered to the regional competition. The City is requesting $230,000 for the 2021 funding cycle. The regional entry has no match fund requirement; however, match funding may be required for the regional competition administered by the local Metropolitan Planning Organization ("MPO"), San Diego Association of Governments ("SANDAG"). While no matching funds are proposed, staff time would be required to administer the grants. The Community Development Department's budget for staff and operations would cover staff time used in connection with carrying out planning and program implementation. The request and corresponding resolution also includes a provision to allow the Finance Director to modify the City budget to accept the grant funds if received and set up the necessary budget(s).

BACKGROUND AND ANALYSIS:

The ATP fund was created by Senate Bill 99, Chapter 359; Assembly Bill 101; Chapter 5, and Senate Bill 1, Chapter 2031. The ATP consolidated various transportation programs into a single program from a combination of state and federal funds. The program completed four cycles since 2013, and each ATP programming cycle includes four years of funding. On March 25, 2020, the CTC announced the ATP Cycle 5 Call for Projects. Cycle 5 is expected to include about $440M in ATP funding made up of Federal funding, State SB1 and State Highway Account ("SHA") funding. The purpose of the ATP grant fund is to encourage increased use of active modes of transportation to promote healthier lifestyles by providing greater accessibility to bicycle and pedestrian routes, increasing the safety of non-motorized users, and reducing greenhouse gas emissions. There are a variety of planning activities eligible for program funding, and many of the programs proposed in the City's 2013-2020 Mobility Element would be possibilities. Eligible projects include: infrastructure projects, plans, non-infrastructure projects,

infrastructure projects with non-infrastructure components, and quick-build project pilot programs. SB 99 specifies that a minimum of 25 percent of the awarded grant must directly benefit disadvantaged communities, in addition to the requirements for certain eligible projects. City staff requests authorization to apply for $230,000 in grant funding in ATP funds to prepare the CATS plan. The City would utilize the grant funds in order to update the 2012 Bicycle Master Plan; prepare a pedestrian master plan; and prepare a safe routes plan for school projects. The CATS plan would identify the location of future infrastructure projects, encourage the use of active modes of transportation by providing greater accessibility to bicycle and pedestrian facilities, and increasing the safety of non-motorized users. The application for the statewide call for projects will automatically be considered by SANDAG for the Regional ATP. Applications for the regional competition will be due September 30, 2020.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Mike Strong, Director of Community Development
7/8/20 3.46 p.m.

ATTACHMENTS:

1. Resolution No. 2020-92

RESOLUTION NO. 2020-92

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING APPLICATION FOR, AND THE RECEIPT OF, THE 2021 ACTIVE TRANSPORTATION PROGRAM GRANT FUNDS FROM THE CALIFORNIA DEPARTMENT OF TRANSPORTATION AND THE SAN DIEGO ASSOCIATION OF GOVERNMENTS

WHEREAS, the State of California have provided funds for the 2021 Active Transportation Program ("ATP") under Senate Bill 99, Chapter 359, Assembly Bill 101, Chapter 5, and Senate Bill 1 ("SB 1"), Chapter 2031; and

WHEREAS, the California Department of Transportation ("Caltrans") designated the California Transportation Commission ("Commission") to administer the ATP; and

WHEREAS, the Metropolitan Planning Organization ("MPO") for the San Diego region, San Diego Association of Governments ("SANDAG"), is automatically considering State 2021 ATP applicants ("Cycle 5") for the regional ATP competition selection process; and

WHEREAS, the City Council of the City of Escondido authorizes the submittal of the ATP grant application package ("Application"), to assist with the Escondido Comprehensive Active Transportation Strategy Plan ("CATS").

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

1. The above recitations are true.

2. The City Council hereby directs and authorizes the Director of Community Development or his/her designee to apply for and submit to the Commission the Application.

3. In finalizing the ATP grant, if the Application is approved by the Commission or SANDAG, the Director of Community Development, or his/her designee, is authorized to enter into, execute, and deliver on behalf of the City, a State of California Agreement ("Standard Agreement") for the amount of $230,000 and all related documents required or deemed necessary or appropriate to evidence and secure the ATP grant, the City's obligations related thereto, all amendments thereto, and also authorizes City staff to establish the appropriate budgets and disburse the funds

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 8 **July 15, 2020** **File No.0600-10, A-3335**

SUBJECT: Bid Award for Hale Avenue Resource Recovery Facility Perimeter Security Fencing and Gates Project

DEPARTMENT: Utilities Department, Wastewater Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-94, approving the bid award and authorizing the Mayor and City Clerk to execute a Public Services Agreement with Red Hawk Services, Inc., dba Red Hawk Fence. Red Hawk Fence was the lowest responsive and responsible bidder, in the amount of $551,256.61 for the Hale Avenue Resource Recovery Facility ("HARRF") Perimeter Security Fencing and Gates Project.

FISCAL ANALYSIS:

The Wastewater Fund Capital Improvement Program ("CIP") has available funding for this project in CIP #800289 HARRF (Wastewater Major Maintenance Project).

BACKGROUND:

The HARRF is the focal point of the Escondido's wastewater collection and treatment system. This system delivers wastewater to the HARRF via approximately 380 miles of sewer pipelines and 11 lift stations (or pump stations). The HARRF is a complex treatment facility that operates 24 hours per day, 365 days per year, using physical, biological and chemical treatment methods to produce water for safe discharge to the Pacific Ocean or use as recycled water for irrigation and industrial purposes.

Presently, a chain-link perimeter fence provides security for the HARRF staff, the plant's processes, and plant assets. The existing fencing is aging, in need of frequent repair, and relatively easy to breach by cutting the chain-link. The HARRF has experienced two breaches of the perimeter fence in the last eight months, with unauthorized entrants committing equipment theft. These unauthorized entries have also amplified concerns about the safety of plant staff, especially during nighttime hours. To ensure staff safety and facility security, Wastewater Division staff solicited bids for removal of the existing chain-link perimeter fencing and gates, and for installation of high-security fencing and gates. The specified fencing and gates are the same as those installed at the Vista Verde Reservoir and Reed Reservoir, offering a higher level of protection and security while also being more aesthetically pleasing from outside the plant.

On May 28, 2020, the City published Request for Bid ("RFB") #20-02 for Perimeter Security Fencing and Entrance Gates for the HARRF. City staff conducted a site walk on June 4, 2020, for prospective bidders. On June 18, 2020, the City Clerk's office received four (4) bid responses. The bid responses are as follows:

1)	Ferreira Construction, Inc., Rancho Cucamonga, CA	$519,362.00
2)	Red Hawk Services, Inc. dba Red Hawk Fence, Perris, CA	$551,256.61
3)	FenceCorp, Inc., Oceanside, CA	$559,695.00
4)	Econo Fence, Inc., Riverside, CA	$590,230.90

The lowest bid, received from Ferreira Construction, Inc., failed to provide a detailed description of all security fence and gate components required to complete the project as specified in the bid. City staff determined that this failure is a material deviation from the bid requirements, thus the Ferreira Construction, Inc. bid is non-responsive.

Staff thoroughly reviewed the second low bid submitted by Red Hawk Services, Inc., dba Red Hawk Fence, and determined that they are the lowest responsive and responsible bidder. The Utilities Department recommends awarding this bid to Red Hawk Services, Inc., dba Red Hawk Fence.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
7/8/20 4:33 p.m.

ATTACHMENTS:

1. Resolution No. 2020-94
2. Resolution No. 2020-94 – Exhibit “A” – Public Services Agreement

RESOLUTION NO. 2020-94

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A PUBLIC SERVICES AGREEMENT IN THE AMOUNT OF $551,256.61 WITH RED HAWK SERVICES, INC., DBA RED HAWK FENCE, FOR THE REMOVAL OF EXISTING HARRF PERIMETER FENCING AND GATES AND THE INSTALLATION OF SECURITY FENCING AND GATES

WHEREAS, the City of Escondido ("City") desires to replace the existing chain link fence and gates at the Hale Avenue Resource Recovery Facility ("HARRF") with high security fencing and gates; and

WHEREAS, City staff solicited bids from contractors specializing in fence and gate installation; and

WHEREAS, City staff reviewed the bids and determined that the bid submitted by Red Hawk Services, Inc., dba Red Hawk Fence, to be the lowest responsive and responsible bidder; and

WHEREAS, the Director of Utilities recommends that the bid be awarded to Red Hawk Services, Inc., dba Red Hawk Fence; and

WHEREAS, this City Council deems it to be in the best public interest to approve the bid award and execute a Public Services Agreement in the amount of $551,256.61.

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

1. That the above recitations are true.

2. That the City Council accepts the recommendation of the Director of Utilities to execute a Public Services Agreement ("Agreement") with Red Hawk Services, Inc., dba Red Hawk Fence.

3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, an Agreement with Red Hawk Services, Inc., dba Red Hawk Fence. A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.

CITY OF ESCONDIDO
PUBLIC SERVICES AGREEMENT

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

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: John Del Fante
760-839-6290
("CITY")

And: Red Hawk Services, Inc., dba Red Hawk Fence
262 E. 1st Street
Perris, CA 92570
Attn: Scott Moore
951-657-6400
("CONTRACTOR")

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

NOW, THEREFORE, it is mutually agreed as follows:

1. Description of Services. CONTRACTOR will furnish all of the services described in "Attachment A," which is attached and incorporated by this reference. CONTRACTOR agrees to diligently perform such services to their completion, with professional quality and technical accuracy.

2. Compensation. The CITY will pay and CONTRACTOR will accept in full payment for the above work, the sum of $551,256.61. Any breach of this Agreement will relieve CITY from the obligation to pay CONTRACTOR, if CONTRACTOR has not corrected the breach after CITY provides notice and a reasonable time to correct it. If this Agreement is amended at any time, additional compensation of CONTRACTOR contained in subsequent amendment(s) shall not exceed a cumulative total of ten percent (10%) of the maximum payment provided for in this Section 2.

3. Term and Time of Performance. CONTRACTOR must start working within one (1) week from City's notice to begin. CONTRACTOR must diligently perform and complete the work within 2 months of receipt of materials. Extension of terms or time of performance may be made only upon the City's written consent.

4. Scope of Compensation. CONTRACTOR will be responsible for performance of the tasks specified in the Description of Services in “Attachment A.” No compensation will be provided for any other tasks without specific prior written consent from the CITY.

5. Performance. CONTRACTOR must faithfully perform in a proficient manner, to the satisfaction of the CITY, all the work or services described in the Description of Services, above.

6. City Property. All original documents, drawings, electronic media, and other material prepared by CONTRACTOR under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONTRACTOR for any other purpose without prior written consent of the CITY.

7. Insurance Requirements.

   a. The CONTRACTOR shall secure and maintain at its own cost, for all operations, the following insurance coverage, unless reduced by the City Attorney:

      (1) General liability insurance. Occurrence basis with minimum limits of $1,000,000 each occurrence, $2,000,000 General Aggregate, and $1,000,000 Products/Completed Operations Aggregate; and

      (2) Automobile liability insurance of $1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 7(b) below; and

      (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and

   b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONTRACTOR acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of CONTRACTOR. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

      Acknowledged by CONTRACTOR _____

      Waiver appropriate by CITY _____

   c. Each insurance policy required above must be acceptable to the City Attorney.

      (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.

      (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.

      (3) Both the General Liability and the Automobile Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The endorsement must be ISO Form CG2010 11/85 edition or its equivalent for General Liability endorsements and CA 20-01 for Automobile Liability endorsements.

      (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONTRACTOR's work, including its on-going operations and products-completed operations hazard.

      (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.

   d. In executing this Agreement, CONTRACTOR agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution.

Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.

8. Indemnification. CONTRACTOR (which in this paragraph 8 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:

   a. Any claim of liability arising out of the negligence or any acts or omissions of CONTRACTOR in the performance of this Agreement;
   b. Any personal injuries, property damage or death that CONTRACTOR may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by the CITY, or from any dangerous condition of property; or
   c. Any injury or death which results or increases by any action taken to medically treat CONTRACTOR.

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

9. Anti-Assignment Clause. Since the CITY has relied on the particular skills of CONTRACTOR in entering this Agreement, CONTRACTOR may not assign, delegate, or sublet any duty or right under this Agreement, or any portion of the Description of Services. Any such purported assignment, delegation, or subletting will void this entire Agreement, unless the CITY has previously approved such action in writing. Unless CONTRACTOR assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY'S written consent, CONTRACTOR shall be the sole payee under this Agreement. Any and all payments made pursuant to the terms of this Agreement are otherwise not assignable.

10. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.

11. Independent Contractor. CONTRACTOR is an independent contractor and no agency or employment relationship is created by the execution of this Agreement.

12. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.

13. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived because any other provision has been waived by CITY, in whole or in part.

14. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

15. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.

16. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.

17. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.

18. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party.

19. Business License. The CONTRACTOR is required to obtain a City of Escondido Business License prior to execution of this Agreement.

20. Compliance with Applicable Laws, Permits and Licenses. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. This shall include, but not limited to, all California Labor Code laws regarding payment of prevailing wages and all OSHA regulations. CONTRACTOR shall obtain any and all licenses, permits, and authorizations necessary to perform the services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONTRACTOR to comply with this section.

21. Prevailing Wages. If applicable, pursuant to Section 1770 et seq. of the Labor Code, CONTRACTOR agrees that a prevailing rate and scale of wages, in accordance with applicable State and Federal Law, will be paid in the carrying out of this Agreement. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules pertaining to the payment of prevailing wages. The prevailing rate and scale to be paid shall be the same as the 'General Prevailing Wage Rates' approved by the Department of Industrial Relations as of the date of the execution of this Agreement. Said rates and scales are herein referred to and adopted in this Agreement as though fully and completely set forth herein, and said scale as adopted by the Department is made a part of this Agreement by reference. Copies of the prevailing rate of per diem wages are available on the Intranet at (http://www.dir.ca.gov/DLSR). Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONTRACTOR to comply with this section.

22. Department of Industrial Relations Compliance. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post any job site notices required by regulation. CONTRACTOR, as well as any subcontractors, shall be registered pursuant to Cal. Lab. Code § 1725.5 to be qualified to bid on, be listed in a bid proposal, (subject to the requirements of Section 4104 of the Public Contract Code) or engage in the performance of any public work contract that is subject to the requirements of Chapter 1, Part 7, Division 2 of the California Labor Code. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY, shall be liable, at law or in equity, as a result of any failure of CONTRACTOR to comply with this section.

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

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

CITY OF ESCONDIDO

Date:_____

_____
Paul McNamara
Mayor

Date:_____

_____
Zack Beck
City Clerk

Date: _____

[Red Hawk Services, Inc., dba Red Hawk Fence]

_____
Signature

_____
Name & Title (please print)

APPROVED AS TO FORM:

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

By: _____

CITY OF ESCONDIDO UTILITIES / HARRF
PERIMETER SECURITY FENCING AND GATES
SCOPE OF WORK

A. General

Red Hawk Services, Inc. dba Red Hawk Fence ("Contractor") shall install perimeter security fencing for the City of Escondido ("City") at the Hale Avenue Resource Recovery Facility.

B. Description of Services

PART 1 – GENERAL

1-1 SCOPE.

a. Includes approx. 3,150 linear feet of 8-ft tall perimeter Security Fencing, (3) Swing Entry/Exit Person Gates, and (1) Electric Sliding Entry/Exit Vehicle Gate in accordance with the attached photo attached hereto as Exhibit "1".

b. Provide all labor, materials, and appurtenances necessary for installation of the fencing systems specified herein and as indicated on the bid documents. Installation of new fencing to be completed in sections with existing chain link fencing to be removed as new fence is installed. Existing chain link fencing to remain in place until replacement fence ready to be installed, to maintain the highest level of property security possible. No breaches in fencing shall be allowed overnight, weekends, or holidays when work is not in progress. Any voids in fencing shall be properly secured prior to ending each work day.

c. Removal of existing chain link fencing, fence posts, gates and above fence barbed wire upon completion of new fencing installation. There will be no salvage rights or haul away of the chain link fence fabric. The City will retain ownership of the chain link fence fabric. As sections of new fence are installed and existing chain link fence fabric is removed, it is to be rolled up in no less than 50 ft. and no more than 100 ft. lengths and stored onsite in a TBD area. Haul away and proper disposal of fence posts, gates and barbed wire.

1-2 DESCRIPTION.

The manufacturer shall supply a total industrial ornamental steel fence system and steel-welded swing gate system. The system shall include all components (i.e., pickets, rails, pots, gates, fittings, and hardware) required.

1-3 REFERENCES.

a. American Society for Testing and Materials (ASTM):

i. A653/A653M – Standard Specification for Steel Sheet, Zinc-Coated (Galvanized) or Zinc-Iron Alloy Coated (Galvannealed) by the Hot Dip Process.
ii. A924/A924M – Standard Specification for General Requirements for Steel Sheet, Metallic – Coated by the Hot Dip Process.
iii. A1011/A1011M – Standard Specifications for Steel, Sheet and Strip, Hot-Rolled, Carbon, Structural, High – Strength and High – Strength Low – Alloy with Improved Formability.
iv. B117 – Practice for Operating Salt Spray (Fog) Apparatus.
v. D523 – Test Method for Specular Gloss.
vi. D822 – Practice For Conducting Tests On Paint and Related Coatings and Materials Using Filtered Open-Flame Carbon-Arc Light and Water Exposure Apparatus.
vii. D1654 – Test Method for Evaluation of Painted or Coated Specimens Subjected to Corrosive Environments.
viii. D2244 – Test Method for Calculation of Color Differences From Instrumentally Measured Color Coordinates.
ix. D2794 – Test Method for Resistance of Organic Coatings to The effects of Rapid Deformation (Impact).
x. D3359 – Test Method for Measuring Adhesion by Tape Test.

1-4 SUBMITTALS.

Submit the following to the City for review and approval.

a. Shop Drawings:

i. Shop drawings showing general fabrication of security fencing and gates.

b. Product Data: Manufacturer's literature describing products specified in this section.

c. Qualifications: Provide laborers and supervisors who are thoroughly familiar with the type of construction involved and the materials and techniques specified.

1-5 DELIVERY, STORAGE, AND HANDLING.

a. Upon receipt at the job site, all materials shall be checked to ensure that no damages occurred during shipping and handling.

b. Material shall be stored in such a manner to ensure proper ventilation and drainage, and to protect against damage, weather, vandalism, and theft.

1-6 WARRANTIES.

a. All fencing systems shall have a written Lifetime Limited Warranty against any defects in workmanship and materials.

b. Fences and fence finishes shall be warranted not to rust, crack, chip, peel, or blister for the same period.

PART 2 – PRODUCTS

2-1 SECURITY FENCE AND GATE.

a. Manufacturer:

i. AMERISTAR, Aegis II – Invincible 3-Rail, 1555 N. Mingo Road, Tulsa, Oklahoma 74116 (Phone: 800.321.8724, Fax: 877.926.3747); or equivalent.

b. Components and Materials:

i. Steel material for fence framework (i.e., tubular pickets, end and intermediate uprights, rails, and posts) and gate posts, when galvanized prior to forming, shall conform to the requirements of ASTM A924/924M, with minimum yield strength of 50,000 psi. The steel shall be hot-dip galvanized to meet the requirements of ASTM A653/A653M with a minimum zinc coating weight of 0.90 oz/ft2, Coating Designation G-90.

ii. The manufactured galvanized framework, gates and gate posts shall be subjected to the PermaCoat® thermal stratification coating process (high temperature, in-line, multi-stage, multi-layer) including, as a minimum, a 6-stage pretreatment/wash (with zinc phosphate), an electrostatic spray application of an epoxy base, and a separate electrostatic spray application of a polyester finish. The base coat shall be a zinc-rich thermosetting epoxy powder coating (gray in color) with a minimum thickness of 2 mils. The topcoat shall be a "no-mar" TGIC polyester powder coat finish with a minimum thickness of 2 mils. The color shall be black to match existing. The stratification-coated framework shall be capable of meeting the performance requirements for each quality characteristic shown in Table 1.

Table 1 - Coating Performance Requirements		
Quality Characteristics	**ASTM Test Method**	**Performance Requirements**
Adhesion	D3359 – Method B	Adhesion (Retention of Coating) over 90 percent of test area (Tape and knife test).
Corrosion Resistance	B117 and D1654	Corrosion Resistance over 3,500 hours (Scribed per D1654; failure mode is accumulation of 1/8 inch coating loss from scribe or medium No. 8 blisters).
Impact Resistance	D2794	Impact Resistance over 60-inch pounds (Forward impact using 0.625-inch ball).
Weathering Resistance	D822, D2244, D523 (60-degree Method)	Weathering Resistance over 1,000 hours (Failure mode is 60 percent loss of gloss or color variance of more than 3 delta-E color units).

iii. Material for fence and gate pickets shall be 1-inch square by 14-gauge tubing. The cross-sectional shape of the rails shall conform to the manufacturer's ForeRunner™ design with outside cross-section dimensions of 1.75 inches square and a minimum thickness of 14 gauge. Picket holes in the ForeRunner™ rail shall be spaced 4.98 inches on center. Picket retaining rods shall be 0.125-inch diameter galvanized steel. Posts shall be a minimum of 2 1/2 inches square by 12 gauge. High quality PVC grommets shall be supplied to seal all picket-to-rail intersections. Gate posts shall be sized accordingly per these bid documents and this application.

2-2 GENERAL FABRICATION.

a. Security Fence and Gates:

i. Pickets, rails, and posts shall be precut to specified lengths. ForeRunner™ rails shall be pre-punched to accept pickets.

ii. Grommets shall be inserted into the pre-punched holes in the rails and pickets shall be inserted through the grommets so that pre-drilled picket holes align with the internal upper raceway of the ForeRunner™ rails. (Note: This can best be accomplished by using an alignment template.) Retaining rods shall be inserted into each ForeRunner™ rail so that they pass through the predrilled holes in each picket, thus completing the panel assembly.

iii. Completed panels shall be capable of supporting a 600-pound load (applied at midspan) without permanent deformation. Panels without rings shall be biasable to a 25-percent change in grade; panels with rings shall be biasable to a 12.5-percent change in grade.

iv. Gates shall be fabricated using Aegis II Invincible pickets, rails, and posts, along with gate ends (and intermediate uprights, if necessary) having the same outside cross-section dimensions as the ForeRunner™ rail (i.e., 1.75 inches square).

v. ForeRunner™ rails shall be precut to the appropriate standard length for the manufacturer's nominal opening specified and pre-punched to accept pickets. All pickets, all end and intermediate uprights, and all posts shall be precut to specified lengths.

vi. Additional intermediate uprights shall be added for each 6 feet of leaf width. All rail-to-upright intersections shall be joined by welding. All picket-to-rail intersections shall be joined either by welding or by the same retaining rod process used for panel assembly.

vii. Gusset plates shall be welded across opposing interior corners and truss cables with turnbuckles shall be attached to allow for tension adjustment.

2-3 CUSTOM FABRICATION.

a. Metals:

i. Provide steel metal free from pitting, seam marks, roller marks, discolorations and other imperfections where exposed to view on finished units.

ii. Grade and type to be selected by manufacturer to conform to uses and forms required.

iii. All accessories shall be cast or formed metal of same type and finish.

b. Welding Fencing Material, Gates and Accessories:

i. Welding electrodes and filler material: Provide type and alloy of filler material and electrodes as recommended by Producer of metal to be welded and as required for color match, strength, and compatibility in fabricated items.

ii. Fasteners for anchoring gates and other fencing to post construction: Select fasteners of type, grade and class required to produce

connections suitable for anchoring such items indicated and capable of withstanding design loads.

iii. Fasteners for pickets and rails: Use fasteners fabricated from the same basic Iron metal as fastened metal, unless otherwise indicated. Do not use metals that are corrosive or incompatible with materials joined.

c. Fabrication:

i. General: Fabricate handrails and railings to comply with requirements indicated for design, dimensions, member sizes and spacing, details, finish, and anchorage, but not less than that required to support structural loads.

ii. Assemble posts, pickets and rails in the shop to greatest extent possible to minimize field splicing and assembly. Disassemble units only as necessary for shipping and handling limitations. Clearly mark units for reassembly and coordinated installation. Use connections that maintain structural value of joined pieces.

iii. Completed sections of fencing shall be capable of supporting a minimum of 600-pound load applied at midspan without permanent deformation.

iv. Assembled sections shall support a 1,000-pound vertical load at the midpoint of any horizontal rail.

v. Welded Connections: Fabricate posts, pickets and rails for connecting members by welding. Components at perpendicular and skew connections to provide close fit, or use fittings designed for this purpose. Weld connections continuously to comply with the following:

a. Use materials and methods that minimize distortion and develop strength and corrosion resistance of base metals.
b. Obtain fusion without undercut or overlap.
c. Remove flux immediately.
d. At exposed connections, finish exposed surfaces smooth and blended so no roughness shows after finishing and welded surface matches contours of adjoining surfaces.

vi. Nonwelded Connections: Fabricate posts, pickets, and rails by connecting members with concealed mechanical fasteners and fittings, unless otherwise indicated. Fabricate members and fittings to produce flush, smooth, rigid, hairline joints.

vii. Provide inserts and other anchorage devices for connecting fence posts to concrete or masonry work. Fabricate anchorage devices capable of withstanding loads imposed. Coordinate anchorage devices with supporting structure.

viii. For fence posts set in concrete, provide preset sleeves of steel not less than 6 inches long with inside dimensions not less than 1/2 inch greater than outside dimensions of post and steel plate forming bottom closure.

ix. Shear and punch metals cleanly and accurately. Remove burrs from exposed cut edges.

x. Ease exposed edges to a radius of approximately 1/32 inch, unless otherwise indicated. Form bent-metal corners to smallest radius possible without causing grain separation or otherwise impairing the Work.

xi. Cut, reinforce, drill, and tap components, as indicated, to receive any finish hardware, screws, and similar items.

xii. Fabricate joints that will be exposed to weather in a watertight manner.

xiii. Swing Gates shall have a lockable heavy-duty latching mechanism.

d. Finishes, General:

i. Comply with NAAMM's "Metal Finishes Manual for Architectural and Metal Products" for recommendations for applying and designating finishes.

ii. Protect mechanical finishes on exposed surfaces from damage by applying a strippable, temporary protective covering before shipping.

iii. Appearance of Finished Work: Variations in appearance of abutting or adjacent pieces are acceptable if they are within 1/2 of the range of approved samples. Noticeable variations in the same piece are not acceptable. Variations in appearance of other components are acceptable if they are within the range of approved samples and are assembled or installed to minimize contrast.

iv. Provide exposed fasteners with finish matching appearance, including color and texture, of posts, pickets, and rails.

e. Finishes:

i. Remove or blend tool and die marks and stretch lines into finish.

ii. Grind and polish surfaces to produce uniform, directionally textured polished finish indicated, free of cross scratches. Run grain with long dimension of each piece.

iii. 180-Grit Polished Finish: Oil-ground, uniform, textured finish.

iv. When polishing is completed, passivate and rinse surfaces. Remove embedded foreign matter and leave surfaces chemically clean.

v. Apply shop primer to prepared surfaces of fencing and fencing components, unless otherwise indicated. Comply with requirements in SSPC-PA 1, "Paint Application Specification No. 1," for shop painting. Primer need not be applied to surfaces to be embedded in concrete or masonry.

PART 3 – EXECUTION

3-1 GENERAL INSTALLATION.

a. All fence installation shall conform to all fencing standards and any restrictive building codes requirements for post and rail.

b. All new installation shall be laid out by the Contractor as indicated on the Drawings.

i. Contractor must verify that areas to receive fencing are completed to final grades and elevations.

ii. Contractor must ensure that property lines and any legal boundaries are clearly established and understood.

iii. Contractor to verify that locations are clearly marked for Installer.

c. Perform cutting, drilling, and fitting required to install fencing and gates:

i. Do not weld, cut, or abrade surfaces of handrail and railing components that have been coated or finished after fabrication and that are intended for field connection by mechanical or other means without further cutting or fitting.

ii. Set posts plumb within a tolerance of 1/16 inch in 3 feet.

iii. Align posts so variations from level for horizontal members, and from parallel with rake of steps and ramps for sloping members, do not exceed 1/4 inch in 12 feet.

d. Set posts and gates accurately in location, alignment and elevation measured from established lines and levels and free from rack.

i. Aegis II invincible fence posts shall be set in accordance with the spacing's shown in Table 2, plus or minus 1/2", depending on the nominal span specified.

Table 2								
Span	**6-Foot Nominal (71-3/8-Inch Rail)**				**8-Foot Nominal (91-1/4-Inch Rail)**			
Post Size (12 ga.)	2-1/2"	3"	2-1/2"	3"	2-1/2"	3"	2-1/2"	3"
Bracket Type	Standard (BB301)		Angle (BB304)		Standard (BB301)		Angle (BB304)	
Post Settings ±1/2 O.C.	75"	75-1/2"	76-1/2"	77"	94-1/2"	95"	96"	96-1/2"

ii. Gate posts shall be spaced so that the inside-to inside spacing equals the sum of the manufacturer's standard as-built end-to-end leaf width(s), plus the clearances required for the specified latching and hinging hardware.

iii. Install fencing systems and accessories as indicated by the manufacturer.

iv. Fit exposed connections together to form tight, hairline joints.

3-2 FENCE CONNECTIONS.

a. Non-welded Connections: Use mechanical or adhesive joints for permanently connecting railing components. Use wood blocks and padding to prevent damage to railing members and fittings. Seal recessed holes of exposed locking screws using plastic cement filler colored to match finish of handrails and railings.

b. Welded Connections: Use fully welded joints for permanently connecting railing components. Comply with requirements for welded connections in "Fabrication" Article whether welding is performed in the shop or in the field.

3-3 ANCHORING POSTS.

a. Use steel pipe sleeves preset and anchored into concrete for installing

posts. After posts have been inserted into sleeves, fill annular space between post and sleeve with the following anchoring material, mixed and placed to comply with anchoring material manufacturer's written instructions:

i. Non-shrink, non-metallic grout or anchoring cement.

b. Form or core-drill holes not less than 5 inches deep and 3/4 inch larger than OD of post for installing posts in concrete. Clean holes of loose material, insert posts, and fill annular space between post and concrete with the following anchoring material, mixed and placed to comply with anchoring material manufacturer's written instructions:

i. Non-shrink, non-metallic grout or anchoring cement.

c. Leave anchorage joint exposed; wipe off surplus anchoring material; and leave 1/8-inch buildup, sloped away from post.

d. The concrete footing shall conform to the following requirements:

i. Concrete shall be Sitework concrete per the Cast-in-place concrete section.

ii. Provide a 12-inch diameter footing.

iii. Provide a minimum of 2 inches of concrete from bottom of the gate post to the bottom of the footing.

iv. The concrete footing shall have a minimum embedment of 36 inches.

3-4 ADJUSTING.

a. Adjust fencing and gates before anchoring to ensure matching alignment at abutting joints. Space posts at interval indicated, but not less than that required by structural loads.

i. Ensure that all gates swing smoothly and uninterrupted by surfaces below them.

ii. Appropriate gate kits must be used with sufficient panel material to fit gate opening.

b. Repair and replace any and all damaged surfaces or fence members.

c. The Contractor shall clean the jobsite of excess materials.

i. Post hole excavations shall be scattered uniformly away from posts.

3-5 CLEANING.

a. Clean all fencing by washing thoroughly with clean water and soap and rinsing with clean water.

b. Touchup Painting: Immediately after erection, clean field welds, bolted connections, and abraded areas of shop paint, and paint exposed areas with same material.

c. Galvanized Surfaces: Clean field welds, bolted connections, and abraded areas and repair galvanizing to comply with ASTM A 780.

3-6 PROTECTION.

a. Protect finishes of fencing and gates from damage during construction period with temporary protective coverings approved by railing manufacturer. Remove protective coverings at the time of substantial completion.

b. Restore finishes damaged during installation and construction period so no evidence remains of correction work. Return items that cannot be refinished in the field to the shop; make required alterations and refinish entire unit, or provide new units for approval.

C. Rates

The City will pay Contractor for its Services, in accordance with the attached bid pricing form which is attached hereto as Exhibit “2.”

D. Payment

Contractor will invoice the City once all work has been completed to the City’s satisfaction. The invoice will be paid within 30 days of receipt.

EXHIBIT "1"

Resolution No. 2020-94
Exhibit "A"
Page 18 of 19

EXHIBIT "2"

BID PRICING FORM

Qty	Unit of Measure	Description	Vendor Description Model Numbers	Unit Price	Extended Price
1	LOT	Security Fence and Gate Components: - 3150' LF of 8' x 8' Ameristar Aegis II 3R Panels - (400) M-POST 3X12GX132BK - 8' H x 30' 3R Roll Gate – Pass Port II - (3) M-PST 4X11GX132BK - (3) 8' Aegis II 3R Swing Gate - (6) Ameristar Gate Post - (2) 8'H Aegis II Swing Gate - Miscellanies Brackets, Hardware, and Concrete	 2IB30948 PB230132 2IB209431R PB40132 2IB3094-108 PB60132 2IB3094-96	$309,582.28	$309,582.28
1	LOT	Installation Labor of Security Fence and Gates		$206,068.00	$206,068.00
1	LOT	Removal, haul away and proper disposal of existing chain link fence posts, gates and barbed wire.		$13,061.07	$13,061.07
			Applicable Sales Tax		$22,545.26
			Estimated Freight		N/A
			Total Bid Cost		$551,256.61

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 9 **July 15, 2020** **File No. 0170-57**

SUBJECT: Approval of CalPERS Industrial Disability for Fire Captain Kenneth Head

DEPARTMENT: Human Resources Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-93, approving the California Public Employees' Retirement System ("CalPERS") Industrial Disability Retirement for Fire Captain Kenneth Head.

BACKGROUND:

Captain Head filed for Industrial Disability Retirement on May 27, 2020. He was employed by the City of Escondido for 27 years. His last day worked on December 22, 2018. The basis for Captain Head's Industrial Disability Retirement application is confirmed by the medical report dated April 29, 2020, from James E. McSweeney, M.D. Captain Head's condition is orthopedic in nature. Accordingly, Captain Head is incapacitated within the meaning of the Public Employees' Retirement Law for performance of his usual and customary duties in the position of Fire Captain.

Under state law, CalPERS requires the City Council to adopt a resolution stating that competent medical evidence supports the granting of an Industrial Disability Retirement. Based on medical evidence, staff recommends the City Council adopt Resolution No. 2020-93, approving the CalPERS Industrial Disability Retirement for Fire Captain Kenneth Head to be effective December 22, 2018.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jessica Perpetua, Director of Human Resources
7/8/20 5:41 p.m.

ATTACHMENTS:

1. Resolution No. 2020-93

RESOLUTION NO. 2020-93

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING THE CALPERS INDUSTRIAL DISABILITY RETIREMENT FOR FIRE CAPTAIN KENNETH HEAD

WHEREAS, the City of Escondido (the "City") is a contracting agency of the California Public Employees' Retirement System ("CalPERS"); and

WHEREAS, the California Public Employees' Retirement Law (Government Code Section 20000 et seq.) ("California law") requires that the City determine whether an employee classified as a local safety member is disabled for purpose of the California law and whether such disability is "industrial" within the meaning of such law; and

WHEREAS, Kenneth Head ("Employee") filed an application with CalPERS on May 27, 2020, for a service pending industrial disability retirement due to an orthopedic injury; and

WHEREAS, the Employee, was employed by the City in the position of Fire Captain; and

WHEREAS, the City Council of the City of Escondido has reviewed the medical and other evidence relevant to this industrial disability.

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

1. That the above recitations are true.

2. That the City Council of the City of Escondido, California does hereby find and determine that Employee is incapacitated within the meaning of the California Public Employees' Retirement Law for performance of his duties in the position of Fire Captain.

3. That the City Council certifies, in accordance with Government Code Section 21156, that this determination was made on the basis of competent medical opinion, and was not used as a substitute for the disciplinary process.

4. That Employee had filed a Workers' Compensation claim for his disabling conditions. The City accepted the Employee's Workers' Compensation claim.

5. That neither Employee nor the City of Escondido has applied to the Worker's Compensation Appeals Board for a determination pursuant to Government Code Section 21166 whether such disability is industrial.

6. That the Employee's retirement date was effective December 22, 2018 and his last day on paid status was December 22, 2018.

7. That there is not a possibility of third party liability.

8. That the City will not make any monthly advanced disability pension payments.

9. That the primary disabling condition is an orthopedic injury to his left shoulder, and arose out of and in the course of employment.

10. That there is competent medical opinion certifying the disabling condition to be permanent.

11. That based on information and belief, and on the information provided by City staff, the City Council certifies under penalty of perjury that all statements in this Resolution are true and correct.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 10 **July 15, 2020** **File No. 0150-20**

SUBJECT: San Diego Regional Fire Foundation $13,328.00 Donation to Fund Fire Department COVID19 Safety Supplies

DEPARTMENT: Fire

RECOMMENDATION:

It is requested that the City Council accept $13,328.00 in funding from the San Diego Regional Fire Foundation to purchase COVID19 related supplies and equipment. It is also requested that the City Council authorize the Fire Chief to execute, on behalf of the City of Escondido ("City"), all documents required for the management of this grant and that the City Council authorize the necessary budget adjustment (see Attachment 1) to establish a new project number to track these grant funds.

FISCAL ANALYSIS:

The San Diego Regional Fire Foundation will fund 100% of the cost for the supplies. There is no matching portion required with this grant award.

BACKGROUND:

On June 3, 2020, the San Diego Regional Fire Foundation awarded funding to several North County Fire Departments, including Escondido Fire Department, to provide necessary supplies and equipment to enhance the safety of Firefighters, Paramedics and patients from COVID19. The San Diego Regional Fire Foundation was founded in 1989 to strengthen the system of fire and emergency services in San Diego County and has previously supported the Escondido Fire Explorer program with scholarship funding.

The Escondido Fire Department will use the funds to purchase the following:

- A large quantity of detergent and disinfectant that is used to decontaminate personal protective equipment ("PPE");
- Disposable filters that are used with continuous positive airway pressure ("CPAP") therapy devices to contain patients' exhaled air while inside an ambulance; and
- Disinfecting equipment that aerosolizes sanitizer inside the treatment and passenger areas of ambulances and other vehicles.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Rick Vogt, Fire Chief
7/8/20 5:29 p.m.

ATTACHMENTS:

1. Budget Adjustment

ATTACHMENT 1

CITY OF ESCONDIDO

BUDGET ADJUSTMENT REQUEST

Date of Request: June 9, 2020

Department: Fire

Division: _____

Project/Budget Manager: Laura Costello (Name) 5408 (Extension)

Council Date (if applicable): July 15, 2020
(attach copy of staff report)

For Finance Use Only

Log # _____

Fiscal Year 2021

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

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
SD Regional Fire Foundation Grant	4121-451	13,328	
Fire Grants	New Project Number-451	13,328	

Explanation of Request:

A budget adjustment is needed to spend FY 20/21 San Diego Regional Fire Foundation Grant. Funds will purchase cleaning supplies, CPAP filters and fogger equipment in response to COVID19 needs.

APPROVALS

Department Head — Date 7/6/20

Finance — Date 7/6/20

City Manager — Date

City Clerk — Date

Distribution (after approval): Original: Finance

FM\105 (Rev.11/06)

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 11 | **July 15, 2020** | **File No. 1340-70**

SUBJECT: State Revolving Fund Installment Sale Agreement for the Recycled Water Distribution System

DEPARTMENT: Utilities Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-56, authorizing the Director of Utilities to execute an Installment Sale Agreement ("Agreement") in the amount of $4.3 million from the State Water Resources Control Board, Division of Financial Assistance. If approved, the loan issued from the State Revolving Fund ("SRF") will be used for construction costs of the distribution system to bring recycled water from the Hogback Reservoir to individual agricultural customer meters.

FISCAL ANALYSIS:

The Agreement will have a 30-year term, a 1.2 percent annual interest rate, and no prepayment penalty, with a principal amount of $4,300,000. Principal forgiveness as a California Proposition 68 Grant has been awarded for $1,610,000, reducing the principal amount to be repaid to $2,690,000. If the loan is repaid over the full 30-year term (i.e., there is no prepayment), annual payments will be approximately $107,000 and the total amount repaid will be about $3.2 million.

SRF loans offer significant savings over other borrowing options. For example, repayment costs for a $4.3 million bond at an interest rate of 4.75 percent annually and 30-year term would cost $8.2 million. Repayment costs for the proposed $2.7 million SRF loan at an interest rate of 1.2 percent annually would cost $3.2 million, or $5.0 million less than the bonds. Additionally, repayment of SRF loans begins one year after completion of construction of the project, meaning the first payments will not be due until FY 2023 or later, depending on the construction schedule.

Debt coverage, that is the ability to collect enough revenue to cover operating costs and debt payments, is an important consideration when borrowing money. Debt coverage is calculated by dividing the net revenue by the total debt service payment. In FY 2020 the Wastewater Fund's debt coverage was approximately 2.4. The minimum required by the Wastewater Fund's existing bond covenants is 1.15. The projected annual payment for the proposed SRF loan will be $107,300. If this payment was to occur in FY 2020, the Fund's debt coverage would have been 2.33, still well in excess of the required 1.15. Previously approved annual rate increases will take effect each year through 2021, before the first payment on the new loan is made, so the Wastewater Fund is projected to comfortably cover the new debt.

PREVIOUS ACTION:

On May 6, 2015, the City Council adopted Resolution No. 2015-40, authorizing the Director of Utilities to submit Financial Assistance Applications to the State Revolving Fund ("SRF") for the Recycled Water Easterly Agriculture Distribution System. On September 23, 2015, the City Council adopted Resolution No. 2015-159 authorizing repayment of this loan once the pending applications were approved by the State and fund disbursement was approved by the City Council.

On January 13, 2016, the City Council adopted Resolution No. 2016-10, authorizing an increase to the loan requested from the SRF (from $3.3 million to $4.3 million), and authorizing repayment of the increased loan once the pending loan applications were approved by the State.

BACKGROUND:

The Recycled Water Distribution System Project will complete the last leg of the recycled water system expansion that includes the MFRO Facility Project. These projects were originally conceived as part of the City's Recycled Water and Potable Reuse Program, as identified in the Recycled Water Master Plan. The City is constructing these recycled water projects to achieve two primary goals:

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

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
7/9/20 11:19 a.m.

ATTACHMENTS:

1. Resolution No. 2020-56
2. Resolution No. 2020-56 Exhibit "A" Estimates of Obligation
3. Resolution No. 2020-56 Exhibit "B" SRF Installment Sale Agreement

RESOLUTION NO. 2020-56

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE DIRECTOR OF UTILITIES TO EXECUTE, ON BEHALF OF THE CITY, A STATE REVOLVING FUND INSTALLMENT SALE AGREEMENT FOR THE RECYCLED WATER EASTERLY AGRICULTURE DISTRIBUTION SYSTEM PROJECT

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

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

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

WHEREAS, the State is offering a loan to the City of $4,300,000, for the Recycled Water Easterly Agriculture Distribution Project, for a 30-year term and 1.2 percent annual interest (the "Obligation").

WHEREAS, the State is also offering loan principal forgiveness in the form of a California Proposition 68 Grant of $1,610,000, reducing the principal amount to be repaid to $2,690,000.

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

1. That the above recitations are true.

2. That in accordance with Government Code § 5852.1, the City has obtained required good faith estimates relating to the Obligation, and such estimates are disclosed and set forth in Exhibit “A” attached to this Resolution and incorporated by this reference.

3. That the City Council authorizes the Director of Utilities to execute, on behalf of the City, an Installment Sale Agreement in substantially the form attached as Exhibit “B” and incorporated by this reference, with the State.

4. That this Resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED this ____ day of _____, 2020.

_____
Mayor of the City of Escondido

ATTEST:

_____
City Clerk of the City of Escondido

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

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

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

CITY CLERK

BY: _____
City Clerk of the City of Escondido

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates based on a principal amount of the Obligation of $2,690,000:

(A) True Interest Cost of the Obligation: 1.2%

(B) Finance Charge of the Obligation (Sum of all fees/charges paid to third parties): $5,000

(C) Net Proceeds of the Obligation to be Received (net of finance charges, reserves and capitalized interest, if any): $2,585,000

(D) Total Payment Amount through Maturity of the Obligation: $3,219,125

The foregoing constitute good faith estimates only. The principal amount of the Obligation, the true interest cost of the Obligation, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Obligation being different than the date assumed for purposes of such estimates; (b) the actual principal amount of the Obligation being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Obligation being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of execution of the Obligation being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual execution date of the Obligation and the actual principal amount of the Obligation will be determined by the City based on a variety of factors. The actual interest rate borne by the Obligation will be determined at the time of execution thereof.

DFA: Each highlighted and bracketed area will require action on your part. When in doubt, contact OCC. Delete logos that are n/a.]

DRAFT DATED: 07/02/2020

Clean Water
State Revolving Fund

CLEAN WATER

CITY OF ESCONDIDO

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

CALIFORNIA
Water Boards
STATE WATER RESOURCES CONTROL BOARD
REGIONAL WATER QUALITY CONTROL BOARDS

CONSTRUCTION
INSTALLMENT SALE AGREEMENT

PROJECT NO. 8112-110
RECYCLED WATER EASTERLY AGRICULTURE DISRIBUTION SYSTEM

AGREEMENT NO. [ ]

PROJECT FUNDING AMOUNT: $
ESTIMATED REASONABLE PROJECT COST: $

ELIGIBLE WORK START DATE: _____
ELIGIBLE CONSTRUCTION START DATE: _____
CONSTRUCTION COMPLETION DATE: _____
FINAL REIMBURSEMENT REQUEST DATE: _____
FINAL PAYMENT DATE: _____
RECORDS RETENTION END DATE: _____

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AGREEMENT

1. AUTHORITY.

(a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 13475 et seq. of the Water Code and Resolution Nos. 2019-0031 and 2019-0064.

(b) The Recipient is authorized to enter into this ISA Agreement (Agreement) pursuant Resolution No. _____.

2. INTENTION.

(a) The Recipient desires to receive financial assistance for and undertake work required for the recycled water construction Project according to the terms and conditions set forth in this Agreement.

(b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all of the financial assistance to the State Water Board.

(c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its wastewater enterprise, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.

(d) The Recipient intends to certify and evidence its compliance with the Tax Covenants set forth in Exhibit F.

3. AGREEMENT, TERM, DOCUMENTS INCORPORATED BY REFERENCE.

In consideration of the mutual representations, covenants and agreements herein set forth, the State Water Board and the Recipient, each binding itself, its successors and assigns, do mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement.

(a) The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board.

(b) Subject to the satisfaction of any condition precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board. Conditions precedent are not limited to the following:

i. The Recipient must deliver to the Division a resolution authorizing this Agreement.
ii. The Recipient must deliver an opinion of bond counsel and general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.

(c) Upon execution, the term of the Agreement shall begin on the Eligible Work Start Date and extend through the Final Payment Date.

(d) This Agreement includes the following exhibits and attachments thereto:

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i. EXHIBIT A – SCOPE OF WORK
ii. EXHIBIT B – FUNDING TERMS
iii. EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS
iv. EXHIBIT D – SPECIAL CONDITIONS
v. EXHIBIT E – PAYMENT SCHEDULE
vi. EXHIBIT F – TAX CERTIFICATE

(e) This Agreement includes the following documents incorporated by reference:

i. the Final Plans & Specifications, dated _____, which are the basis for the construction contract to be awarded by the Recipient;
ii. the Waste Discharge Requirement Order No. _____ (and/or National Pollutant Discharge Elimination System Permit No. _____);
iii. the Water Recycling Requirement Order No. _____;
iv. the Recipient's Reimbursement Resolution No. 2016-10 dated January 13, 2016;
v. the Recipient's Tax Questionnaire dated February 25, 2016.
vi. the Davis-Bacon requirements found at: https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbacon/davis-bacon_2019_cwsrf-governmenta_entities_(public).pdf;
vii. [other incorporated documents, if any]

4. PARTY CONTACTS

State Water Board		City of Escondido	
Section:	Division of Financial Assistance		
Name:	Project Manager	Name:	Title
Address:	1001 I Street, ___ Floor	Address:	
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	
Phone:	(916)	Phone:	
Fax:	(916)	Fax:	
Email:	[PMemail]@waterboards.ca.gov [programemal@waterboards.ca.gov]	Email:	

The Recipient may change its contact upon written notice to the Division, which notice shall be accompanied by authorization from the Recipient's Authorized Representative. The State Water Board will notify the Recipient of any changes to its contact.

While the foregoing are contacts for day-to-day communications regarding Project work, the Recipient shall provide official communications and events of Notice as set forth in Exhibit C to the Division's Deputy Director.

5. DEFINITIONS.

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

"Additional Payments" means the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board's right, title, and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, staff, contractors, consultants, costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board.

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

“Agreement” means this agreement, including all exhibits and attachments hereto.

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

"Bank" means the California Infrastructure and Economic Development Bank.

“Bond Funded Portion of the Project Funds” means any portion of the Project Funds which was or will be funded with Bond Proceeds.

“Bond Proceeds” means original proceeds, investment proceeds, and replacement proceeds of Bonds.

"Bonds" means any series of bonds issued by the Bank, the interest on which is excluded from gross income for federal tax purposes, all or a portion of the proceeds of which have been, are, or will be applied by the State Water Board to fund all or any portion of the Project Costs or that are secured in whole or in part by Payments paid hereunder.

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

"Code" as used in Exhibit F of this Agreement means the Internal Revenue Code of 1986, as amended, and any successor provisions and the regulations of the U.S. Department of the Treasury promulgated thereunder.

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

“Cover Page” means the front page of this Agreement.

“Days” means calendar days unless otherwise expressly indicated.

“Debt Service” means, as of any date, with respect to outstanding System Obligations and, in the case of the additional debt tests in Exhibit B of this Agreement, any System Obligations that are proposed to be outstanding, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), together with any Charge In Lieu of Interest on this Obligation or other System Obligations to the State Water Board, calculated with the following assumptions:

a. Principal payments (unless a different subdivision of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;

b. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the SIFMA Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;

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c. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of LIBOR, or its successor index, during the 24 months preceding the date of such calculation;

d. Interest on a variable rate System Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;

e. Interest on a fixed rate System Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subdivisions (b) or (c) of this definition of Debt Service;

f. Payments of principal and interest on a System Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations;

g. If 25% or more of the principal of a System Obligation is not due until its final stated maturity, then principal and interest on that System Obligation may be projected to amortize over the lesser of 30 years or the Useful Life of the financed asset, and interest may be calculated according to subdivisions (b)-(e) of this definition of Debt Service, as appropriate.

“Deputy Director” means the Deputy Director of the Division.

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

“Eligible Construction Start Date” means the date set forth on the Cover Page of this Agreement, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.

“Eligible Work Start Date” means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any non-construction costs may be incurred and eligible for reimbursement hereunder.

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

“Event of Default” means the occurrence of any of the following events:

a) Failure by the Recipient to make any payment required to be paid pursuant to this Agreement, including Payments;
b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient’s ability to satisfy its obligations under this Agreement.
d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Exhibit B or Exhibit D of this Agreement;
e) Failure to operate the System or the Project without the Division’s approval;
f) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;

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g) The occurrence of a material breach or event of default under any System Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;
j) Loss of the Recipient's rights, licenses, permits, or privileges necessary for the operation of the System or the Project, or the occurrence of any material restraint on the Recipient's enterprise by a government agency or court order; or

"Final Disbursement Request Date" means the date set forth as such on the Cover Page of this Agreement, after which date, no further Project Funds disbursements may be requested.

"Final Payment Date" is the date by which all principal and accrued interest due under this Agreement is to be paid in full to the State Water Board and is specified on the Cover Page of this Agreement.

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

"Force Account" means the use of the Recipient's own employees, equipment, or resources for the Project.

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

"Guidelines" means the State Water Board's "Water Recycling Funding Program guidelines," in effect as of the execution date of this Agreement.

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

"Listed Event" means, so long as the Recipient has outstanding any System Obligation subject to Rule 15c2-12, any of the events required to be reported with respect to such System Obligation pursuant to Rule 15c2-12(b)(5).

"Material Obligation" means an obligation of the Recipient that is material to this transaction other than a System Obligation.

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

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

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

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

“Parity Obligation” means a debt obligation of the Recipient on parity with this Obligation. The Recipient’s Parity Obligations are these:

- The Installment Sale Agreement by and between the Escondido Joint Powers Financing Authority and The Bank of New York Mellon Trust Company, N.A., as trustee dated as of February 1, 2012.
- Indenture of Trust, dated as of May 1, 2015, by and between the City of Escondido and The Bank of New York Mellon Trust Company, N.A., as trustee (Series 2015A and 2015B).
- The Installment Sale Agreement by and between the City of Escondido and the California State Water Resources Control Board executed on May 6, 1999 (Agreement No. 8-815-550-0, Project No. C-06-4156-210).
- The Installment Sale Agreement by and between the City of Escondido and the California State Water Resources Control Board executed on February 14, 2002 (Agreement No. 8-829-550-3, Project No. C-06-4156-110).
- The Installment Sale Agreement by and between the City of Escondido and the California State Water Resources Control Board executed on March 26, 2002 (Agreement No. 99-803-550-1, Project No. C-06-4156-311).
- The Installment Sale Agreement by and between the City of Escondido and the California State Water Resources Control Board executed on June 30, 2014 (Agreement No. 03-801-550-0, Project No. C-06-4695-110).
- The Installment Sale Agreement by and between the City of Escondido and the California State Water Resources Control Board executed on November 22, 2017 (Agreement No. D17-01009, Project No. C-06-8113-110).

“Payment” means any payment due to the State Water Board from the Recipient pursuant to this Agreement.

"Policy" means the State Water Board's “Policy for Implementing the Clean Water State Revolving Fund,” as amended from time to time, including the Intended Use Plan in effect as of the execution date of this Agreement.

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“Project” means the Project financed by this Agreement as described in Exhibits A and B and in the documents incorporated by reference herein.

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

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

“Project Funds” means all moneys disbursed to the Recipient by the State Water Board for eligible Project Costs pursuant to this Agreement.

“Recipient” means the City of Escondido.

“Records Retention End Date” means the last date that the Recipient is obligated to maintain records and is set forth on the Cover Page of this Agreement.

“Regional Water Quality Control Board” or “Regional Water Board” means the appropriate Regional Water Quality Control Board.

“Reimbursement Resolution” means the Recipient’s reimbursement resolution identified and incorporated by reference in this Agreement.

“Reserve Fund” means the reserve fund required pursuant to Exhibit B of this Agreement.

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

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

“Senior Obligation” means a debt obligation of the Recipient that is senior to this Obligation. There are no Senior Obligations.

“SRF” means the Clean Water State Revolving Fund.

“State” means State of California.

“State Water Board” means the State Water Resources Control Board.

“Subordinate Obligation” means a debt obligation of the Recipient that is subordinate to this Obligation. There are no Subordinate Obligations.

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

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

"Useful Life" means the economically useful life of the Project beginning at Completion of Construction and is set forth in Exhibit A.

"Year" means calendar year unless otherwise expressly indicated.

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

[RECIPIENTCAPS]:

By:_____
Name: [Officer]
Title: [Title1]

Date:_____

STATE WATER RESOURCES CONTROL BOARD:

By:_____
Name: [Officer]
Title: Deputy Director
Division of Financial Assistance

Date:_____

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EXHIBIT A – SCOPE OF WORK

A.1. PROJECT DESCRIPTION, USEFUL LIFE, AND SCOPE OF WORK.

(a) The Project is the project set forth on the Cover Page of this Agreement.

(b) The Useful Life of this Project is at least _____ years.

(c) Scope of Work.

[to be inserted by DFA]

A.2. STANDARD PROJECT REQUIREMENTS.

A.2.1 Acknowledgements.

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

"Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board.

California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.

The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

A.2.2 Reports

A.2.2.1 Progress Reports.

(a) The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement.

(b) The Recipient must provide a progress report with each disbursement request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B.

(c) A progress report must contain the following information:

i. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;

ii. A description of compliance with environmental requirements;

iii. A listing of change orders including amount, description of work, and change in contract amount and schedule; and

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iv. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.2.2.2 Project Completion Report.

(a) The Recipient must submit a Project Completion Report to the Division with a copy to the appropriate Regional Water Board on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:

i. Description of the Project,

ii. Description of the water quality problem the Project sought to address,

iii. Discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and

iv. Summary of compliance with applicable environmental conditions.

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

A.2.2.3 As Needed Reports.

The Recipient must provide expeditiously, during the term of this Agreement, any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the state or federal government.

A.2.2.4 Recycled water reports.

(a) Commencing with the date of Project Completion, the Recipient must submit annual reports for five (5) consecutive calendar years or until the Project's actual total annual recycled water deliveries equal the Project's planned total recycled water deliveries.

(b) The Recipient must submit annual reports in hard copy and/or electronically.

(c) The first annual report is due on February 28th following the first full calendar year of operation and shall cover the period from the Project Completion through the end of the first full calendar year thereafter. Subsequent annual reports are due by February 28th following the calendar year covered. The annual reports shall be prepared in accordance with the "Water Recycling Funding Program Guidelines."

(d) The annual reports must include the following:

i. The planned total recycled water deliveries from the Recipient's funding application/user-connection schedule;

ii. A breakdown of the actual total annual recycled water deliveries by month and type of use, presented in a table showing month vs. type of use. If the Recipient supplements recycled water deliveries with potable or fresh water, the annual report must include the monthly and total amounts;

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iii. The Project's operation and maintenance costs for the year;

iv. The costs to Recipient's end users of recycled water vs. potable/fresh water during the year; and

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

A.2.2.5 DBE Reports for SRF Projects.

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

A.2.3 Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):

a. Clean Water State Revolving Fund · California Water Boards · EPA United States Environmental Protection Agency

b. "Funding for this $x.x million [name of project] project has been provided in full or in part by the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds."

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

A.2.4 Commencement of Operations.

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

A.3 DATES & DELIVERABLES.

(a) Time is of the essence.

(b) The Recipient must expeditiously proceed with and complete construction of the Project.

(c) The following dates are established as on the Cover Page of this Agreement:

i. Eligible Work Start Date
ii. Eligible Construction Start Date

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iii. Completion of Construction Date
iv. Final Disbursement Request Date
v. Records Retention End Date
vi. Final Payment Date

(d) The Recipient must award the prime construction contract timely.

(e) The Recipient agrees to start construction no later than [DFA will insert date that is within 6 months after execution of this Agreement].

(f) The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.

(g) The undisbursed balance of this Agreement will be deobligated if the Recipient does not provide its final Disbursement Request to the Division on or before the Final Disbursement Request Date, unless prior approval has been granted by the Division.

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EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND DISBURSEMENTS

B.1.1 Funding Contingency and Other Sources.

(a) If this Agreement's funding for any fiscal year expires due to reversion or is reduced, substantially delayed, or deleted by the Budget Act, by Executive Order, or by order or action of the Department of Finance, the State Water Board has the option to either cancel this Agreement with no liability accruing to the State Water Board, or offer an amendment to the Recipient to reflect the reduced amount.

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

B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project, including associated planning and design costs is Written Dollar Amount dollars and no cents ($Dollar Amount).

B.1.3 Project Funding Amount.

Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.1.4 Reserved.

B. 1.5 Budget Costs.

(a) Estimated budget costs are contained in the Summary Project Cost Table below:

[DFA will insert table]

The Division's Final Budget Approval and related Form 259 and Form 260 will document a more detailed budget of eligible Project Costs and Project funding amounts.

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division's Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient's submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change in scope of work will require an Agreement amendment. The sum of adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

(b) Under no circumstances may the sum of line items in the Final Budget Approval exceed the Project Funding Amount.

B.1.6 Contingent Disbursement.

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(a) The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement.

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

(c) Construction costs and disbursements are not available until after the Division has approved the final budget form submitted by the Recipient.

(d) No costs incurred prior to the Eligible Work Start Date are eligible for reimbursement.

(e) Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.

(f) Failure to proceed according to the timelines set forth in this Agreement may require the Recipient to repay to the State Water Board all disbursed Project Funds.

(g) The Recipient agrees to ensure that its final Disbursement Request is received by the Division no later than the Final Disbursement Request Date, unless prior approval has been granted by the Division. If the final Disbursement Request is not received timely, the undisbursed balance of this Agreement will be deobligated.

(h) The Recipient is not entitled to interest earned on undisbursed funds.

B.1.7 Disbursement Procedure.

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

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance costs through submission to the State Water Board of the Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.

2. The Recipient must submit a disbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late disbursement requests may not be honored.

3. The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts approved by the Division in the Final Budget Approval.

4. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260 and Form 261, or any amendment thereto, duly

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completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.

5. The Recipient must not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of disbursement request. Supporting documentation (e.g., receipts) must be submitted with each Disbursement Request. The amount requested for administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Disbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Disbursement Request. Upon request by the Division, supporting documents for professional and administrative services must include the employees' names, classifications, labor rates, hours worked, and descriptions of the tasks performed. Disbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.

6. The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future disbursements.

7. The Recipient shall not request a disbursement unless that Project Cost is allowable, reasonable, and allocable.

8. Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.

9. No work or travel outside the State of California is permitted under this Agreement unless the Division provides prior written authorization. Failure to comply with this restriction may result in termination this Agreement, pursuant to Exhibit C. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources at http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx. as of the date costs are incurred by the Recipient.

B.1.8 Withholding of Disbursements.

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

(a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
(b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
(c) Commencement of litigation or a judicial or administrative proceeding related to the Project, System, or Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
(d) Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or

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federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;

(e) A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;

(f) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;

(g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;

(h) An event requiring Notice as set forth in Exhibit C;

(i) An Event of Default or an event that the Division determines may become an Event of Default.

B.1.9 Fraud and Misuse of Public Funds.

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

B.2 RECIPIENT'S PAYMENT OBLIGATION, PLEDGE, AND RESERVE

B.2.1 Project Costs.

The Recipient must pay any and all costs connected with the Project including, without limitation, any and all Project Costs and Additional Payments. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient must nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

B.2.2 Estimated Principal Payment Due.

The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is Written Dollar Amount dollars and no cents ($Dollar Amount).

B.2.3 Interest Rate and In-Lieu of Interest Charges.

(a) The Recipient agrees to make all Payments according to the schedule in Exhibit E, and as otherwise set forth herein, at an interest rate of Written Interest Rate % (X%) per annum.

(b) Interest will accrue beginning with each disbursement.

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(c) In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit E:

- an Administrative Service Charge
- a Small Community Grant Fund Charge

B.2.4 Reserved

B.2.5 Obligation Absolute.

The obligation of the Recipient to make the Payments and other payments required to be made by it under this Agreement, from the Net Revenues and/or other amounts legally available to the Recipient therefor, is absolute and unconditional, and until such time as the Payments and Additional Payments have been paid in full, the Recipient must not discontinue or suspend any Payments or other payments required to be made by it hereunder when due, whether or not the Project, or any related part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

B.2.6 Payment Timing.

(a) Beginning one year after Completion of Construction, the Recipient must submit an annual Payment of the principal of the Project Funds, together with all interest accruing thereon. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.

(b) The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made beginning one (1) year after Completion of Construction. Exhibit E is a payment schedule based on the provisions of this Exhibit and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

(c) Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient. The Recipient must make each Payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.

(d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient must provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge

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necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

(e) Each Payment must be paid in lawful money of the United States of America by check or other acceptable form of payment set forth at www.waterboards.ca.gov/make_a_payment.
The Recipient must pay Payments and Additional Payments from Net Revenues and/or other amounts legally available to the Recipient therefor.

B.2.7 Pledged Revenues.

B.2.7.1 Establishment of Enterprise Fund and Reserve Fund.

In order to carry out its System Obligations, the Recipient covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund. As required in this Exhibit, the Recipient must establish and maintain a Reserve Fund.

B.2.7.2 Pledge of Net Revenues, Enterprise Fund, and Reserve Fund.

The Obligation hereunder shall be secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund on parity with the Parity Obligations and subordinate to the Senior Obligations. The Recipient hereby pledges and grants such lien on and pledge of the Enterprise Fund, Net Revenues, and any Reserve Fund to secure the Obligation, including payment of Payments and Additional Payments hereunder. The Net Revenues in the Enterprise Fund, shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Recipient.

B.2.7.3 Application and Purpose of the Enterprise Fund.

Subject to the provisions of any outstanding System Obligation, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the System Obligations in order of priority. After making all payments hereinabove required to be made in each Fiscal Year, the Recipient may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Recipient.

B.2.8 No Prepayment.

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

B.2.9 Reserve Fund.

Prior to Completion of Construction, the Recipient must establish a restricted Reserve Fund, held in its Enterprise Fund, equal to one year's Debt Service on this Obligation. The Recipient must maintain the Reserve Fund throughout the term of this Agreement. The Reserve Fund is subject to lien and pledged as security for this Obligation, and its use is restricted to payment of this Obligation during the term of this Agreement.

B.3 RATES, FEES AND CHARGES.

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(a) The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are equal to the sum of (i) at least 120% of the Maximum Annual Debt Service with respect to all outstanding System Obligations senior to and on parity with the Obligation and (ii) at least 100% of the Maximum Annual Debt Service with respect to all outstanding System Obligations subordinate to the Obligation, so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio must be at least 120%, except where System Obligations are defeased pursuant to refunding obligations.

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

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

B.4 ADDITIONAL DEBT.

(a) The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation.

(b) The Recipient may issue additional parity or subordinate debt only if all of the following conditions are met:

i. Net Revenues in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in this Exhibit and with respect to any outstanding and proposed additional obligations;
ii. The Recipient is in compliance with any reserve fund requirement of this Obligation.

B.5 NO LIENS.

The Recipient must not make any pledge of or place any lien on the Project, System, or Revenues except as otherwise provided or permitted by this Agreement.

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EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS

C.1 REPRESENTATIONS & WARRANTIES.

The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement.

C.1.1 Application and General Recipient Commitments.

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

The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.

The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.

C.1.2 Authorization and Validity.

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

C.1.3 No Violations.

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

C.1.4 No Litigation.

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

There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain the System or any of the real or personal property related to or necessary for the Project.

C.1.5 Property Rights.

The Recipient owns or has sufficient property rights in the Project property for the longer of the Useful Life or the term of this Agreement, either in fee simple or for a term of years that is not subject to third-party revocation during the Useful Life of the Project.

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C.1.6 Solvency and Insurance.

None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.

C.1.7 Legal Status and Eligibility.

The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. The Recipient acknowledges that changes to its legal or financial status may affect its eligibility for funding under this Agreement and commits to maintaining its eligibility. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.

C.1.8 Financial Statements and Continuing Disclosure.

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

The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.

C.1.9 System Obligations

The Recipient has no System Obligations other than those defined in this Agreement.

C.1.10 No Other Material Debt.

The Recipient has no Material Obligations other than System Obligations.

C.1.11 Compliance with State Water Board Funding Agreements.

The Recipient represents that it is in compliance with all State Water Board funding agreements to which it is a party.

C.2 DEFAULTS AND REMEDIES

In addition to any other remedy set forth in this Agreement, the following remedies are available under this Agreement.

C.2.1 Return of Funds; Acceleration; and Additional Payments.

Notwithstanding any other provision of this Agreement, if the Division determines that an Event of Default has occurred, the Recipient may be required, upon demand, immediately to do each of the following:

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i. return to the State Water Board any grant or principal forgiveness amounts received pursuant to this Agreement;
ii. accelerate the payment of any principal owed under this Agreement, all of which shall be immediately due and payable;
iii. pay interest at the highest legal rate on all of the foregoing; and
iv. pay any Additional Payments.

C.2.2 Reserved.

C.2.3 Judicial remedies.

Whenever the State Water Board determines that an Event of Default shall have occurred, the State Water Board may enforce its rights under this Agreement by any judicial proceeding, whether at law or in equity. Without limiting the generality of the foregoing, the State Water Board may:

i. by suit in equity, require the Recipient to account for amounts relating to this Agreement as if the Recipient were the trustee of an express trust;
ii. by mandamus or other proceeding, compel the performance by the Recipient and any of its officers, agents, and employees of any duty under the law or of any obligation or covenant under this Agreement, including but not limited to the imposition and collection of rates for the services of the System sufficient to meet all requirements of this Agreement; and
iii. take whatever action at law or in equity as may appear necessary or desirable to the State Water Board to collect the Payments then due or thereafter to become due, or to enforce performance of any obligation or covenant of the Recipient under this Agreement.

C.2.4 Termination.

Upon an Event of Default, the State Water Board may terminate this Agreement. Interest shall accrue on all amounts due at the highest legal rate of interest from the date that the State Water Board delivers notice of termination to the Recipient.

C.2.5 Damages for Breach of Tax-Exempt Status.

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

C.2.6 Damages for Breach of Federal Conditions.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.7 Remedies and Limitations.

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None of the remedies available to the State Water Board shall be exclusive of any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. The State Water Board may exercise any remedy, now or hereafter existing, without exhausting and without regard to any other remedy.

Any claim of the Recipient is limited to the rights and remedies provided to the Recipient under this Agreement and is subject to the claims procedures provided to the Recipient under this Agreement.

C.2.8 Non-Waiver.

Nothing in this Agreement shall affect or impair the Recipient's Obligation to pay Payments as provided herein or shall affect or impair the right of the State Water Board to bring suit to enforce such payment. No delay or omission of the State Water Board in the exercise of any right arising upon an Event of Default shall impair any such right or be construed to be a waiver of any such Event of Default. The State Water Board may exercise from time to time and as often as shall be deemed expedient by the State Water Board, any remedy or right provided by law or pursuant to this Agreement.

C.2.9 Status Quo.

If any action to enforce any right or exercise any remedy shall be brought and either discontinued or determined adversely to the State Water Board, then the State Water Board shall be restored to its former position, rights and remedies as if no such action had been brought.

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

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

C.3.2 Accounting and Auditing Standards; Financial Management Systems; Records Retention.

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

(b) The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

(c) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient must:

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i. Establish an official file for the Project which adequately documents all significant actions relative to the Project;
ii. Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
iii. Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
iv. Establish an accounting system which will accurately depict final total costs of the Project, including both direct and Indirect Costs;
v. Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
vi. If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee.

(d) The Recipient must maintain separate books, records and other material relative to the Project. The Recipient must also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Completion of Construction. The Recipient must require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the California State Auditor, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient must allow and must require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section survive the term of this Agreement.

C.3.3 Amendment.

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

Requests for amendments must be in writing and directed to the contact listed in Section 4 and to the Division's Chief of Loans and Grants Administration Section.

C.3.4 Assignability.

This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

C.3.5 Audit.

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

(b) Audit disallowances must be returned to the State Water Board.

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C.3.6 Bonding.

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

C.3.7 Competitive Bidding

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

C.3.8 Compliance with Applicable Laws, Rules, and Requirements.

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

(a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;

(b) Comply with the Policy and Guidelines; and

(c) Comply with and require compliance with the state and federal requirements set forth elsewhere in this Agreement.

C.3.9 Computer Software.

The Recipient certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

C.3.10 Conflict of Interest.

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

C.3.11 Continuous Use of Project; No Lease, Sale, Transfer of Ownership, or Disposal of Project.

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

C.3.12 Data Management.

The Recipient will undertake appropriate data management activities so that Project data can be incorporated into statewide data systems.

C.3.13 Disputes.

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(a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.

(b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.

(c) Recipient must continue with the responsibilities under this Agreement during any dispute.

(d) This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

C.3.14 Drug-Free Workplace.

The Recipient certifies that it will provide a drug-free workplace in compliance with the Drug-Free Workplace Act (Gov. Code. §§ 8350-8357). The Recipient shall publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the Recipient's workplace and specifying the actions to be taken against employees for violations of the prohibition. The Recipient shall establish a drug-free awareness program to inform employees about the dangers of drug abuse in the workplace, the Recipient's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation and employee assistance programs, and penalties that may be imposed upon employees for drug abuse violations. The Recipient shall provide that every employee who works on the Project receives a copy of the Recipient's drug-free workplace policy statement and agrees to abide by the terms of the statement as a condition of employment on the Project.

C.3.15 Environmental Clearance.

(a) Notwithstanding any other provision, the State Water Board has no binding obligation to provide funding under this Agreement except for activities excluded from, not subject to, or exempt under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). No work that is subject to CEQA or NEPA may proceed under this Agreement until the State Water Board has provided approval to proceed. Upon receipt and review of the Recipient's environmental documents, the State Water Board shall make the appropriate environmental findings before determining whether to approve construction or implementation funding for the Project under this Agreement. Providing approval for such construction or implementation funding is fully discretionary. The State Water Board may require changes in the scope of work or additional mitigation as a condition to providing construction or implementation funding under this Agreement. Recipient shall not perform any work subject to CEQA and/or NEPA before the State Water Board completes its environmental review and specifies any changes in scope or additional mitigation that may be required. Proceeding with work subject to CEQA and/or NEPA without approval by the State Water Board shall constitute a breach of a material provision of this Agreement.

(b) If this Project includes modification of a river or stream channel, the Recipient must fully mitigate environmental impacts resulting from the modification. The Recipient must provide documentation that the environmental impacts resulting from such modification will be fully mitigated considering all of the impacts of the modification and any mitigation, environmental enhancement, and environmental benefit

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resulting from the Project, and whether, on balance, any environmental enhancement or benefit equals or exceeds any negative environmental impacts of the Project.

C.3.16 Governing Law.

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

C.3.17 Income Restrictions.

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

C.3.18 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, the Bank, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System or the Project; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement, except those arising from the gross negligence or willful misconduct of the Indemnified Persons. The Recipient must also provide for the defense and indemnification of the Indemnified Persons in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and must cause the Indemnified Persons to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section survive the term of this Agreement.

C.3.19 Independent Actor.

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

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C.3.20 Integration.

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

C.3.21 Leveraging Covenants.

(a) Notwithstanding any other provision hereof, the Recipient covenants and agrees that it will comply with the Tax Covenants set forth in Exhibit F of this Agreement.

(b) The Recipient covenants to furnish such financial, operating and other data pertaining to the Recipient as may be requested by the State Water Board to: (i) enable the State Water Board to cause the issuance of Bonds and provide for security therefor; or (ii) enable any underwriter of Bonds issued for the benefit of the State Water Board to comply with Rule 15c2-12(b)(5). The Recipient further covenants to provide the State Water Board with copies of all continuing disclosure documents or reports that are disclosed pursuant to (i) the Recipient's continuing disclosure undertaking or undertakings made in connection with any outstanding System Obligation, (ii) the terms of any outstanding System Obligation, or (iii) a voluntary disclosure of information related to an outstanding System Obligation. The Recipient must disclose such documents or reports to the State Water Board at the same time such documents or reports are submitted to any dissemination agent, trustee, nationally recognized municipal securities information repository, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website or other person or entity.

C.3.22 No Discrimination.

(a) The Recipient must comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs, tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.

(b) If Project Funds are used to acquire or improve real property, the Recipient must include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.

(c) The Recipient must comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).

(d) The Recipient's obligations under this section shall survive the term of this Agreement.

(e) During the performance of this Agreement, Recipient and its contractors and subcontractors must not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.

(f) The Recipient, its contractors, and subcontractors must ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

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(g) The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.;Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

(h) The Recipient, its contractors, and subcontractors must give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

(i) The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

C.3.23 No Third Party Rights.

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

C.3.24 No Obligation of the State.

Any obligation of the State Water Board herein contained shall not be an obligation, debt, or liability of the State and any such obligation shall be payable solely out of the moneys encumbered pursuant to this Agreement.

C.3.25 Notice.

Upon the occurrence of any of the following events, the Recipient must provide notice as set forth below.

(a) Within 24 hours of the following, the Recipient must notify the Division by phone at (916) 327-9978 and by email to melky.calderon@waterboards.ca.gov, Robert.Pontureri@waterboards.ca.gov, and CleanWaterSRF@waterboards.ca.gov:
   i. The seizure of, or levy on, any Revenues securing this Agreement;
   ii. Any discovery of any potential tribal cultural resource and/or archaeological or historical resource. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division.

(b) Within five (5) business days, the Recipient must notify the Division by phone at (916) 327-9978; by email to Lance.Reese@waterboards.ca.gov, melky.calderon@waterboards.ca.gov, Robert.Pontureri@waterboards.ca.gov, and CleanWaterSRF@waterboards.ca.gov; and by mail to the contact address set forth in Section 4 of this Agreement of the occurrence of any of the following events:
   i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
   ii. Change of ownership of the Project or the System or change of management or service contracts, if any, for operation of the System;
   iii. Loss, theft, damage, or impairment to Project, the Revenues or the System;
   iv. Failure to meet any debt service coverage test in Exhibit B of this agreement;
   v. Draws on the Reserve Fund;
   vi. Listed Events and Events of Default, except as otherwise set forth in this section;
   vii. Failure to observe or perform any covenant or comply with any condition in this Agreement.

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viii. An offer from a public entity to purchase the Project or the System or any portion thereof, or any of the real or personal property related to or necessary for the Project;
ix. A proceeding or action by a public entity to acquire the Project or the System by power of eminent domain;
x. Incurrence of a System Obligation or Material Obligation by the Recipient; or
xi. A default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a System Obligation or Material Obligation of the Recipient, any of which reflect financial difficulties.

(c) Within ten (10) business days, the Recipient must notify the Division by phone at (916) 327-9978, by email to melky.calderon@waterboards.ca.gov, Robert.Pontureri@waterboards.ca.gov, and CleanWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of the following events:

i. Material defaults on Material Obligations, other than this Obligation;
ii. Unscheduled draws on material debt service reserves or credit enhancements, reflecting financial difficulties;
iii. Substitution of credit or liquidity providers, if any or their failure to perform;
iv. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity to operate the System or the Recipient's continued existence,
v. Circulation of a petition to repeal, reduce, or otherwise challenge the Recipient's rates for services of the System,
vi. Consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues;
vii. Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;
viii. Rating changes on outstanding System Obligations, if any;
ix. Issuance of additional Parity Obligations;
x. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board; or
xi. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;

(d) The Recipient must notify the Division promptly by phone at (916) 327-9978, by email to melky.calderon@waterboards.ca.gov, Robert.Pontureri@waterboards.ca.gov, and CleanWaterSRF@waterboards.ca.gov and by mail to the contact address set forth in Section 4 of this Agreement of any of the following events:

i. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
ii. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the

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proposed change has been provided to the Division and the Division has given written approval for the change;

iii. Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;

iv. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;

v. Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;

vi. Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;

vii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;

viii. Any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, as required by Exhibit C.4.3(xxvii).

ix. Any events requiring notice to the Division pursuant to the provisions of this Agreement;

x. Completion of Construction of the Project, and actual Project Completion;

xi. The award of the prime construction contract for the Project;

xii. Initiation of construction of the Project.

C.3.26 Operation and Maintenance; Insurance.

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

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

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

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be

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issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and must provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

C.3.27 Permits, Subcontracting, and Remedies.

Recipient must procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses must be submitted to the Division before any construction begins.

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

C.3.28 Professionals.

The Recipient agrees that only licensed professionals will be used to perform services under this Agreement where such services are called for. All technical reports required pursuant to this Agreement that involve planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, architectural, or geologic sciences, shall be prepared by or under the direction of persons registered to practice in California pursuant to Business and Professions Code, sections 5536.1, 6735, 7835, and 7835.1. To demonstrate compliance with California Code of Regulations, title 16, sections 415 and 3065, all technical reports must contain a statement of the qualifications of the responsible registered professional(s). As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.

C.3.29 Prevailing Wages.

The Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient must monitor all agreements subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of the State Labor Code are being met.

In addition, the Recipient agrees to comply with the Davis-Bacon provisions incorporated by reference in Section 3 of this Agreement.

C.3.30 Public Funding.

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

C.3.31 Recipient's Responsibility for Work.

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

C.3.32 Related Litigation.

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

C.3.33 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request.

C.3.34 State Water Board Action; Costs and Attorney Fees.

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

C.3.35 Timeliness.

Time is of the essence in this Agreement.

C.3.36 Unenforceable Provision.

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

C.3.37 Venue.

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

C.3.38 Waiver and Rights of the State Water Board.

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

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

C.4 MISCELLANEOUS STATE AND FEDERAL REQUIREMENTS

C.4.1 Reserved.

C.4.2 State Cross-Cutters.

Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:

i. The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.

ii. Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.

iii. Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.

iv. Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.

v. Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.

vi. Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).

vii. Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.

viii. Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.

ix. Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.

x. Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.

C.4.3 Federal Requirements and Cross-Cutters for SRF Funding.

The Recipient acknowledges, warrants compliance with, and covenants to continuing compliance with the following federal terms and conditions for the Useful Life of the Project:

i. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase “iron and steel products” produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the

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Recipient hereby certifies that all “iron and steel products” used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. “Steel” means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

ii. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in Section 3 of this Agreement in all construction contracts and subcontracts.

iii. The Recipient must comply with the signage requirements set forth in Exhibit A.

iv. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days’ notice.

v. The Recipient shall comply with applicable EPA general terms and conditions found at http://www.epa.gov/ogd.

vi. No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.

vii. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient’s exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board’s performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.

viii. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA’s Final Financial Assistance Conflict of Interest Policy at https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy. A conflict of interest may result in disallowance of costs.

ix. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.

x. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at http://iEdison.gov and shall notify the Division when an invention report, patent report, or utilization report is filed.

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xi. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.

xii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.

xiii. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.

xiv. The Recipient certifies to the best of its knowledge and belief that:

a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions, and notify the State Water Board.

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

xv. The Recipient must comply with the following federal non-discrimination requirements:

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

xvi. If the Project relates to construction of a publicly owned treatment works, where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States

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Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.

xvii. If the Project relates to construction of a publicly owned treatment works, the Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project that includes an inventory of critical assets that are a part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.

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

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

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

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

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

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

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

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

xix. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises as set forth in Exhibit A.

xx. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: http://www.sam.gov/ .

xxi. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.

xxii. The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.

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

xxiv. If the Recipient is a water system that serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.

xxv. The Recipient represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and it is not a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.

xxvi. The Recipient agrees to immediately notify the Project Manager in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, including fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results, or ordering, advising, or suggesting that subordinates engage in research misconduct.

xxvii. The Recipient agrees to comply with, and require all contractors and subcontractors to comply with, EPA's Scientific Integrity Policy, available at https://www.epa.gov/osa/policy-epa-scientific-integrity, when conducting, supervising, and communicating science and when using or applying the results of science. For purposes of this condition scientific activities include, but are not limited to, computer modelling, economic analysis, field sampling, laboratory experimentation,

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demonstrating new technology, statistical analysis, and writing a review article on a scientific issue.

The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the EPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct, including publication or reporting, as described in EPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.

xxviii. The Recipient agrees to comply with the Animal Welfare Act of 1966 (7 USC 2131-2156). Recipient also agrees to abide by the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals used in Testing, Research, and Training," available at http://grants.nih.gov/grants/olaw/references/phspol.htm#USGovPrinciples.

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EXHIBIT D – SPECIAL CONDITIONS

[environmental]

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EXHIBIT E – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule dated _____. The final Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

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EXHIBIT F – TAX CERTIFICATE

F.1 Purpose.

The purpose of this Exhibit F is to establish the reasonable expectations of the Recipient regarding the Project and the Project Funds, and is intended to be and may be relied upon for purposes of Sections 103, 141 and 148 of the Code and as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. This Exhibit F sets forth certain facts, estimates and circumstances which form the basis for the Recipient's expectation that neither the Project nor the Bond Funded Portion of the Project Funds is to be used in a manner that would cause the Obligation to be classified as "arbitrage bonds" under Section 148 of the Code or "private activity bonds" under Section 141 of the Code.

F.2 Tax Covenant.

The Recipient agrees that it will not take or authorize any action or permit any action within its reasonable control to be taken, or fail to take any action within its reasonable control, with respect to the Project which would result in the loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code.

F.3 Governmental Unit.

The Recipient is a state or local governmental unit as defined in Section 1.103-1 of the Treasury Regulations or an instrumentality thereof (a "Governmental Unit") and is not the federal government or any agency or instrumentality thereof.

F.4 Financing of a Capital Project.

The Recipient will use the Project Funds to finance costs it has incurred or will incur for the construction, reconstruction, installation or acquisition of the Project. Such costs shall not have previously been financed with the proceeds of any other issue of tax-exempt obligations.

F.5 Ownership and Operation of Project.

The Recipient exclusively owns and, except as provided in Section F.12 hereof, operates the Project.

F.6 Temporary Period.

The Recipient reasonably expects that at least eighty-five percent (85%) of the Bond Funded Portion of the Project Funds will be allocated to expenditures for the Project within three (3) years of the earlier of the effective date of this Agreement or the date the Bonds are issued ("Applicable Date"). The Recipient has incurred, or reasonably expects that it will incur within six (6) months of the Applicable Date, a substantial binding obligation (i.e., not subject to contingencies within the control of the Recipient or a related party) to a third party to expend at least five percent (5%) of the Bond Funded Portion of the Project Funds on Project Costs. The completion of acquisition, construction, improvement and equipping of the Project and the allocation of the Bond Funded Portion of the Project Funds to Project Costs will proceed with due diligence.

F.7 Working Capital.

No operational expenditures of the Recipient or any related entity are being, have been or will be financed or refinanced with Project Funds.

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F.8 Expenditure of Proceeds.

The Bond Funded Portion of the Project Funds shall be used exclusively for the following purposes: (i) Reimbursement Expenditures (as defined in Section F.20 below), (ii) Preliminary Expenditures (as defined in Section F.20 below) in an aggregate amount not exceeding twenty percent (20%) of the Bond Funded Portion of the Project Funds, (iii) capital expenditures relating to the Project originally paid by the Recipient on or after the date hereof, (iv) interest on the Obligation through the later of three (3) years after the Applicable Date or one (1) year after the Project is placed in service, and (v) initial operating expenses directly associated with the Project in the aggregate amount not more than five percent (5%) of the Bond Funded Portion of the Project Funds.

F.9 Private Use and Private Payments.

No portion of the Project Funds or the Project is being, has been or will be used in the aggregate for any activities that constitute a Private Use (as defined below). No portion of the principal of or interest with respect to the Payments will be secured by any interest in property (whether or not the Project) used for a Private Use or in payments in respect of property used for a Private Use, or will be derived from payments in respect of property used for a Private Use. "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities, other than a Governmental Unit. The leasing of the Project or the access by or the use of the Project by a person or entity other than a Governmental Unit on a basis other than as a member of the general public shall constitute a Private Use. Use by or on behalf of the State of California or any of its agencies, instrumentalities or subdivisions or by any local Governmental Unit and use as a member of the general public will be disregarded in determining whether a Private Use exists. Use under an arrangement that conveys priority rights or other preferential benefits is generally not use on the same basis as the general public. Arrangements providing for use that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied do not convey priority rights or other preferential benefits. For this purpose, rates may be treated as generally applicable and uniformly applied even if (i) different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable; or (ii) a specially negotiated rate arrangement is entered into, but only if the user is prohibited by federal law from paying the generally applicable rates, and the rates established are as comparable as reasonably possible to the generally applicable rates. An arrangement that does not otherwise convey priority rights or other preferential benefits is not treated, nevertheless, as general public use if the term of the use under the arrangement, including all renewal options, is greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if (i) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal; and (ii) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.

F.10 No Sale, Lease or Private Operation of the Project.

The Project (or any portion thereof) will not be sold or otherwise disposed of, in whole or in part, to any person who is not a Governmental Unit prior to the final maturity date of the Obligation. The Project will not be leased to any person or entity that is not a Governmental Unit prior to the final maturity date of the Obligation. Except as permitted under Section F.12 hereof, the Recipient will not enter any contract or arrangement or cause or permit any contract or arrangement to be entered with persons or entities that are not Governmental Units if that contract or arrangement would confer on such persons or entities any right to use the Project on a basis different from the right of members of the general public. The contracts or arrangements contemplated by the preceding sentence include but are not limited to management contracts, take or pay contracts or put or pay contracts, and capacity guarantee contracts.

F.11 No Disproportionate or Unrelated Use.

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No portion of the Project Funds or the Project is being, has been, or will be used for a Private Use that is unrelated or disproportionate to the governmental use of the Project Funds.

F.12 Management and Service Contracts.

The Recipient represents that, as of the date hereof, it is not a party to any contract, agreement or other arrangement with any persons or entities engaged in a trade or business (other than Governmental Units) that involve the management or operation of property or the provision of services at or with respect to the Project that does not comply with the standards of the Treasury Regulations, Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67, or Revenue Procedure 2017-13, as applicable. The Recipient represents that it will not be party to any such contract, agreement or arrangement with any person or entity that is not a Governmental Unit for the management of property or the provision of services at or with respect to the Project, while the Obligation (including any obligation or series thereof issued to refund the Obligation, as the case may be) is outstanding, except: (a) with respect to any contract, agreement or arrangement that does not constitute "private business use" of the Project under Code §141(b), or (b) with respect to any contract, agreement or arrangement that complies with (i) Revenue Procedure 97-13, 1997-1 C.B. 632, as amended by Revenue Procedure 2001-39, 2001-2 C.B. 38, and as amplified by Notice 2014-67, with respect to contracts entered into before August 18, 2017 and not materially modified or extended after August 18, 2017, or (ii) Revenue Procedure 2017-13, with respect to contracts entered into or materially modified or extended on or after August 18, 2017, or (c) with respect to any contract, agreement or arrangement that does not give rise to use of the Bond Funded Portion of the Project Funds or the Project by a non-Governmental Unit of more than the amount of such non-qualified use permitted by the Code, or (d) in the event that the Recipient receives an opinion of counsel, satisfactory to the State Water Board and the Bank and expert in the issuance of state and local government bonds the interest on which is excluded from gross income under Section 103 of the Code ("Nationally-Recognized Bond Counsel"), that such contract, agreement or arrangement will not adversely affect the exclusion of the interest on the Obligation from gross income for federal income taxation purposes.

F.13 No Disposition of Financed Property.

As of the date hereof, the Recipient does not expect to sell or otherwise dispose of any portion of the Project, in whole or in part, prior to the final maturity date of the Obligation.

F.14 Useful Life of Project.

As of the date hereof, the Recipient reasonably expects that the economic useful life of the Project, commencing at Project Completion, will be at least equal to the term of this Agreement, as set forth in Exhibit A hereto.

F.15 Payments.

Payments generally are expected to be derived from assessments, taxes, fees, charges or other current Revenues of the Recipient in each year, and such current Revenues are expected to equal or exceed the Payments during each payment period. Any amounts accumulated in a sinking fund or bona fide debt service fund to pay Payments (whether or not deposited to a fund or account established by the Recipient) will be disbursed to pay Payments within thirteen months of the initial date of accumulation or deposit. Any such fund used for the payment of Payments will be depleted once a year except for a reasonable carryover amount not exceeding the greater of earnings on such fund or one-twelfth of the Payments in either case for the immediately preceding year.

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F.16 No Other Replacement Proceeds.

The Recipient will not use any of the Bond Funded Portion of the Project Funds to replace or substitute other funds of the Recipient that were otherwise to be used to finance the Project or which are or will be used to acquire securities, obligations or other investment property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

F.17 No Sinking or Pledged Fund.

Except as set forth in Section F.18 below, the Recipient will not create or establish any sinking fund or pledged fund which will be used to pay Payments on the Obligation within the meaning of Section 1.148-1(c) of the Treasury Regulations. If any sinking fund or pledged fund comes into being with respect to the Obligation before the Obligation has been fully retired which may be used to pay the Payments, the Recipient will invest such sinking fund and pledged fund moneys at a yield that does not exceed the yield on the Bonds.

F.18 Reserve Amount.

The State Water Board requires that the Recipient maintain and fund a separate account in an amount equal to one (1) year of debt service with respect to the Obligation (the "Reserve Amount") as set forth in Exhibit B. The Recipient represents that the Reserve Amount is and will be available to pay debt service with respect to the Obligation, if and when needed. The Reserve Amount consists solely of revenues of the Recipient and does not include any proceeds of any obligations the interest on which is excluded from gross income for federal income tax purposes or investment earnings thereon. The aggregate of the Reserve Amount, up to an amount not exceeding the lesser of (i) ten percent of the aggregate principal amount of the Obligation, (ii) the maximum annual debt service with respect to the Obligation, or (iii) 125 percent of the average annual debt service with respect to the Obligation, will be treated as a reasonably required reserve fund.

F.19 Reimbursement Resolution.

The "reimbursement resolution" adopted by the Recipient is incorporated herein by reference.

F.20 Reimbursement Expenditures.

Reimbursements are disallowed, except as specifically authorized in Exhibit B or Exhibit D of this Agreement. To the extent so authorized, a portion of the Bond Funded Portion of the Project Funds may be applied to reimburse the Recipient for Project Costs paid before the date hereof, so long as the Project Cost was (i) not paid prior to sixty (60) days before the Recipient's adoption of a declaration of official intent to finance the Project, (ii) not paid more than eighteen (18) months prior to the date hereof or the date the Project was placed-in-service, whichever is later, and (iii) not paid more than three (3) years prior to the date hereof (collectively, "Reimbursement Expenditures"), unless such cost is attributable to a "preliminary expenditure." Preliminary expenditure for this purpose means architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but does not include land acquisition, site preparation and similar costs incident to the commencement of acquisition, construction or rehabilitation of the Project. Preliminary expenditures may not exceed 20% of the Bond Funded Portion of the Project Funds.

F.21 Change in Use of the Project.

The Recipient reasonably expects to use all of the Bond Funded Portion of the Project Funds and the Project for the entire stated term to maturity of the Obligation. Absent an opinion of Nationally-Recognized Bond Counsel to the effect that such use of the Bond Funded Portion of the Project Funds will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to

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Section 103 of the Code, the Recipient will use the Bond Funded Portion of the Project Funds and the Project solely as set forth in this Agreement.

F.22 Rebate Obligations.

If the Recipient satisfies the requirements of one of the spending exceptions to rebate specified in Section 1.148-7 of the Treasury Regulations, amounts earned from investments, if any, acquired with the Bond Funded Portion of the Project Funds will not be subject to the rebate requirements imposed under Section 148(f) of the Code. If the Recipient fails to satisfy such requirements for any period, it will notify the State Water Board and the Bank immediately and will comply with the provisions of the Code and the Treasury Regulations at such time, including the payment of any rebate amount calculated by the State Water Board or the Bank.

F.23 No Federal Guarantee.

The Recipient will not directly or indirectly use any of the Bond Funded Portion of the Project Funds in any manner that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, taking into account various exceptions including any guarantee related to investments during an initial temporary period until needed for the governmental purpose of the Bonds, investments as part of a bona fide debt service fund, investments of a reasonably required reserve or replacement fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations.

F.24 No Notices or Inquiries from IRS.

Within the last 10 years, the Recipient has not received any notice of a final action of the Internal Revenue Service that determines that interest paid or payable on any debt obligation of the Recipient is or was includable in the gross income of an owner or beneficial owner thereof for federal income tax purposes under the Code.

F.25 Amendments.

The provisions in this Exhibit may be amended, modified or supplemented at any time to reflect changes in the Code upon obtaining written approval of the State Water Board and the Bank and an opinion of Nationally-Recognized Bond Counsel to the effect that such amendment, modification or supplement will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code.

F.26 Reasonable Expectations.

The Recipient warrants that, to the best of its knowledge, information and belief, and based on the facts and estimates as set forth in the tax covenants in this Exhibit, the expectations of the Recipient as set forth in this Exhibit are reasonable. The Recipient is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in the provisions in this Exhibit.

F.27 Assignment.

The Recipient consents to any pledge, sale, or assignment to the Bank or a trustee for the benefit of the owners of the Bonds, if any, at any time of any portion of the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement and the right to make all related waivers and agreements in the name and on behalf of the State Water Board, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under this Agreement, if any, and the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement to

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Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation).

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ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 12 **July 15, 2020** **File No. 0685-20**

SUBJECT: Setting Special Tax Levy for Community Facilities District No. 2000-01 (Hidden Trails)

DEPARTMENT: Finance

RECOMMENDATION:

It is recommended that the City Council adopt Resolution No. 2020-78, setting the Special Tax Levy for Community Facilities District No. 2000-01 (Hidden Trails) (the "District") for Fiscal Year 2020-21.

FISCAL ANALYSIS:

A Special Tax is levied annually on land within Community Facilities District No. 2000-01 (Hidden Trails) and collected through the County of San Diego Treasurer-Tax Collector's Office. The funds from the Special Tax are used to meet debt service obligations from the issuance of bonds for the District.

PREVIOUS ACTION:

The City Council approved the establishment of Community Facilities District No. 2000-01 (Hidden Trails) on September 20, 2000, and has annually adopted a resolution setting the annual Special Tax Levy. Prior year's Resolution No. 2019-96 was adopted on July 17, 2019.

BACKGROUND:

At the request of the property owner/developer and pursuant to the City's Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts, Community Facilities District No. 2000-01 (Hidden Trails) was formed and bonds issued for the purpose of acquiring certain backbone facilities including street, water and sewer facilities which were constructed within the Hidden Trails development. As required, the proceeds of the bonds were used only for such authorized purposes. As of September 30, 2005, all proceeds were expended, and the projects completed. According to the Special Tax Report for Community Facilities District No. 2000-01 (Hidden Trails), a Special Tax shall be levied annually on land within the District and collected in the same manner and at the same time as ordinary ad valorem property taxes. The City is responsible for annually determining the Special Tax liability for each parcel within the District and for providing this information to the County of San Diego in August of every year.

A Maximum Special Tax Rate was established for developed residential property and undeveloped property. The amount of the Maximum Special Tax and Proposed Actual Special Tax for Fiscal Year 2020-21 is attached as Exhibit "A" to Resolution No. 2020-78.

A comparative analysis of the annual Special Tax Levy Calculation for Fiscal Year 2020-21 is presented on Attachment A. As noted in the analysis, the 2020-21 Special Tax Levy requirement increased by 1.20% in the amount of $2,426.98 or an average of $8.37 per parcel. Actual cash resources available for the 2020-21 levy are estimated to be approximately $13,100 greater than the amount used in the calculation of the 2020-21 tax levy. The additional available cash is not used in the current year levy calculation, as the use of all available cash for the 2020-21 levy would result in very large variances in the levy from this year to next (a large levy decrease in current year and then a subsequent year large levy increase). The additional $13,100 in available cash resources will be used in the levy calculations of the future tax years.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christina Holmes, Acting Director of Finance
7/8/20 3:56 p.m.

ATTACHMENTS:

1. Attachment A CFD 2000-01 (Hidden Trails) Special Tax Levy Comparative Analysis
2. Resolution No. 2020-78 Approving the Special Tax Rate for CFD 2000-01 (Hidden Trails)
3. Resolution No. 2020-78 – Exhibit A Special Tax Rates for FY 2020-21

City of Escondido CFD 2000-01 (Hidden Trails)
Analysis of Special Tax Levy Requirement (Fund 727)
Tax Year 2020-21

Description		Estimated Actuals 2019-20		Projected Tax Year 2020-21		Change from Prior Year	
Annual Resource Requirements:							
Debt Service on Bond Issue :							
Interest Due	03/01	38,353.13		36,484.38			
Interest Due	09/01	38,353.13		36,484.38			
Principal Due	09/01	115,000.00		115,000.00			
Total Principal and Interest Due for Annual Levy			$191,706.26		$187,968.76		
Annual Administration (Projected Year Shown at Maximum) Expense Requirements			17,825.41		22,973.71		
Total Annual Requirements			209,531.67		210,942.47		
Available Resources:							
Available Cash Account Balances to Reduce Levy			(10,206.76)		(6,000.27)		
Annual Special Tax Levy Calculation			$199,324.91		$204,942.20		
Approved/Proposed Levy as Allocated among 290 Parcels			$202,513.36		$204,940.34	$2,426.98	1.20%
Average Levy per Dwelling Unit			$698.32		$706.69	$8.37	1.20%
Difference to Required Levy (Used to Reduce Following Year Levy)			($3,188.45)		$1.86		

RESOLUTION NO. 2020-78

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, ACTING AS LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2000-01 (HIDDEN TRAILS), PROVIDING FOR THE LEVY OF AN ANNUAL SPECIAL TAX FOR SUCH COMMUNITY FACILITIES DISTRICT FOR FISCAL YEAR 2020-21

WHEREAS, the City Council of the City of Escondido, California (the "Legislative Body"), has initiated proceedings, held a public hearing, conducted an election, and received a favorable vote from the qualified electors to authorize the levy of a Special Tax in a Community Facilities District, all as authorized pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"). This Community Facilities District is designated as Community Facilities District No. 2000-01 (Hidden Trails) (the "District"); and

WHEREAS, this Legislative Body, by the adoption of the Ordinance No. 2000-30 (the "Ordinance") pursuant to Section 53340 of the Government Code of the State of California, has authorized the levy of Special Taxes (as such term is defined in the Ordinance) within the District to finance authorized facilities; and

WHEREAS, Government Code Section 53340 provides that this legislative body may provide, by resolution, for the levy of the Special Taxes in the current tax year at the same rates or at a lower rate than the rate provided for in the Ordinance, if such resolution is adopted and a certified list of all parcels subject to the Special Tax levy including the amount of the Special Tax to be levied on each parcel for the current tax year (the

"Certified Parcel List") is timely filed by the clerk or other official designated by this legislative body with the Auditor of the County of San Diego (the "County Auditor") on or before August 10 of the applicable tax year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, acting as the legislative body of Community Facilities District No. 2000-01 (Hidden Trails), as follows:

1. That the above recitations are true.

2. That this legislative body hereby authorizes and provides for the levy of the Special Tax within the District on those Taxable Properties (as such term is defined in the Ordinance) within the District for Fiscal Year 2020-21 so long as the rates of such Special Tax are the same rates or lower rates than the rates provided for in the Ordinance. The Proposed Special Tax Rates for the District for Fiscal Year 2020-21 are contained on Exhibit "A" attached to this Resolution and incorporated by this reference. After adoption of this Resolution, the Finance Director of the City, or Finance Director's designee, may make any necessary modifications to these Special Tax Rates to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amounts to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the Special Tax applicable to any category of parcels and can only be made prior to the submission of the tax rolls to the County Auditor.

3. That the Finance Director is hereby designated and directed to prepare and submit a Certified Parcel List to the County Auditor on or before August 10, or such later date to which the County Auditor may agree, setting forth the amount of the Special Tax

to be levied on each Taxable Property within the District calculated pursuant to the Ordinance and subject to the limitations set forth in Section 2 above.

4. That the Special Tax shall be collected in the same manner as ordinary ad valorem property taxes are collected, and shall be subject to the same penalties and same procedure and sale in cases of any delinquency for ad valorem taxes, and the Treasurer-Tax Collector of the County of San Diego is hereby authorized to deduct reasonable administrative costs incurred in collecting any said Special Tax. Any Special Taxes that may not be collected on the County of San Diego ("County") tax roll shall be collected through a direct billing procedure by the Treasurer of the City of Escondido, acting for and on behalf of the District.

5. That the County Auditor is hereby directed to enter in the next County assessment roll on which taxes will become due, opposite each lot or parcel of land affected in a space marked "public improvements, special tax" or by any other suitable designation, the installment of the Special Tax.

6. That the County Auditor shall then, at the close of the tax collection period, promptly render to the District a detailed report showing the amount and/or amounts of such Special Tax installments, interest, penalties and percentages so collected and from what property collected, and also provide a statement of any percentages retained for the expense of making any such collection.

Exhibit "A"

City of Escondido
Community Facilities District 2000-01
(Hidden Trails)

Special Tax Rates for Fiscal Year 2020/21

Land Use Categories	Description	Assigned Special Tax	Proposed Actual Special Tax*
Category 1**	Residential Property	$0.39 per sq. ft.	$0.26356 per sq. ft.
Category 2**	Other Property	$2,861 per net acre	$1,933.42 per net acre
Category 3	Undeveloped Property	$3,290 per net acre	$0.00 per net acre

* Special Tax rates shown above have been rounded to decimals shown, actual tax rates are not rounded.

** The Proposed Actual Special Tax shown above is the authorized levy for the current fiscal year. The submitted actual levy maybe reduced as directed by the Finance Director.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 13 **July 15, 2020** **File No. 0685-20**

SUBJECT: Setting Special Tax Levy for Community Facilities District No. 2006-01 (Eureka Ranch)

DEPARTMENT: Finance

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-77, setting the Special Tax Levy for Community Facilities District No. 2006-01 (Eureka Ranch) (the "District") for Fiscal Year 2020-21.

FISCAL ANALYSIS:

A Special Tax is levied annually on land within Community Facilities District No. 2006-01 (Eureka Ranch) and collected through the County of San Diego Treasurer-Tax Collector's Office. The funds from the Special Tax are used to meet debt service obligations from the issuance of bonds for the District.

PREVIOUS ACTION:

The City Council approved the establishment of Community Facilities District No. 2006-01 (Eureka Ranch) on September 27, 2006, and has annually adopted a resolution setting the annual Special Tax Levy. Prior year's Resolution No. 2019-95 was adopted on July 17, 2019.

BACKGROUND:

At the request of the property owner/developer and pursuant to the City's Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts, Community Facilities District No. 2006-01 (Eureka Ranch) was formed and bonds were issued for the purpose of providing street, storm drain and sewer improvements as well as utility undergrounding within the Eureka Ranch development and East Valley Parkway area. As required, the proceeds of the bonds were used only for such authorized purposes. As of June 30, 2013, all proceeds were expended, and the projects completed. According to the Special Tax Report for Community Facilities District No. 2006-01 (Eureka Ranch), a Special Tax shall be levied annually on land within the District and collected in the same manner and at the same time as ordinary ad valorem property taxes. The City is responsible for annually determining the Special Tax liability for each parcel within the District and for providing this information to the County of San Diego in August of every year.

A Maximum Special Tax Rate was established for developed residential property and undeveloped property. The amount of the Maximum Special Tax and Proposed Actual Special Tax for Fiscal Year 2020-21 is attached as Exhibit "A" to Resolution No. 2020-77.

A comparative analysis of the annual Special Tax Levy Calculation for Fiscal Year 2020-21 is presented on Attachment A. As noted in the analysis, the 2020-21 Special Tax Levy requirement increased by 0.67% in the amount of $7,045.94 or an average of $20.84 per parcel. The delinquency Contingency provision for the 2020-21 levy calculation has been increased by a total of $1,520.01. This increase was due to realization of an increase in the actual Fiscal Year 2019-20 delinquency rate (from 0.92% to 1.06%).

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christina Holmes, Acting Director of Finance
7/8/20 3:56 p.m.

ATTACHMENTS:

1. Attachment A CFD 2006-01 (Eureka Ranch) Special Tax Levy Comparative Analysis
2. Resolution No. 2020-77 Approving the Special Tax Rate for CFD 2006-01 (Eureka Ranch)
3. Resolution No. 2020-77– Exhibit A Special Tax Rates for FY 2020-21

City of Escondido CFD 2006-01 (Eureka Ranch)
Analysis of Special Tax Levy Requirement (Fund 728)
Tax Year 2020-21

Description		Estimated Actuals 2019-20		Current Tax Year 2020-21		Change from Prior Year $	Change from Prior Year %
Calculation of Annual Special Tax Levy							
Annual Resource Requirements:							
Debt Service on Bond Issue :							
Interest Due	03/01	277,600.00		268,000.00			
Interest Due	09/01	277,600.00		268,000.00			
Principal Due	09/01	480,000.00		500,000.00			
Total Principal and Interest Due for Annual Levy			$1,035,200.00		$1,036,000.00		
Annual Administrative (Projected Year Shown at Maximum) Expense Requirements			28,185.89		52,779.15		
Contingency for Delinquency			9,603.88		11,123.89		
Total Annual Requirements			1,072,989.77		1,099,903.04		
Available Resources:							
Available Cash Account Balances to Reduce Levy			(37,543.61)		(39,355.32)		
Annual Special Tax Levy Calculation			$1,035,446.16		$1,060,547.72		
Approved/Proposed Levy as Allocated among 338 Parcels			$1,053,501.24		$1,060,547.18	$7,045.94	0.67%
Average Levy per Dwelling Unit			$3,116.87		$3,137.71	$20.84	0.67%
Difference to Required Levy (Used to Reduce Following Year Levy)			($18,055.08)		$0.54		

RESOLUTION NO. 2020-77

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, ACTING AS LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2006-01 (EUREKA RANCH), PROVIDING FOR THE LEVY OF AN ANNUAL SPECIAL TAX FOR SUCH COMMUNITY FACILITIES DISTRICT FOR FISCAL YEAR 2020-21

WHEREAS, the City Council of the City of Escondido, California (the "Legislative Body"), has initiated proceedings, held a public hearing, conducted an election, and received a favorable vote from the qualified electors to authorize the levy of a Special Tax in a Community Facilities District, all as authorized pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"). This Community Facilities District is designated as Community Facilities District No. 2006-01 (Eureka Ranch) (the "District"); and

WHEREAS, this Legislative Body, by the adoption of the Ordinance No. 2006-32 (the "Ordinance") pursuant to Section 53340 of the Government Code of the State of California, has authorized the levy of Special Taxes (as such term is defined in the Ordinance) within the District to finance authorized facilities; and

WHEREAS, Government Code Section 53340 provides that this legislative body may provide, by resolution, for the levy of the Special Taxes in the current tax year at the same rates or at a lower rate than the rate provided for in the Ordinance, if such resolution is adopted and a certified list of all parcels subject to the Special Tax levy including the amount of the Special Tax to be levied on each parcel for the current tax year (the

"Certified Parcel List") is timely filed by the clerk or other official designated by this legislative body with the Auditor of the County of San Diego (the "County Auditor") on or before August 10 of the applicable tax year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, acting as the legislative body of Community Facilities District No. 2006-01 (Eureka Ranch), as follows:

1. That the above recitations are true.

2. That this legislative body hereby authorizes and provides for the levy of the Special Tax within the District on those Taxable Properties (as such term is defined in the Ordinance) within the District for Fiscal Year 2020-21 so long as the rates of such Special Tax are the same rates or lower rates than the rates provided for in the Ordinance. The Proposed Special Tax Rates for the District for Fiscal Year 2020-21 are contained on Exhibit "A" attached to this Resolution and incorporated by this reference. After adoption of this Resolution, the Finance Director of the City, or Finance Director's designee, may make any necessary modifications to these Special Tax Rates to correct any errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amounts to be charged to any category of parcels; provided, however, that any such modifications shall not result in an increase in the Special Tax applicable to any category of parcels and can only be made prior to the submission of the tax rolls to the County Auditor.

3. That the Finance Director is hereby designated and directed to prepare and submit a Certified Parcel List to the County Auditor on or before August 10, or such later date to which the County Auditor may agree, setting forth the amount of the Special Tax

to be levied on each Taxable Property within the District calculated pursuant to the Ordinance and subject to the limitations set forth in Section 2 above.

4. That the Special Tax shall be collected in the same manner as ordinary ad valorem property taxes are collected, and shall be subject to the same penalties and same procedure and sale in cases of any delinquency for ad valorem taxes, and the Treasurer-Tax Collector of the County of San Diego is hereby authorized to deduct reasonable administrative costs incurred in collecting any said Special Tax. Any Special Taxes that may not be collected on the County of San Diego (“County”) tax roll shall be collected through a direct billing procedure by the Treasurer of the City of Escondido, acting for and on behalf of the District.

5. That the County Auditor is hereby directed to enter in the next County assessment roll on which taxes will become due, opposite each lot or parcel of land affected in a space marked “public improvements, special tax” or by any other suitable designation, the installment of the Special Tax.

6. That the County Auditor shall then, at the close of the tax collection period, promptly render to the District a detailed report showing the amount and/or amounts of such Special Tax installments, interest, penalties and percentages so collected and from what property collected, and also provide a statement of any percentages retained for the expense of making any such collection.

Exhibit "A"

City of Escondido
Community Facilities District No. 2006-01
(Eureka Ranch)

Special Tax Rates for Fiscal Year 2020/21

Tax	Building Square Footage ("BSF")	Assigned Special Tax	Proposed Actual Special Tax*
Residential Property:**			
Tax Class 1	> 3,600	$1.214 per BSF	$0.9285 per BSF
Tax Class 2	3,251 – 3,600	$1.275 per BSF	$0.9752 per BSF
Tax Class 3	2,851 – 3,250	$1.350 per BSF	$1.0325 per BSF
Tax Class 4	2,551 – 2,850	$1.407 per BSF	$1.0761 per BSF
Tax Class 5	≤ 2,550	$1.526 per BSF	$1.1672 per BSF
Non-Residential Property:**			
Tax Class 6	NA	$20,750.00 per Acre	$15,871.17 per Acre
Undeveloped Property	NA	$20,750.00 per Acre	$0.00 per Acre

* Special Tax Rates shown above have been rounded to decimals shown, actual tax rates are not rounded.

** The Proposed Actual Special Tax shown above is the authorized levy for the current fiscal year. The submitted actual levy may be reduced as directed by the Finance Director.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 14 **July 15, 2020** **File No. 0490-30**

SUBJECT: Renew Signature Authorizations for Investing City Funds in the Local Agency Investment Fund

DEPARTMENT: Finance Department and City Treasurer

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-86 that will renew authorization to invest monies not required for immediate cash flow needs in the Local Agency Investment Fund ("LAIF"), which is administered by the State Treasury in accordance with Section 16429.1 of California Government Code.

PREVIOUS ACTION:

The City Council originally adopted Resolution No. 77-23 in 1977, which gave the City Treasurer authorization to participate in the LAIF for investment of surplus City of Escondido ("City") funds. Council most recently adopted Resolution No. 2019-63 renewing authorization to invest monies in the LAIF by updating the list of authorized users.

BACKGROUND:

The LAIF is a voluntary program created by State statue in 1977 as an investment alternative for California's local governments. This program is administered by the State Treasurer's Office with monies from the LAIF invested with State monies through the Pooled Money Investment Account ("PMIA"). This program offers local agencies the opportunity to participate in a major portfolio that invests billions of dollars using the investment expertise of the State Treasurer's Office investment staff. LAIF has grown from 293 participants and $468 million in 1977, to 2,365 participants and $31.3 billion as of May 31, 2020.

At the end of each calendar quarter, all interest earned in the Fund is distributed by LAIF to the participating governmental agencies directly proportionate to their respective amounts deposited in the Fund and the length of time such amounts remained therein. Prior to the distribution, an amount equal to the reasonable costs of making the investments, not to exceed one-half of 1 percent of the earnings of the Fund, are deducted from the interest earnings. A statement is sent to all fund participants showing balances and transactions for the month.

As of June 30, 2020, the City had $69.2 million invested in LAIF. Investing in LAIF is an authorized investment in the City's Investment Policy that meets the investment objective of safety. Under Federal Law, the State of California cannot declare bankruptcy; specifically, Section 16429.3 of the

State Government Code states that money's placed with the Treasurer for deposit in the LAIF shall not be subject to impound or seizure by any State official or State agency. California Government Code Section 16429.4 was added in 2002 and states that the State cannot withhold LAIF monies if they fail to adopt a budget by the June 30th deadline.

Due to staff turnover and title changes, staff is requesting the approval of Resolution No. 2020-86, which will renew authorization to invest monies not required for immediate cash flow needs in the LAIF and designate those authorized to complete such transactions.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christina Holmes, Acting Director of Finance
7/8/20 3:56 p.m

Douglas Schultz, City Treasurer
7/8/20 8:25 p.m

ATTACHMENTS:

1. Resolution No. 2020-86

RESOLUTION NO. 2020-86

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND

WHEREAS, the Local Agency Investment Fund is established in the State Treasury under Government Code Section 16429.1 for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the City Council of the City of Escondido hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code Section 16429.1 for the purpose of investment as provided therein is in the best interests of the City of Escondido.

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

1. That the above recitations are true.

2. That the City Council does hereby authorize the deposit and withdrawal of City of Escondido monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Government Code Section 16429.1 for the purpose of investment as stated herein.

3. That the following City of Escondido officers holding the title(s) specified herein below or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and

deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transaction contemplated hereby: Douglas Shultz, City Treasurer, or Christina Holmes, Finance Director or, Michelle Collett, Senior Accountant.

4. That this Resolution shall remain in full force and effect until rescinded by the City Council by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 15 **July 15, 2020** **File No. 0740-30**

SUBJECT: Memorandum of Understanding between the City of Escondido and the Escondido City Employees' Association – Administrative, Clerical & Engineering ("ACE") Bargaining Unit

DEPARTMENT: Human Resources Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-102, approving the execution of a Memorandum of Understanding ("MOU") between the City of Escondido and the Escondido City Employees' Association – Administrative, Clerical & Engineering ("ACE") Bargaining Unit, for a one-year contract extension, commencing July 1, 2020, through June 30, 2021.

FISCAL ANALYSIS:

It is not anticipated to have a material financial impact on City funds. The cost is dependent on the payout options elected by City staff.

PREVIOUS ACTION:

On July 19, 2017, the City Council voted to adopt the MOU between the Escondido City Employees' Association – Administrative, Clerical & Engineering ("ACE") Bargaining Unit Bargaining Unit and the City of Escondido, for a three-year term that expired on June 30, 2020.

BACKGROUND:

City staff and the Escondido City Employees' Association – Administrative, Clerical & Engineering ("ACE") Bargaining Unit, have reached a one-year labor agreement that will cover terms and conditions of employment and meet important objectives for each of the parties. Both parties understand the importance of maintaining labor peace, while at the same time, providing stability during the current structural deficit we face. On June 22, 2020, members of the Escondido City Employees' Association – Administrative, Clerical & Engineering ("ACE") Bargaining Unit Bargaining Unit voted in support of the terms and conditions of this agreement. Likewise, City staff recommends approval.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jessica Perpetua, Director of Human Resources
7/9/20 11:22 a.m.

ATTACHMENTS:
1. Resolution No. 2020-102
2. Resolution No. 2020-102 – Exhibit "A"

RESOLUTION NO. 2020-102

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A MEMORANDUM OF UNDERSTANDING WITH THE ESCONDIDO CITY EMPLOYEES' ASSOCIATION – ADMINISTRATIVE, CLERICAL AND ENGINEERING ("ACE") BARGAINING UNIT

July 1, 2020 – June 30, 2021

WHEREAS, negotiating teams from the City of Escondido and the Escondido City Employees' Association – Administrative, Clerical and Engineering ("ACE") Bargaining Unit, have been duly appointed and have been conducting meet-and-confer sessions with respect to matters affecting both parties; and

WHEREAS, a successor Memorandum of Understanding ("MOU") by the City of Escondido ("City") and the Escondido City Employees' Association – ACE Bargaining Unit ("Union"), is necessary as a result of meeting and conferring in good faith concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, it is the intent of the successor MOU to provide for continuation of the harmonious relationship between the City and the Union; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a successor MOU and certain other modifications.

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

1. That the above recitations are true.

2. That the City's negotiating team is authorized to execute, on behalf of the City and the City Council, a successor MOU extending the term of the MOU through June 30, 2021, and also including terms as set forth in Exhibit "A," which is attached to this Resolution and incorporated by this reference.

City of Escondido
Escondido City Employees' Association – Administrative, Clerical & Engineering (ACE) Bargaining Unit
Successor Memorandum of Understanding
July 1, 2020 – June 30, 2021

1. **Article III, Term:** July 1, 2020 – June 30, 2021. All terms and conditions of the MOU will be continued as set forth in the current MOU, except for those sections which must be amended per the new contract terms.

2. **Article IV: Salary:**
   Compensation Review: Beginning January 1, 2021, the City and Escondido City Employees' Association – Administrative, Clerical & Engineering (ACE) Bargaining Unit will meet to perform salary comparisons and adjustments for all positions that are 5% or more below the San Diego County market median. Compensation review is premised on passage of the revenue measure.

3. **Article XVI, Holidays, Section C, Flexible Holiday Hours:**
   The City agrees to provide 18 hours of flexible holiday hours credited to each employee's leave banks the first full pay period in July 2020. Hours must be used by June 30, 2021. The flexible holiday hours cannot be turned in for cash value at any time, including if an employee terminates employment with the City. Flexible holiday hours cannot be rolled over from year to year. Employees must be in an active and paid status in order to receive the annual credit. Employees who are hired after the annual credit distribution will not receive this benefit.

4. **Article XVII, Vacation:**
   All employees have the ability to cash out a maximum 24 vacation hours, two times a year in July and December.

5. **Article XXXI, Grievance/Complaints**
   The Grievance Policy shall be updated.

6. **Article X, Certification and Education Incentive Pay:**
   In accordance with CalPERS reporting requirements, certification specialty pay will be paid and reported as a separate line item from an employee's hourly base rate of pay.

7. **Article XLIV, Addition of Positions to Bargaining Unit**
   As various incumbents vacate positions over time, five positions will be added to the bargaining unit.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 16 **July 15, 2020** **File No. 0740-30**

SUBJECT: Memorandum of Understanding between the City of Escondido and the Escondido City Employees' Association – Supervisory ("SUP") Bargaining Unit

DEPARTMENT: Human Resources Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-103, approving the execution of a Memorandum of Understanding between the City of Escondido and the Escondido City Employees' Association – Supervisory ("SUP") Bargaining Unit, for a one-year contract extension, commencing July 1, 2020, through June 30, 2021.

FISCAL ANALYSIS:

It is not anticipated to have a material financial impact on City funds. The cost is dependent on the payout options elected by City staff.

PREVIOUS ACTION:

On July 19, 2017, the City Council voted to adopt the Memorandum of Understanding ("MOU) between the Escondido City Employees' Association – Supervisory ("SUP") Bargaining Unit and the City of Escondido, for a three-year term that expired on June 30, 2020.

BACKGROUND:

City staff and the Escondido City Employees' Association – Supervisory ("SUP") Bargaining Unit, have reached a one-year labor agreement that will cover terms and conditions of employment and meet important objectives for each of the parties. Both parties understand the importance of maintaining labor peace, while at the same time, providing stability during the current structural deficit we face. On June 22, 2020, members of the Escondido City Employees' Association – Supervisory ("SUP") Bargaining Unit voted in support of the terms and conditions of this agreement. Likewise, City staff recommends approval.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jessica Perpetua, Director of Human Resources
7/9/20 11:22 a.m.

ATTACHMENTS:

1. Resolution No. 2020-103
2. Resolution No. 2020-103 – Exhibit "A"

RESOLUTION NO. 2020-103

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A MEMORANDUM OF UNDERSTANDING WITH THE ESCONDIDO CITY EMPLOYEES' ASSOCIATION – SUPERVISORY ("SUP") BARGAINING UNIT

July 1, 2020 – June 30, 2021

WHEREAS, negotiating teams from the City of Escondido and the Escondido City Employees' Association – Supervisory ("SUP") Bargaining Unit, have been duly appointed and have been conducting meet-and-confer sessions with respect to matters affecting both parties; and

WHEREAS, a successor Memorandum of Understanding ("MOU") by the City of Escondido ("City") and the Escondido City Employees' Association – SUP Bargaining Unit ("Union"), is necessary as a result of meeting and conferring in good faith concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, it is the intent of the successor MOU to provide for continuation of the harmonious relationship between the City and the Union; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a successor MOU and certain other modifications.

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

1. That the above recitations are true.

2. That the City's negotiating team is authorized to execute, on behalf of the City and the City Council, a successor MOU extending the term of the MOU through June 30, 2021, and also including terms as set forth in Exhibit "A," which is attached to this Resolution and incorporated by this reference.

City of Escondido
Escondido City Employees' Association – Supervisory (SUP) Bargaining Unit
Successor Memorandum of Understanding
July 1, 2020 – June 30, 2021

1. **Article III, Term:** July 1, 2020 – June 30, 2021. All terms and conditions of the MOU will be continued as set forth in the current MOU, except for those sections which must be amended per the new contract terms.

2. **Article IV: Salary:**
   Compensation Review: Beginning January 1, 2021, the City and Escondido City Employees' Association – Supervisory (SUP) Bargaining Unit will meet to perform salary comparisons and adjustments for all positions that are 5% or more below the San Diego County market median. Compensation review is premised on passage of the revenue measure.

3. **Article IV, Compensation Policy, Section 9, Certification Pay:**
   In accordance with CalPERS reporting requirements, certification specialty pay will be paid and reported as a separate line item from an employee's hourly base rate of pay.

4. **Article IX, Vacation:**
   Section 4: All employees have the ability to cash out a maximum 24 vacation hours, two times a year in July and December.

5. **Article XI, Holidays, Section 3, Flexible Holiday Hours:**
   The City agrees to provide 18 hours of flexible holiday hours credited to each employee's leave banks the first full pay period in July 2020. Hours must be used by June 30, 2021. The flexible holiday hours cannot be turned in for cash value at any time, including if an employee terminates employment with the City. Flexible holiday hours cannot be rolled over from year to year. Employees must be in an active and paid status in order to receive the annual credit. Employees who are hired after the annual credit distribution will not receive this benefit.

6. **Article XX, Grievance/Complaints**
   The Grievance Policy shall be updated.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 17 **July 15, 2020** **File No. 0740-30**

SUBJECT: Memorandum of Understanding between the Non-Sworn Police ("NSP") Bargaining Unit

DEPARTMENT: Human Resources Department

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-104, approving the execution of a Memorandum of Understanding ("MOU") between the City of Escondido and the Non-Sworn Police ("NSP") Bargaining Unit, for a one-year contract extension, commencing July 1, 2020, through June 30, 2021.

FISCAL ANALYSIS:

The cost to the General Fund for Fiscal Year 2020-21 is $70,065.

PREVIOUS ACTION:

On December 20, 2017, the City Council voted to adopt the MOU between the Non-Sworn Police ("NSP") Bargaining Unit and the City of Escondido, for a three-year term that expired on June 30, 2020.

BACKGROUND:

City staff and the Non-Sworn Police ("NSP") Bargaining Unit have reached a one-year labor agreement that will cover terms and conditions of employment and meet important objectives for each of the parties. Both parties understand the importance of maintaining labor peace, while at the same time, providing stability during the current structural deficit we face. On June 24, 2020, members of the Police – Non-Sworn ("NSP") Bargaining Unit voted in support of the terms and conditions of this agreement. Likewise, City staff recommends approval.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jessica Perpetua, Director of Human Resources
7/9/20 11:22 a.m.

ATTACHMENTS:

1. Resolution No. 2020-104
2. Resolution No. 2020-104 – Exhibit "A"

RESOLUTION NO. 2020-104

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A MEMORANDUM OF UNDERSTANDING WITH THE NON-SWORN POLICE ("NSP") BARGAINING UNIT

July 1, 2020 – June 30, 2021

WHEREAS, negotiating teams from the City of Escondido and the Non-Sworn Police ("NSP") Bargaining Unit, have been duly appointed and have been conducting meet-and-confer sessions with respect to matters affecting both parties; and

WHEREAS, a successor Memorandum of Understanding ("MOU") by the City of Escondido ("City") and the Non-Sworn Police ("NSP") Bargaining Unit ("Union"), is necessary as a result of meeting and conferring in good faith concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, it is the intent of the successor MOU to provide for continuation of the harmonious relationship between the City and the Union; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a successor MOU and certain other modifications.

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

1. That the above recitations are true.

2. That the City's negotiating team is authorized to execute, on behalf of the City and the City Council, a successor MOU extending the term of the MOU through

June 30, 2021, and also including terms as set forth in Exhibit “A,” which is attached to this Resolution and incorporated by this reference.

City of Escondido
Non-Sworn Police (NSP) Bargaining Unit
Successor Memorandum of Understanding
July 1, 2020 – June 30, 2021

1. **Article 2: Salaries and Compensation:**
   In accordance with CalPERS reporting requirements, certification specialty pay will be paid and reported as a separate line item from an employee's hourly base rate of pay.

2. **Article 2: Salaries and Compensation:**
   Section 2.13: Longevity Pay
   Beginning July 1, 2020, a longevity step (Step 6) will be added to the pay scale for Public Safety Dispatcher and Public Safety Shift Supervisor at 10 years of service with a 5% increase in pay.

3. **Article 12, Term of Agreement:** July 1, 2020 – June 30, 2021. This memorandum constitutes a statement of the terms and conditions of employment including salaries, benefits, working conditions, and hours of work commencing July 1, 2020, through and inclusive of June 30, 2021. Salary and benefit modifications are effective on the dates specified.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 18 **July 15, 2020** **File No. 0430-80**

SUBJECT: State CARES Act Funds Budget Adjustment

DEPARTMENT: Emergency Management Department
Finance Department

RECOMMENDATION:

It is requested that the City Council approve a budget adjustment (Attachment 1) in the amount of $1,889,210 to accept Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief fund from the State of California (Attachment 2).

FISCAL ANALYSIS:

This action will have a positive impact on the General Fund Budget because in many instances, they will be used to reimburse the Fund from losses otherwise experienced due to the COVID-19 pandemic. To the extent the funds can be used for economic development or business recovery, the General Fund may benefit from increased revenue.

PREVIOUS ACTION:

On June 24, 2020, the City Council approved a budget adjustment for $2,713,486 to accept Coronavirus Aid, Relief, and Economic Security ("CARES") Act Coronavirus Relief fund from the County of San Diego.

BACKGROUND:

In June 2020, the State of California's FY2020/21 Budget was passed by the Legislature and signed by the Governor. The Budget provides Coronavirus Aid, Relief, and Economic Security ("CARES") Act funds of $225 million to cities with populations greater than 300,000 that did not receive a direct CARES Act allocation from the federal government, with the funds distributed according to their relative populations. Another $275 million is provided to cities with populations less than 300,000, with the funds distributed according to their relative populations, with each city guaranteed a minimum of $50,000. Based on population size, the City of Escondido has been allocated $1,889,210 in CARES Act Funds from the State.

The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that: (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); and (2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act). The funds cannot be used to backfill lost revenues to the City.

A report on amounts expended are due by September 1, 2020, and any funds that are unspent by October 30, 2020, must be returned to the State.

With the additional allocation from the State of $1,889,210, the total amount of CARES Act Funds available to the City is $4,702,696. The funds will be used to reimburse the City for ongoing costs incurred as a result of the COVID-19 public health emergency. Economic Development will also be a priority for the funds; opportunities for assisting the City's business community are being developed.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christina Holmes, Acting Director of Finance
7/8/20 3:56 p.m.

ATTACHMENTS:

1. Attachment 1 – Budget Adjustment
2. Attachment 2 – State CARES Act Certification for Receipt of Funds

ATTACHMENT 1

ESCONDIDO
City of Choice

CITY OF ESCONDIDO

BUDGET ADJUSTMENT REQUEST

Date of Request: July 15, 2020

Department: Emergency Management Department & Finance Dept

Division: _____

Project/Budget Manager: Jeff Murdock / Christina Holmes (Name) 5406 (Extension)

Council Date (if applicable): July 15, 2020
(attach copy of staff report)

For Finance Use Only

Log # _____

Fiscal Year _____

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

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
Federal Grant Revenue	401-4128-NEW	1,889,210	
State CARES Act Funding	401-NEW	1,889,210	

Explanation of Request:

Receipt of State CARES Act Funding

APPROVALS

Department Head _____ Date _____

City Manager _____ Date _____

Finance _____ Date 7/7/20

City Clerk _____ Date _____

Distribution (after approval): Original: Finance

FM\105 (Rev.11/06)

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

I, Jeffrey Epp, am the chief executive or authorized designee of the City of Escondido, and I certify that:

1. I have the authority on behalf of the City of Escondido to request payment from the State of California ('State') pursuant to the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.

2. I understand the State will rely on this certification as a material representation in making a direct payment to the City of Escondido.

3. The City of Escondido's proposed uses of the funds provided as direct payment under the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020 will be used only for costs that:

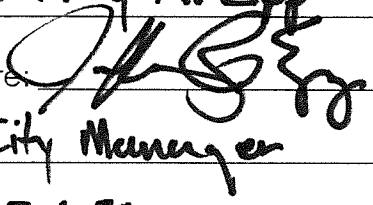
    a. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
    b. Were not accounted for in the budget most recently approved as of March 27, 2020, for the City of Escondido
    c. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

4. The City of Escondido agrees to do all of the following as a condition of receipt of funds:

    a. Adhere to federal guidance and the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent Executive Orders or statutes, and all California Department of Public Health orders, directives, and guidance in response to COVID-19 emergency.
    b. Use the funds in accordance with all applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
    c. Report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by September 1, 2020, and return any funds that are unspent by October 30, 2020 (unless extended by the Department of Finance based on reported expenditures to date), and repay the state for any cost disallowed after federal review.
    d. Retain records to support reported COVID-19 eligible expenditures and participate in audits as outlined by the federal government and State.

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

By: Jeffrey R. Epp

Signature: 

Title: City Manager

Date: 7-1-20

The completed certification must be submitted by email to:

CRFApplications@dof.ca.gov

Certifications must be received by no later than 11:59 p.m. Pacific Daylight Time on July 10, 2020. Certifications received after that time may be disallowed. The subject line of the email shall only contain the name of the local government entity (i.e. City of xxx or County of xxx).

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Consent Item No. 19 **July 15, 2020** **File No. 1320-55**

SUBJECT: Increase of Requested Amount for Clean Water State Revolving Fund Loan for the Membrane Filtration / Reverse Osmosis Facility Project

DEPARTMENT: Utilities Department

RECOMMENDATION:

The Utilities Department requests that the City Council adopt Resolution No. 2020-105, authorizing application for a Clean Water State Revolving Fund ("SRF") loan for the Membrane Filtration / Reverse Osmosis Facility Capital Improvement Project (CIP No. 557-801508). The resolution authorizes repayment of that loan if it is awarded to the City of Escondido ("City"). The repayment resolution will increase the amount of the loan application for the project from $29,000,000 to $45,000,000. Prior to receiving any loan funds or any payment being made, the City Council will be asked at a future meeting to authorize execution of loan documents.

FISCAL ANALYSIS:

The recommended action would increase the amount authorized by the City Council for the SRF Loan Application for the Membrane Filtration / Reverse Osmosis Facility Project from $29.0 million to $45.0 million.

Under the previous City Council authorization, an application has already been submitted for $29.0 million in SRF loan funding. The project may also be eligible for grant funding to be awarded through the same application process, which could reduce the loan's principal amount.

If the SRF loan application is approved by the Department of Water Resources and the City Council approves entering into a loan agreement at a future meeting, annual debt service payments will be approximately $2.0 million and the total interest paid over the life of the loan will be $15.2 million. The first payment would not be due until early 2023, after the project is operational. These projections assume an annual interest rate of 2.0%. The Wastewater Fund has sufficient debt capacity to meet these debt service requirements. For example, when the first payment is due, the Wastewater Fund's debt coverage ratio is projected to be 2.95 without this proposed SRF loan. The new loan would reduce the debt coverage ratio to a projected 2.22. The Wastewater Fund's bond covenants require a minimum debt coverage ratio of 1.15, and recent SRF loan agreements have required 1.20. The projected debt coverage ratio with the new loan in repayment is projected to be well in excess of both of these limits.

PREVIOUS ACTION:

The City Council has these past actions concerning the SRF loan application for this project:

On September 24, 2014, the City Council adopted Resolution No. 2014-135, authorizing the Director of Utilities to submit a SRF loan application for the Membrane Filtration / Reverse Osmosis Facility Project.

On January 13, 2016, the City Council adopted Resolution No. 2016-09, increasing to $29.0 million the authorized amount for the Director of Utilities to request on the submitted SRF loan application for the Membrane Filtration / Reverse Osmosis Facility Project.

BACKGROUND:

As described under "PREVIOUS ACTION," the City Council has already authorized submission of the application for an SRF loan to provide partial funding for the MFRO project. The action recommended here will adopt resolutions authorizing the Director of Utilities to increase the requested SRF loan amount to $45 million, and authorizing repayment of any loans awarded to the Wastewater Fund. *If DWR approves the loans, City Council approval will again be necessary to accept the funds. This final approval to accept funds is not part of these resolutions. That approval will be requested of the City Council at a future date.*

The California Department of Water Resources ("DWR") is using the SRF loan application process to consider projects for California Proposition 1 grant funding. If a project is awarded a grant via the SRF application process, that amount will be deducted from the amount to be repaid via the loan. Therefore, the City will maximize free and low cost funding by applying for SRF funding for the full construction cost of the project. The amount of grant funding will not be known until a decision is made by DWR concerning the loan application in about four months. The City is not obligated to take the full loan amount offered and can instead choose to use CIP reserves or revenue from ratepayers rather than SRF loan funds.

The MFRO Facility Project is being designed and constructed via a progressive Design-Build process. The design is presently at the 60% stage, with the Guaranteed Maximum Price ("GMP") to be finalized over the next few months. The GMP is projected to be approximately $60 million, which included the MFRO itself, pipelines in Washington Avenue between Rock Springs and Waverly Place, pipelines connecting the MFRO to the existing recycled water mains and brine line, and an Intermediate Booster Pump Station. Funding that has been identified to date includes:

Integrated Regional Water Management Grant	$2.0 million
Bureau of Reclamation Title XVI Grants	$8.0 million ($7,953,303)
SRF Loan and CA Proposition 1 Grant	$29.0 million
Wastewater Fund CIP Reserves	$5.0 million

Staff had planned to request authority to apply for other low interest loan programs, for instance a loan from the CA Infrastructure Bank (IBank), to fund the remaining $16.0 million. However, the reopening of the SRF loan application for consideration of the environmental analysis of the planned location at the West Public Works Yard presented an opportunity to increase the SRF loan amount without additional delays to loan approval. Application for more SRF funding is beneficial in two primary ways: (1) the SRF loan interest rate is very low (approximately 2.0% annually), and (2) the SRF application is also an application for grant funding via California Proposition 1. The lower rate and potential for more grant funding will save the Wastewater Fund ratepayers several million dollars over other borrowing options.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Christopher W. McKinney, Director of Utilities
7/9/20 11:19 a.m.

ATTACHMENTS:

1. Resolution No. 2020-105

RESOLUTION NO. 2020-105

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE UTILITIES DIRECTOR OR HIS DESIGNEE, TO BE THE CITY'S REPRESENTATIVE FOR THE REIMBURSEMENT OF THE STATE REVOLVING FUND ("SRF") LOAN PROGRAM

WHEREAS, the City of Escondido ("City") is interested in participating in the State Water Resources Control Board's ("SWRCB") low-interest loan program for projects contained within the Agricultural Recycled Water and Potable Reuse Program ("Program"); and

WHEREAS, the City intends to finance construction of the Recycled Water Microfiltration Reverse Osmosis Facility ("Project") within the Program with moneys ("Project Funds") provided by the State; and

WHEREAS, the City, prior to approval by SWRCB of Project Funds, will incur capital expenditures ("Expenditures") with respect to the Project from available moneys of the City; and

WHEREAS, the City has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the Project Funds.

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

1. That the above recitations are true.

2. That the City Council of the City of Escondido hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the approval of Project Funds by the SWRCB.

3. That this Resolution authorizes the Director of Utilities or his designee to sign and file for, on behalf of the City, Financial Assistance Applications for loans from the SWRCB in the reasonably expected maximum principal amount of $45 million for construction of the Recycled Water Microfiltration Reverse Osmosis Facility.

4. That City Council authorizes the aforementioned representative or his designee to certify that the City has and will comply with all applicable state and federal statutory and regulatory requirements related to any federal and state loan funds received.

5. The Director of Utilities or his designee is hereby authorized to negotiate and execute a loan contract and any amendments or change orders thereto on behalf of the City of Escondido.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Public Hearing Item No. 20 **July 15, 2020** **File No. 0800-40**

SUBJECT: Amendment to the Downtown Specific Plan (SPA 9) to Conditionally Permit Weddings and Receptions in the Southern Gateway District; and a Conditional Use Permit to Conduct Weddings and Receptions in the Rear-Yard of an Historic Property Located at 209 E. 4th Avenue (PHG 19-0001 & PHG 19-0002).

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

It is requested that the City Council introduce Ordinance No. 2020-15, to amend the Downtown Specific plan to allow weddings and receptions, subject to a Conditional Use Permit ("CUP"), in the Southern Gateway ("SG") District. It is also requested that the City Council approve Resolution No. 2020-83, to approve a CUP to conduct weddings and receptions located at 209 E. 4th Avenue.

PRIOR COUNCIL ACTION:

Pursuant to Chapter VIII of the Downtown Specific Plan, amendments to the Specific Plan require initiation by the City Council before an application for Amendment can be submitted to the Planning Division. The City Council unanimously approved the application initiation at their meeting on June 18, 2018. Council initiation only authorizes the intake and processing of the application, but does not commit the City to a certain course of action

PLANNING COMMISSION RECOMMENDATION:

On May 26, 2020, the Planning Commission adopted Planning Commission Resolution No. 2020-05, recommending that the City Council approve the proposed Downtown Specific Plan Amendment and CUP, by 6-0-0 vote (1 vacancy). During their deliberations, the Planning Commission requested to modify item C of the May 26, 2020, Planning Commission staff report (i.e. Supplemental Details of Request) to prohibit alcohol service. The Planning Commission meeting minutes and staff report are included for reference as Attachment 1 and Attachment 2 to this report, respectively.

PROJECT DESCRIPTION:

The project consists of a request to operate weddings and receptions in the rear-yard of an historic property (Wohlford-Ting House) located at 209 E. 4th Avenue. The applicant, Kristie Rocco, is seeking a rezoning to change the uses allowed in the district to permit a new use. The proposed Specific Plan Amendment enables the review and consideration of the CUP application for 209 E. 4th Avenue, and would authorize future consideration of weddings and receptions within the SG District of the Downtown Specific Plan area subject to the issuance of a CUP. Both the Specific Plan Amendment and the CUP

are before the City Council for review and consideration. The proposal also includes the adoption of the environmental determination prepared for the project.

BACKGROUND:

The subject property is comprised of two (2) parcels totaling 0.48-acres (approx. 20,908 SF) and is located on the southeastern corner of E. 4th Avenue and S. Kalmia Street within the SG District of the Escondido Downtown Specific Plan. The applicant previously restored and converted the approximately 2,875 SF historic residence for use as a dental studio and office (Rocco's Dental Studio), which has been in operation for over 20 years. The applicant submitted an application to be able to rent the residence and rear yard/garden to private individuals for weddings and receptions. The dental studio is planned to be discontinued and the structure made available for use by the wedding party and guests (e.g., staging, bathrooms, misc. wedding preparation, etc.). Fourteen (14) on-site parking spaces are located along the southern property line adjacent to the alley. Striped (angled) parking spaces also are located along the 4th Avenue and S. Kalmia Street frontages.

Due to its garden setting, the home and grounds have been host to a number of weddings and other social events over its history. In 1996, the Downtown Specific Plan was amended (City File No. 96-05-AZ) to allow weddings and receptions within the underlying sub district of the Specific Plan, subject to the issuance of a CUP. A CUP (City File No. 96-50-CUP-R) was approved in 1997 to conduct a limited number of outside weddings and receptions in the rear-yard of the property. However, weddings and receptions have not been conducted at the site over the past several years and the CUP subsequently expired from discontinuation of the use. A comprehensive amendment to the Downtown Specific Plan was adopted in 2013 and weddings and receptions within the SG District no longer is listed as a conditionally permitted use.

The Planning Division received a request from the property owner (Kristie Rocco), to use the outdoor area and residence again to accommodate weddings and receptions. The existing property/building is classified as a Local Historic Register property (Wohlford-Ting house). In general, the Planning Commission or Zoning Administrator are the designated approving authorities as to all matters relating to conditionally permitted uses pursuant to Article 61 of the Escondido Zoning Code. However, for projects including a CUP and other discretionary actions requiring review at a higher level than the Planning Commission, the CUP will also be decided upon at the higher level. Both the Specific Plan Amendment and the CUP are before the City Council for review and consideration.

ANALYSIS:

Currently, weddings and receptions as a primary use are not permitted in the Downtown Specific Plan. The Specific Plan Amendment proposes to add a new land use in the Downtown Specific Plan to conditionally permit weddings and receptions (as a primary use) in the Southern Gateway District. Conditionally permitted land uses are subject to review by the City's Zoning Administrator or Planning Commission through a public hearing.

The CUP has been requested from the property owner (Kristie Rocco), to use the outdoor area and residence again to accommodate weddings and receptions. Events would be limited to no more than seventy-three (73) guests, including the wedding party. Entertainment is limited to non-amplified music. The proposed use is not anticipated to generate adverse noise, traffic, or other impacts that would be detrimental to the adjacent properties because the area is primarily comprised of offices and nonresidential uses, and adequate parking is available. Staff believes the proposed use would not create adverse impacts to nearby residencies due to the restriction on the hours of operation, occupancy, and limitations on live and recorded music. The previous use of the site to host wedding and receptions did not generate any known code issues or complaints. Staff and Planning Commission believe the proposed venue to conduct weddings and receptions is compatible with the surrounding business and appropriate for the site, and therefore recommend approval of the proposed CUP. Conditions of approval have been proposed to ensure the proposed use is compatible with existing and future uses within the area.

ENVIRONMENTAL REVIEW:

The proposed Specific Plan Amendment and Conditional Use Permit are categorically exempt under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15332, "In-Fill Development." The project, as proposed, is consistent with the applicable General Plan designation of SPA9 and the Specific Plan (S-P) zoning designation, which allows for a variety of commercial, service, social and entertainment type uses. The project is located on a site of no more than five acres substantially surrounded by urban uses, and has no value as habitat for endangered, rare, or threatened species. Approval of the project, as conditioned, would not result in any significant effects on the environment, and the site is connected to City sewer and water services and can adequately be served by all required utilities and public services.

PUBLIC INPUT:

No public comments have been received and there were no public speakers at the Planning Commission hearing on May 26, 2020. During the public hearing, the Planning Commission discussed alcohol use and provide a positive recommendation to City Council that alcohol was prohibited at wedding events and related activities. Therefore, City staff has prepared Resolution No. 2020-83 to fully incorporate Planning Commission's recommendation. The applicant was unable to speak to the matter at the May 26, 2020 public hearing. Subsequent to Planning Commission action to prohibit alcohol use, the applicant contacted City staff and suggested flexibility is needed to accommodate toasts, rituals, or other ceremonious activities that typically involve alcohol. Written correspondence from the applicant is provided as Attachment 3.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Mike Strong, Director of Community Development
7/8/20 3.46 p.m.

ATTACHMENTS:

1. Attachment 1 – May 26, 2020 Planning Commission Meeting Minutes
2. Attachment 2 – May 26, 2020 Planning Commission Staff Report
3. Attachment 3 - Written Correspondence
4. Ordinance No. 2020-15
5. Ordinance No. 2020-15 – Exhibits “A” and “B”
6. Resolution No. 2020-83
7. Resolution No. 2020- 83 – Exhibits “A”, “B”, and “C”

PUBLIC HEARINGS:

1. DOWNTOWN SPECIFIC PLAN AMENDMENT AND CONDITIONAL USE PERMIT PHG19-0001 AND PHG19-0002:

REQUEST: An Amendment to the Downtown Specific Plan and Conditional Use Permit to allow the construction of a new 4-story mixed-use development with 120 residential units and approximately 2,000 SF of ground floor commercial space on a 1.4 acre site located at the southeast corner of 4th Avenue and Kalmia Street within the Downtown Specific Plan (SP-1) zoning district. The proposed Specific Plan Amendment would allow residential development on the ground floor in the Southeast Gateway (SE-G) District, whereas the Downtown Specific Plan currently requires ground floor commercial development in this area. The Conditional Use Permit would allow the construction of a mixed-use development with residential units on the ground floor in the Southeast Gateway (SE-G) District, whereas the Downtown Specific Plan currently requires ground floor commercial development in this area. The proposed project includes a request for a density bonus and associated concessions to allow 120 residential units, whereas 84 units would be allowed without the density bonus. The project would also include a request for a reduction in the required parking from 240 spaces to 180 spaces. The project would require the demolition of the existing 2-story commercial building and surface parking lot. The project is located at 2020 E. 4th Avenue (APN 008-052-060).

ENVIRONMENTAL STATUS: The project is categorically exempt from environmental review pursuant to Section 15332 of the California Environmental Quality Act (CEQA) Guidelines, entitled "In-Fill Development Projects."

PUBLIC SPEAKERS (SUMMARY OF WRITTEN COMMENTS)

Dina Rieschl, submitted comments in opposition to the project.
Margaret Reesto, submitted comments in opposition to the project.
James Pierson, submitted comments in opposition to the project.

COMMISSIONER DISCUSSION AND QUESTIONS:

The Commissioners discussed the project.

COMMISSION ACTION: Motion by Commissioner Weinheimer, seconded by Commissioner Coheto to recommend approval to City Council. Motion carried unanimously (6-0-1 with one vacancy).

ESCONDIDO
City of Choice

PLANNING COMMISSION

Agenda Item No.: G.1
Date: May 26, 2020

PROJECT NUMBER / NAME: PHG 19-0001 (Specific Plan Amendment) & PHG 19-0002 (CUP for the Wedding Venue and Receptions)

REQUEST: An Amendment to the Downtown Specific Plan to allow weddings and receptions as a Conditionally Permitted Use within the Southern Gateway District (SG), which currently prohibits this type of use; and a Conditional Use Permit to conduct weddings and receptions in the rear-yard of an historic property (Wohlford-Ting House) located at 209 E. 4th Avenue. The proposed Specific Plan Amendment enables the review and consideration of the site development plan application and would authorize future development of weddings and receptions within the Southern Gateway (SG) District of the Downtown Specific Plan area with issuance of a Conditional Use Permit. The proposal also includes the adoption of the environmental determination prepared for the project.

LOCATION: 209 and 215 E. 4TH Avenue

APPLICANT: Kristie Rocco

APN / APNS: 233-182-05 & 06

PRIMARY REPRESENTATIVE: Same

GENERAL PLAN / ZONING: SPA 9 / SP (Downtown Specific Plan)

DISCRETIONARY ACTIONS REQUESTED: Specific Plan Amendment and Conditional Use Permit

PREVIOUS ACTIONS: PHG 19-0001 (City Council initiation of Specific Plan Amendment request on June 18, 2018)

PROJECT PLANNER: Darren Parker, Associate Planner, dparker@escondido.org

CEQA RECOMMENDATION: Exempt in conformance with CEQA Guidelines Section 15332, "In-fill Development Projects."

STAFF RECOMMENDATION: Recommend approval by the City Council, as conditioned

REQUESTED ACTION: Approve Planning Commission Resolution No. 2020-05

CITY COUNCIL HEARING REQUIRED: ☒ YES ☐ NO

REPORT APPROVALS: ☒ Mike Strong, Community Development Director

A. BACKGROUND:

The subject property is comprised of two (2) parcels totaling approximately 0.48-acres and is located on the southeastern corner of E. 4th Avenue and S. Kalmia Street within the Southern Gateway District (GG) of the Downtown Specific Plan. The applicant previously restored and converted the approximately 2,875 SF historic residence for use as a dental studio and office (Rocco's Dental Studio), which has been in operation for over 20 years. The applicant submitted an application to be able to rent the residence and rear yard/garden to private individuals for weddings and receptions. The dental studio is planned to be discontinued and the structure made available for use by the wedding party and guests (e.g., staging, bathrooms, misc. wedding preparation, etc.). Fourteen (14) on-site parking spaces are located along the southern property line adjacent to the alley. Striped (angled) parking spaces also are located along the 4th Avenue and S. Kalmia Street frontages.

Due to its garden setting, the home and grounds have been host to a number of weddings and other social events over its history. In 1996 the Downtown Specific Plan was amended (City File No. 96-05-AZ) to allow weddings and receptions within the underlying sub district of the Specific Plan, subject to the issuance of a Conditional Use Permit. A Conditional Use Permit (City File No. 96-50-CUP-R) was approved in 1997 to conduct a limited number of outside weddings and receptions in the rear-yard of the property. However, weddings and receptions have not been conducted at the site over the past several years and the Conditional Use Permit subsequently expired from discontinuation of the use. A comprehensive amendment to the Downtown Specific Plan was adopted in 2013 and weddings and receptions within the Southern Gateway District no longer is listed as a conditionally permitted use.

The Planning Division received a request from the property owner (Kristie Rocco), to use the outdoor area and residence again to accommodate weddings and receptions. The existing property/building is classified as a Local Historic Register property (Wohlford-Ting house). Pursuant to Chapter VIII of the Downtown Specific Plan, amendments to the Specific Plan require initiation by the City Council before an application for Amendment can be submitted to the Planning Division. The City Council unanimously approved the application initiation at their meeting on June 18, 2018. Council initiation only authorizes the intake and processing of the application, but does not commit the City to a certain course of action.

B. PROJECT ANALYSIS:

1. Specific Plan Analysis

Zoning determines the type of uses permitted or conditionally allowed on a specific property as well as development. Typically, this is provided within the Zoning Code and/or Specific Plan, and land uses are categorized as primary permitted uses, accessory uses permitted in combination with a primary use, temporary uses, conditional uses, and prohibited uses. One method to regulate weddings and receptions is to control where they are conditionally permitted in the Downtown Specific Plan to ensure compatibility with surrounding uses. Conditionally permitted land uses are subject to review by the City's Zoning Administrator or Planning Commission

through a noticed public hearing. The proposed Specific Plan Amendment would add a new land use in the Downtown Specific Plan to conditionally permit weddings and reception businesses (as a primary use) in the Southern Gateway District. Additional restrictions or limitations that can be placed on the proposed use through the Conditional Use Permit can be used to ensure that weddings and receptions in the Downtown Specific Plan are consistent with the City's adopted goals and polices, and ensure the use does not have an adverse impact to the surrounding neighborhood.

Senate Bill 18 (SB18) requires City and county jurisdictions in California to invite local tribal groups to consult on a project whenever the project involves the adoption of a General Plan Amendment or Specific Plan, or the amendment of a General Plan or Specific Plan. Upon receipt of an invitation, a tribal group has ninety (90) days to request consultation with the jurisdiction. On January 22, 2019, planning staff mailed consultation invitations to sixteen (16) representatives from thirteen (13) tribal groups, per a contact list provided by the Native American Heritage Commission. Staff received no requests to consult within or after the ninety (90) day response period.

2. Conditional Use Permit

The requested Conditional Use Permit would allow weddings and receptions to be hosted on the approximately 0.48-acre property. The site consists of a 2,875 SF dental office building, detached garage and an approximately 5,000 SF rear-yard area that is screened from adjacent public views by tall hedges, mature trees and solid fencing along the alley. Weddings and receptions primarily would utilize the outdoor areas and the building would be available for use by the wedding party and guests. Conditions of approval are proposed to ensure the proposed use is compatible with the existing and future users in the area. The proposed use is not anticipated to generate adverse noise, traffic, or other impacts that would be detrimental to adjacent properties because the area is primarily comprised of offices and nonresidential uses, and adequate parking is available. Staff believes the proposed use would not create adverse impacts to nearby residences due to the restriction on the hours of operation, limitations on live and recorded music. The previous use of the site to host wedding and receptions did not generate any known code issues or complaints. Therefore, staff is recommending approval of the CUP.

Surrounding business and an adjacent church expressed concerns regarding the proposal to host outdoor weddings and receptions due to potential on-street parking and noise impacts to adjacent properties. In response to these concerns, the applicant submitted a plan that limits the number of guests to seventy-three (73) to correspond with the twenty-seven (27) parking spaces provided by the site. There is an additional paved area on the site to accommodate up to four (4) event employees/caterer, which will be designated event parking only. Thirteen (13) striped on-street parking spaces also are available across the project frontage, but these do not count towards meeting the required on-site parking for the facility. As most events generally would take place during non-peak times and/or during weekends, available parking to accommodate the site as well as serve the surrounding properties is not anticipated to be an issue.

Potential noise impacts from loud music was a concern expressed by an adjacent property owner. The applicant conducted a Nosie Study (prepared by Eilar Associates, Inc, dated October 25, 2019). The noise study concluded that outdoor amplified or live music would exceed noise limits at the surrounding property lines. Therefore, the applicant has modified their request to restrict amplified and live music (disk jockey), as well as limit the type of music to single or duo musicians utilizing acoustic and/or low volume amplified instruments in order to comply with the City's noise regulations.

The project applicant/owner will provide personnel for monitoring each event as needed. The renter as required per size and nature of each event would provide additional personnel. Due to previous concerns raised by the Police Department and in order to eliminate security issues, alcohol will not be allowed per the terms of the rental agreement and each renter is required to secure a one-day event insurance policy to cover potential accidents.

C. SUPPLEMENTAL DETAILS OF REQUEST

1. Property Size:	Two (2) parcels, 0.48-acres (21,000 SF)	
2. Building Size:	2,875 SF (single-story) and a detached garage	
3. Rear-Yard Assembly Area:	Approximately 5,500 SF	
4. Hours of Operation:	Daily 9-5 pm, including Saturday and Sunday. Events generally run 11 a.m. - 10 p.m. (depending on contracts with clients)	
5. Events:	Restricted to wedding rehearsals, weddings and receptions	
6. Number of Employees:	The owner will provide up to four (4) employees as needed to coordinate and monitor each event. Additional employees would be provided by the renter/caterer as needed.	
7. Security:	As required by event (to be provided by renter)	
8. Bathrooms:	Portable facilities provided by the renter as needed. The existing structure also provides bathrooms	
9. Parking Spaces:	Provided 27 total (14 provided onsite and 13 street spaces) Plus an onsite paved area for four (4) event staff	Required 27 total (This is based on a projected 2.7 people per car 73/2.7=27

10. Music:	Live music restricted to single or duo using acoustic instruments and/or low-volume amplified instruments. No disk jockey with loud amplified music, bands or PA systems allowed.
11. Alcohol Service:	Restricted

D. ENVIRONMENTAL STATUS:

The project is categorically exempt pursuant to CEQA Guidelines section 15332, which covers in-fill development. The project, as proposed, is consistent with the applicable General Plan designation of SPA9 and the Specific Plan (S-P) zoning designation. The project is located on a site of no more than five acres substantially surrounded by urban uses, and has no value as habitat for endangered, rare, or threatened species. Approval of the project, as conditioned, would not result in any significant effects on the environment, and the site is connected to City sewer and water services and can adequately be served by all required utilities and public services.

Any future requests to redevelop or change the use of the property, which are unknown at this time, would need to be considered on a case-by-case basis to determine if the proposed activity would also be exempt from CEQA, or if the activity could cause environmental impacts requiring analysis.

E. CONCLUSIONS:

With approval of the Specific Plan Amendment to allow weddings and receptions as a Conditionally Permitted Use within the Southern Gateway District (SG) of the Downtown Specific Plan, the proposed project would be consistent with the Downtown Specific Plan. The project as proposed would not have a significant effect on the environment, as designed and conditioned. The location, size, design, and operating characteristics of the proposed project will not be incompatible with, adversely affect or will be materially detrimental to adjacent land uses as discussed in the above sections of the staff report. Therefore, the site is suitable for the type and intensity of use. Staff recommends the Planning Commission recommend approval of Planning Case PHG 19-0001 and PHG 19-0002, based upon the factors/findings and conditions contained in the attached Planning Commission Resolution No 2020-05 (Attachment 3).

Respectfully Submitted,

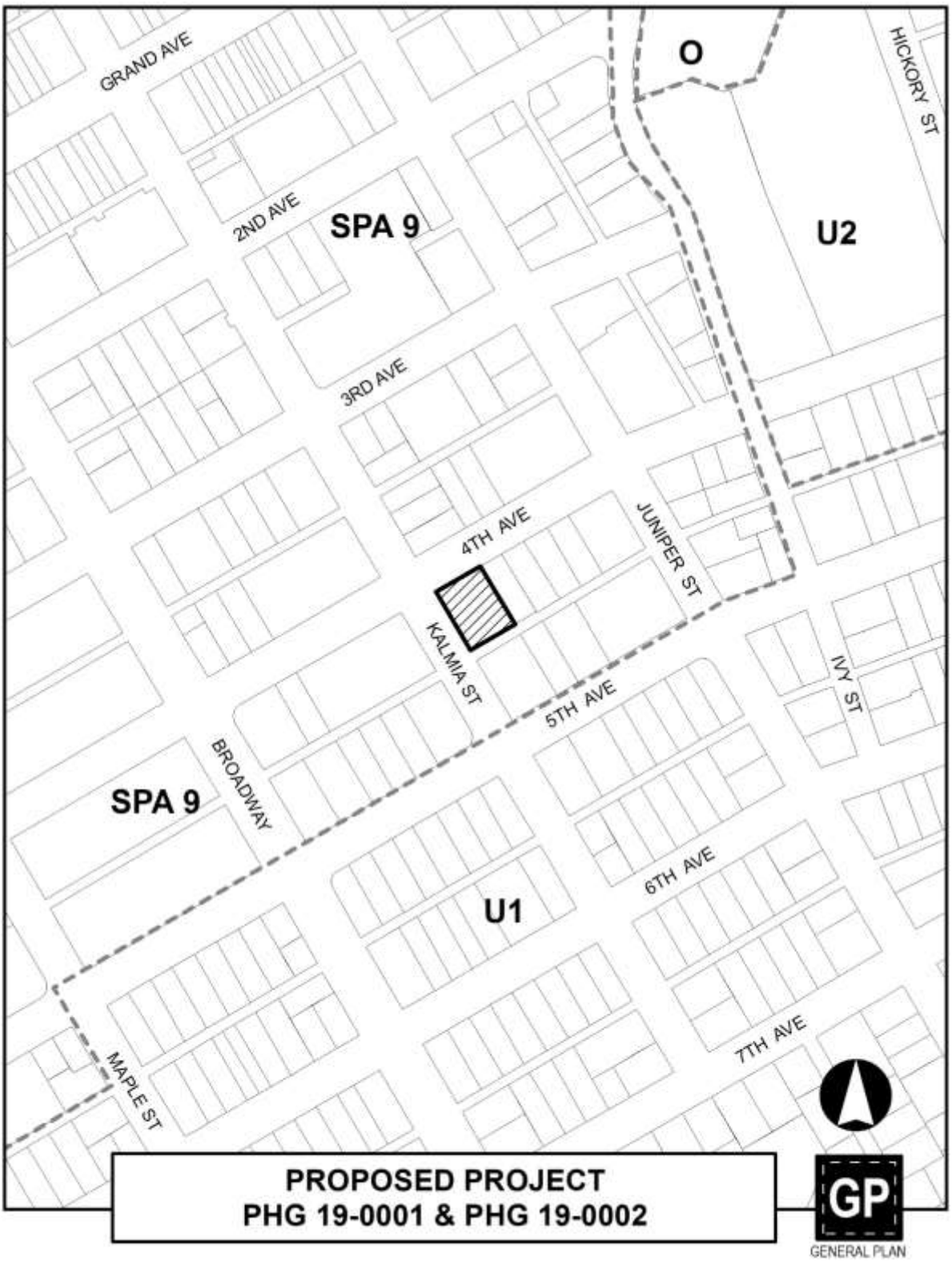
Darren Parker

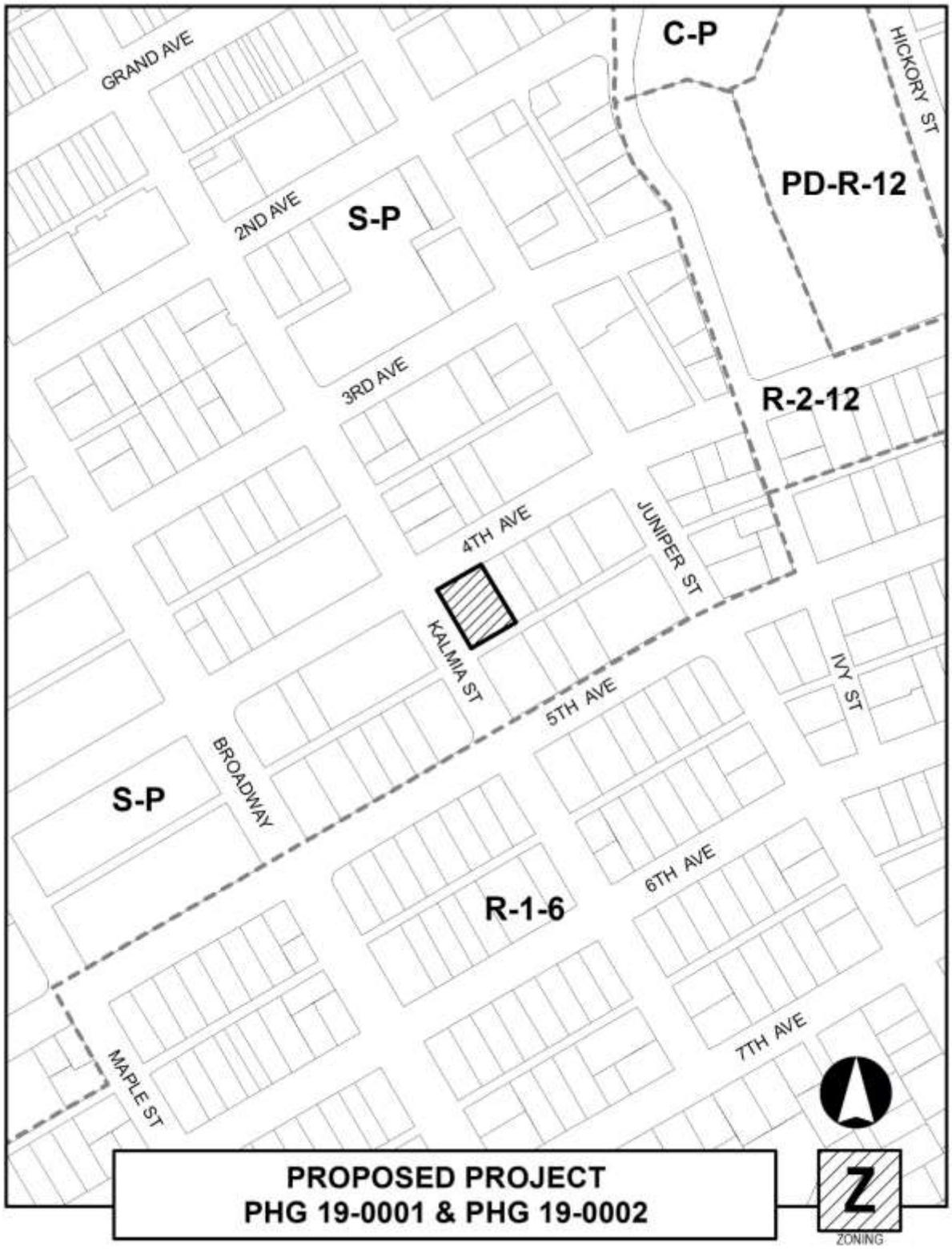
Darren Parker
Associate Planner

Attachments:

1. Location and General Plan Map
2. Specific Plan Amendment
3. Resolution No. 2020-05

Attachment 1

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R-2-12
4TH AVE
JUNIPER ST
KALMIA ST
5TH AVE
IVY ST
BROADWAY
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PHG 19-0001 & PHG 19-0002
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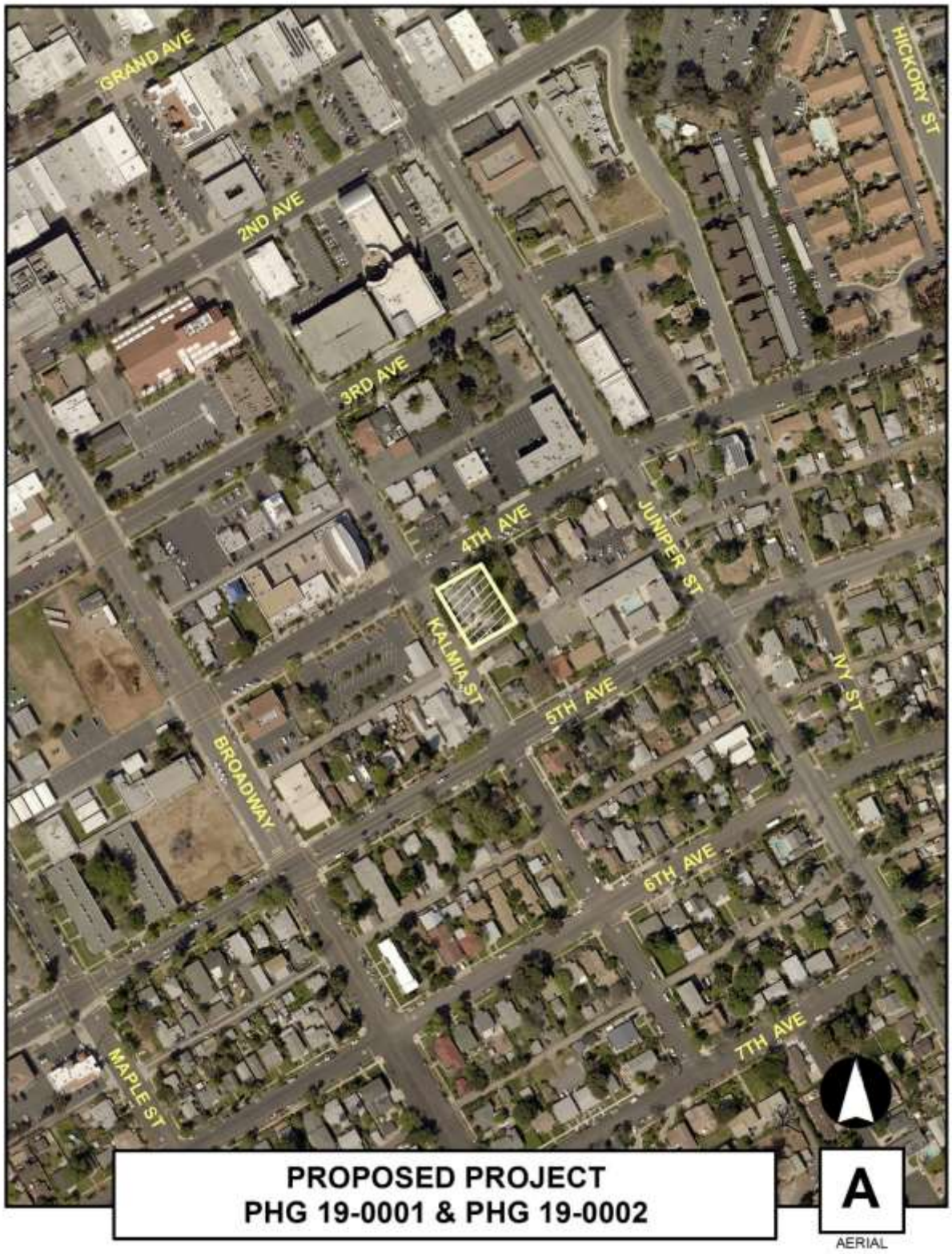
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JUNIPER ST
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KALMIA ST
BROADWAY
MAPLE ST
PROPOSED PROJECT
PHG 19-0001 & PHG 19-0002
A
AERIAL

ATTACHMENT 2
PROPOSED SPECIFIC PLAN AMENDMENT LANGUAGE

SECTION I1.

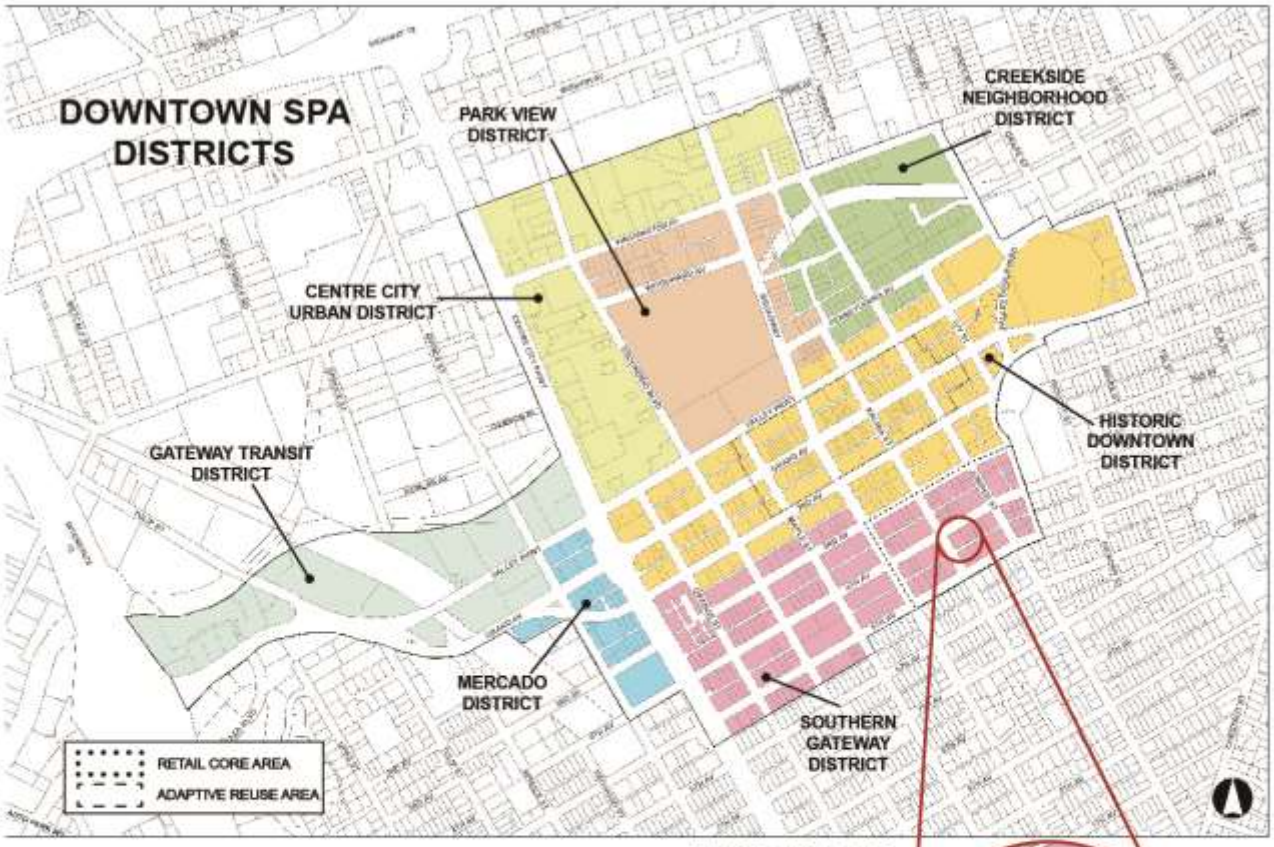
Amend the various Downtown Specific Plan sections to read as specified below (The changes are listed in order by section number, with ~~strikeout~~ typeface illustrating deletions and underline-typefaces illustrating new text.

Downtown Specific Plan, Figure II-2, Permitted and Conditional Uses. The table and footnote shall be amended to read as follows:

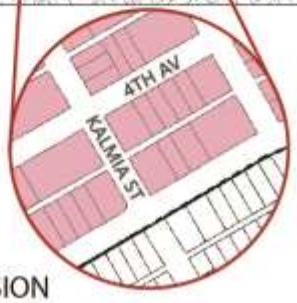
FIGURE II-2
PERMITTED AND CONDITIONAL USES
(Page 5 of 6)

LAND USE	HD*	PV	CCU	GT	M	SG*	CN
ENTERTAINMENT AND RECREATION (continued)							
Galleries and studios pertaining to artists, craft workers and photographers (including incidental developing and printing), libraries, museums, etc., including incidental sale of merchandise pertaining to the primary use	P	P	P	P	P	P	P6
Dance studios and schools	P	P	P	P	P	P3	P
Martial arts schools and training facilities	P10		P	P	P	P3	P6
Entertainment establishments (including internet cafes) with incidental sale of food or alcohol (excluding incidental entertainment in restaurants)	C	C	C	C	C	C3	P6
Parks- general recreation	P	P	P	P	P	P	P
Roller-skating and bowling alleys and similar indoor arena sports			P	P	C		
Swimming pools and schools		P					P6
Theater, live and motion picture	P	P	P	P			
SOCIAL, PROFESSIONAL, RELIGIOUS ORGANIZATIONS							
Churches, synagogues, temples, missions, religious reading rooms, and other religious activities (not allowed within Grand Avenue “historic retail core area”)	C7	C	C	C	C	C	C

Social and professional organizations that conduct group and/or membership meetings on the premises, including political, veterans, civic, labor, charitable and similar organizations	C2	C	**C**	**C**	C	C	C
Youth Organizations		C	C	C	C	C	C
Weddings and Receptions						**C**	



EXISTING MAP



AREA OF MAP REVISION

ATTACHMENT 3

From: JOHN KORELICH
Sent: Friday, June 5, 2020 1:39 PM
To: Klr22@cox.net; cowlick
Subject: Change of wording on CUP.

Dear Darren,

Thank you for your support on our efforts to acquire a use permit for our wedding venue.

We feel we can comply with all the conditions except for one. There was a **word** that was changed at the last minute by one of the planning commissioners. This word is significant, in that it makes operating our wedding venue business impractical. The word that was changed was **"Restricted"** (On alcohol use) to **"Prohibited".**

The word restricted (kept within limits) is workable, the word "prohibited" (forbid by law or authority) will not work for our anticipated business. As is common practice, at a minimum, people celebrate at wedding with a toast to the bride and groom with the consumption of "Champagne".

We would like to suggest alternate language**, like alcohol restricted to beer and wine.**

Please work with us to get this changed as part of the presentation to the city council. Let us know your thoughts and what will be possible as to the change. Given that the language was changed at the last minute and we were not able to rebut it, it seems a little unfair.

Thank you for your consideration.

Warm regards,

John Korelich

Architect for owners: Kristie and Arthur Rocco

ORDINANCE NO. 2020-15

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING THE DOWNTOWN SPECFIC PLAN CODE PERTAINING TO WEDDINGS AND RECEPTIONS

Planning Case No.: PHG 19-0001

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. The project applicant, Mr. John Korelich, representing the owner Ms. Kristie Rocco, has applied for an amendment to the Downtown Specific Plan to change the land use allowances for weddings and receptions within the Southern Gateway District of the Downtown Specific Plan.

SECTION 2. The Planning Division of the Community Development Department completed its review of the project and scheduled a public hearing regarding the application before the Planning Commission on May 26, 2020. Following the public hearing on May 26, 2020, the Planning Commission adopted Resolution No. 2020-05, which recommended that the City Council, among other things, approve the project's proposed Specific Plan amendment.

SECTION 3. That proper notices of a public hearing have been given and public hearings have been held before the Planning Commission and City Council on this issue.

SECTION 4. The City Council has duly reviewed and considered all evidence submitted at said hearings, including, without limitation:

a. Written information;

b. Oral testimony from City staff, interested parties, and the public;

c. The staff report, dated July 15, 2020, which along with its attachments is incorporated herein by this reference as though fully set forth herein, including the Planning Commission recommendation on the request, and

d. Additional information submitted during the Public Hearing.

SECTION 5. This action is categorically exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15332, "In-Fill Development Projects." The City has determined that all environmental issues have been addressed and finds that no significant environmental impact will result from approving the code amendment and conditional use permit.

SECTION 6. Concurrently with this Ordinance, the City Council is taking a number of actions in furtherance of the project, as generally described by the July 15, 2020, City Council staff report. No single component of the series of actions made in connection with the Project shall be effective unless and until it is approved by an Ordinance or Resolution and is procedurally effective within its corporate limits as a statute in the manner provided by state law. Therefore, this Ordinance shall become effective after final passage and publication as required by law, and operative only if City Council Resolution No. 2020-83 is approved.

SECTION 7. That upon consideration of the staff report; Planning Commission recommendation; Findings of Fact, attached as Exhibit "A" to this Ordinance and incorporated herein by this reference as though fully set forth herein; and all public testimony presented at the hearing held on this project, the City Council does hereby adopt the Downtown Specific Plan amendment for the project. Permitted and Conditional

Use Table (Figure 2) of the Downtown Specific Plan are amended as set forth in Exhibit “B” to this Ordinance and incorporated by reference as though fully set forth herein.

SECTION 8. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 9. That pursuant to Public Resources Code Section 21081.6(a)(2) and CEQA Guidelines Section 15074(c), all documents and other materials that constitute the record of proceedings are located at the City of Escondido, City Civic Center. The City Clerk, whose office is located at 201 North Broadway, Escondido CA 92025, is hereby designated as the custodian of the documents and other materials which constitute the record of proceedings upon which the City Council' s decision is based, which documents and materials shall be available for public inspection and copying in accordance with the provisions of the California Public Records Act.

SECTION 10. That as of the effective date of this Ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 11. That the City Clerk is hereby directed to certify to the passage of this Ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the County and circulated in the City of Escondido.

EXHIBIT "A"

FINDINGS OF FACT

PHG 19-0001

Environmental Determination(s):

1. Pursuant to the California Environmental Quality Act, (CEQA, Public Resources Code Section 21000 et. seq.), and its implementing regulations (the State CEQA Guidelines, Article 14 of the California Code of Regulations, Section 15000 et. seq.), the City of Escondido is the Lead Agency for the project ("Project"), as the public agency with the principal responsibility for approving the Project.

2. All of the requirements of the CEQA have been met because it was found that the Project, as conditioned, will not have a significant effect on the environment as demonstrated in the Categorical Exemption in CEQA Guidelines section 15332, "In-fill Development Projects." The project, as proposed, is consistent with the applicable General Plan designation of SPA9 and the Specific Plan (S-P) zoning designation, which allows for a variety of commercial, service, social, and entertainment type uses. The project is located on a site of no more than five acres substantially surrounded by urban uses, and has no value as habitat for endangered, rare, or threatened species. Approval of the project, as conditioned, would not result in any significant effects on the environment, and the site is connected to City sewer and water services and can adequately be served by all required utilities and public services.

Specific Plan Amendment:

1. The public health, safety and welfare would not be adversely affected by the proposed Specific Plan Amendment. The proposed amendment revises the permitting process for wedding and reception establishments. The proposed Specific Plan Amendment, establishing special use regulations, would not be detrimental to surrounding properties because the proposed changes are to enhance neighborhood capability and land-use related buffering. Proposed and future projects must comply with any applicable laws and standards. This includes the Building Code, the Fire Code, and any property standards bylaws.

2. The proposed Specific Plan Amendment would not be detrimental to surrounding properties because weddings and reception establishments would require each request to be considered through the Conditional Use Permit process. Potential compatibility issues would be analyzed and addressed as part of the CUP process on a case-by-case basis and appropriate conditions applied.

3. The proposed Specific Plan Amendment would be consistent with the goals and polices of the General Plan because it would establish a commercial use that would enhance commercial service opportunities within the Southern Gateway District of the Downtown Specific Plan.

Adaptive reuse of historic structures also is encouraged. The amendment would not, in and of itself, result in the development or any other material change to the environment. The proposed Specific Plan Amendment would not diminish the Quality of Life Standards of the General Plan, nor adversely impact community health or natural resources.

EXHIBIT "B"

PROPOSED SPECIFIC PLAN AMENDMENT LANGUAGE

SECTION I1.

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

Downtown Specific Plan, Figure II-2, Permitted and Conditional Uses. The table and footnote shall be amended to read as follows:

FIGURE II-2

PERMITTED AND CONDITIONAL USES

(Page 5 of 6)

LAND USE	HD*	PV	CCU	GT	M	SG*	CN
ENTERTAINMENT AND RECREATION (continued)							
Galleries and studios pertaining to artists, craft workers and photographers (including incidental developing and printing), libraries, museums, etc., including incidental sale of merchandise pertaining to the primary use	P	P	P	P	P	P	P6
Dance studios and schools	P	P	P	P	P	P3	P
Martial arts schools and training facilities	P10		P	P	P	P3	P6
Entertainment establishments (including internet cafes) with incidental sale of food or alcohol (excluding incidental entertainment in restaurants)	C	C	C	C	C	C3	P6
Parks- general recreation	P	P	P	P	P	P	P
Roller-skating and bowling alleys and similar indoor arena sports			P	P	C		
Swimming pools and schools		P					P6
Theater, live and motion picture	P	P	P	P			
SOCIAL, PROFESSIONAL, RELIGIOUS ORGANIZATIONS							
Churches, synagogues, temples, missions, religious reading rooms, and other religious activities (not allowed within Grand Avenue "historic retail core area")	C7	C	C	C	C	C	C
Social and professional organizations that conduct group and/or membership meetings on the premises, including political, veterans, civic, labor, charitable and similar organizations	C2	C	**C**	**C**	C	C	C
Youth Organizations		C	C	C	C	C	C
Weddings and Receptions						**C**	

RESOLUTION NO. 2020-83

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING A CONDITIONAL USE PERMIT TO CONDUCT WEDDINGS AND RECEPTIONS AT 209 E 4TH AVENUE

Applicant: Kristie Rocco
Planning Case Nos.: PHG19-0002

WHEREAS, the project applicant, Kristie Rocco, has applied for a Conditional Use Permit to allow weddings and receptions, on a 0.48-acre site, addressed as 209 E. 4th Ave, Assessor's Parcel Number 233-182-05 & 06, more particularly described in Exhibit "C," attached to this Resolution and incorporated herein by this reference as though fully set forth. Said Conditional Use Permit application (Planning Case No. PHG19-0002) was filed in conjunction with a proposed Downtown Specific Plan Amendment application; and

WHEREAS, the application package in its entirety (Planning Case Nos. PHG19-0001 and PHG19-0002) was submitted to, and processed by, the Planning Division of the Community Development Department in accordance with the rules and regulations of the Escondido Municipal and Zoning Codes, and the applicable procedures and time limits specified CEQA (Public Resources Code Section 21000 et seq.); and

WHEREAS, the Planning Division of the Community Development Department completed its review of the project and scheduled a public hearing regarding the complete application (consisting of Planning Case Nos. PHG19-0001 & PHG19-0002) before the Planning Commission on May 26, 2020. The Planning Commission did, on May 26, 2020, consider, and by Resolution No. 2020-05, recommend to the City Council the approval of, among other things, a Conditional Use Permit to conduct weddings and receptions at 209 E 4th Avenue; and

WHEREAS, a notice was published and mailed as required by the Escondido Zoning Code and applicable State law, and that the City Council held a regularly scheduled public hearing on July 15, 2020, regarding the proposed project, and that all persons desiring to speak did so; and

WHEREAS, this action is categorically exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15332, "In-Fill Development Projects." The City has determined that all environmental issues have been addressed and finds that no significant environmental impact will result from approving the code amendment and conditional use permit; and

WHEREAS, on July 15, 2020, the City Council of the City of Escondido introduced City Council Ordinance No. 2020-15 to change the land use allowances for weddings and receptions within the Southern Gateway District of the Downtown Specific Plan, and to enable potential adoption of the proposed business at 209 E. 4th Avenue.

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

1. That the above recitations are true.

2. That the Findings of Fact, attached as Exhibit "A" and incorporated herein by this reference as though fully set forth herein, are hereby made by this City Council, and represent the City Council's careful consideration of the record. The findings of this City Council on Exhibit "A" shall be the final and determinative Findings of Fact on this matter.

3. That upon consideration of the staff report (a copy of which is on file in the Office of the City Clerk), the findings and applicable law, the City Council finds that the

project is consistent with the General Plan.

4. That upon consideration of the staff report (a copy of which is on file in the Planning Division); the comments provided at the Planning Commission public hearing on May 26, 2020; public testimony presented at the City Council hearing; the findings of fact; and applicable law, the City Council finds that the project is consistent with the General Plan and hereby approves the Conditional Use Permit to conduct weddings and receptions at the subject site, subject to the Conditions of Approval attached as Exhibit "B" to this Resolution, and incorporated herein by this reference as though fully set forth herein.

5. That concurrently with this Resolution, the City Council is taking a number of actions in furtherance of the project, as generally described by the July 15, 2020, City Council staff report. No single component of the series of actions made in connection with the project shall be effective unless and until it is approved by an Ordinance or Resolution and is procedurally effective within its corporate limits as a statute in the manner provided by state law. Therefore, this Resolution shall become effective and operative only if City Council Ordinance No. 2020-15 is approved; and effective and operative on the day immediately subsequent to the date that Ordinance No. 2020-15 becomes effective.

BE IT FURTHER RESOLVED that, pursuant to Government Code Section 66020(d)(1):

1. NOTICE IS HEREBY GIVEN that the project is subject to certain fees described in the City of Escondido's Development Fee Inventory on file in both the Community Development Department and Public Works Department. The project is also

subject to dedications, reservations, and exactions, as specified in the Conditions of Approval.

2. NOTICE IS FURTHER GIVEN that the 90-day period during which to protest the imposition of any fee, dedication, reservation, or other exaction described in this Resolution begins on the effective date of this Resolution and any such protest must be in a manner that complies with Government Code Section 66020

EXHIBIT "A"

FINDINGS OF FACT

PHG 19-0002

Environmental Determination(s):

1. Pursuant to the California Environmental Quality Act, (CEQA, Public Resources Code Section 21000 et. seq.), and its implementing regulations (the State CEQA Guidelines, Article 14 of the California Code of Regulations, Section 15000 et. seq.), the City of Escondido is the Lead Agency for the project ("Project"), as the public agency with the principal responsibility for approving the Project.

2. All of the requirements of the CEQA have been met because it was found that the Project, as conditioned, will not have a significant effect on the environment as demonstrated in the Categorical Exemption in CEQA Guidelines section 15332, "In-fill Development Projects." The project, as proposed, is consistent with the applicable General Plan designation of SPA9 and the Specific Plan (S-P) zoning designation, which allows for a variety of commercial, service, social, and entertainment type uses. The project is located on a site of no more than five acres substantially surrounded by urban uses, and has no value as habitat for endangered, rare, or threatened species. Approval of the project, as conditioned, would not result in any significant effects on the environment, and the site is connected to City sewer and water services and can adequately be served by all required utilities and public services.

Conditional Use Permit (CUP):

1. Granting the Conditional Use Permit for outdoor weddings and receptions for up to 73 people at 209 E. 4th Avenue would be based on sound principles of land use because the facility has sufficient parking to accommodate 73 guest; hours of operation would be restricted to ensure compatibility with the surrounding neighborhood; alcohol is not allowed; and entertainment/music is conditioned to meet the City Noise Ordinance. The proposed project would not diminish the Quality of Life Standards of the General Plan as the project does not materially degrade public facilities.

2. The proposed project would not cause deterioration of bordering land uses because the area is predominantly characterized by office uses and religious facilities, and that the occupancy has been right sized to accommodate up to 73 guests. The project would not materially degrade the level of service on adjacent streets and there is sufficient parking to accommodate the use. Potential noise issues have been addressed with the limitation on the type of entertainment that can be provided.

3. The Conditional Use Permit would assist in achieving the goals and polices in the General Plan and Downtown Specific Plan because it would establish a commercial use that would

enhance commercial service opportunities within the Southern Gateway District of the Downtown Specific Plan. Adaptive reuse of historic structures also is encouraged.

3. The proposed CUP would provide a necessary and desirable service to the downtown community without adversely affecting the surrounding area or the city as a whole.

4. The CUP would become effective on the effective date of the proposed Zoning Code and Specific Plan Amendment.

EXHIBIT "B"

CONDITIONS OF APPROVAL

Planning Case Nos. PHG 19-0001 and PHG 19-0002

Nothing in this permit shall relieve the Applicant from complying with conditions and regulations generally imposed upon activities similar in nature to the activity authorized by this permit. **This action does not relieve the applicant of the obligation to comply with all ordinances, statutes, regulations, and procedures.**

Prior to final occupancy, a Planning Final Inspection shall be completed to ensure that the property is in full compliance with the conditional use permit conditions.

A. GENERAL:

1. **Acceptance of Permit.** Should the applicant fail to file a timely and valid appeal of this Permit with the applicable appeal period, such inaction by the applicant shall be deemed to constitute all of the following on behalf of the applicant:

   a. Acceptance of the Permit by the applicant; and

   b. Agreement by the applicant to be bound by, to comply with, and to do all things required of or by the applicant pursuant to all of the terms, provisions, and conditions of this Project Permit or other approval and the provisions of the Escondido Municipal Code or Zoning Code applicable to such Permit.

2. **Permit Expiration.** The Permit shall automatically expire after two (2) years from the date of this approval, or the expiration date of any extension granted in accordance with the Escondido Municipal Code or Zoning Code. The Permit shall be deemed expired if a building permit has not been obtained or work has been discontinued in the reliance of that building permit. If no building permits are required, the City may require a noticed hearing to be scheduled before the authorized agency to determine if there has been demonstrated a good faith intent to proceed, pursuant to and in accordance with the provision of this Permit.

3. **Certification.** The Director of Community Development, or his/her designee, is authorized and directed to make, or require the applicant to make, all corrections and modifications to the Project drawings and any other relevant document comprising the Project in its entirety, as necessary to make them internally consistent and in conformity with final action on the Project. This includes amending the Project drawing as necessary to incorporate revisions made by the decision-making body and/or reflecting any modifications identified in these conditions of approval. Said Plans must be certified by the Planning Division prior to submittal of any post-entitlement permit, including grading, public improvement, landscape, or building plans for the project.

4. **Conformance to Approved Plans.**

   a. The operation and/or use of the subject property shall be consistent with the Details of Request, designated with the Approval Plan set.

   b. Nothing in this Permit shall authorize the applicant to intensify the authorized activity beyond that which is specifically described in this Permit.

   c. Once a permit has been issued, the applicant may request Permit modifications. "Minor" modifications may be granted if found by the Director of Community Development to be in substantial conformity with the Approved Plan set, including all exhibits and Permit conditions attached hereto. Modifications beyond the scope described in the Approved Plan set may require submittal of an amendment to the Permit and approval by the authorized agency.

5. **Limitations of Use.** Prior to any use of the Project site pursuant to this Permit, all conditions of approval contained herein shall be completed or secured to the satisfaction of the Community Development Director.

6. **Certificate of Occupancy.**

   a. No change in the character of occupancy or change to a different group of occupancies as described by the Building Code shall be made without first obtaining a Certificate of Occupancy from the Building Official, as required, and any such change in occupancy must comply with all other applicable local and state laws.

   b. Prior to final occupancy, a Planning Final Inspection shall be completed to ensure that the property is in full compliance with the Permit terms and conditions. The findings of the inspection shall be documented on a form and content satisfactory to the Director of Community Development.

7. **Availability of Permit Conditions.**

   a. Prior to building permit issuance, the applicant shall cause a covenant regarding real property to be recorded that sets forth the terms and conditions of this Permit approval and shall be of a form and content satisfactory to the Director of Community Development.

   b. The applicant shall make a copy of the terms conditions of this Permit readily available to any member of the public or City staff upon request. Said terms and conditions shall be printed on any construction plans that is submitted to the Building Division for the plan check processing.

8. **Right of Entry.** The holder of this Permit shall make the premises available for inspection by City staff during construction or opening hours and allow the investigations of property necessary to ensure that minimum codes, regulations, local ordinances and safety requirements are properly followed. The applicant shall provide such business records, licenses, and other materials necessary upon request to provide evidence of compliance with the conditions of approval, as well as federal, state, or laws.

9. **Compliance with Federal, State, and Local Laws.** Nothing in this Permit shall relieve the applicant from complying with conditions, performance standards, and regulations generally

imposed upon activities similar in nature to the activity authorized by this permit. (Permits from other agencies may be required as specified in the Permit's Details of Request.) This Permit does not relieve the applicant of the obligation to comply with all applicable statutes, regulations, and procedures in effect at the time that any engineering permits or building permits are issued unless specifically waived herein.

No part of this Permit's approval shall be construed to permit a violation of any part of the Escondido Municipal or Zoning Code. During Project construction and after Project completion, the applicant shall ensure the subject land use activities covered by this Permit is conducted in full compliance with all local and state laws.

10. **Fees.** The appropriate development fees and Citywide Facility fees shall be paid in accordance with the prevailing fee schedule in effect at the time of building permit issuance, to the satisfaction of the Director of Community Development. Through plan check processing, the applicant shall pay development fees at the established rate. Such fees may include, but not be limited to: Permit and Plan Checking Fees, Water and Sewer Service Fees, School Fees, Traffic Mitigation Fees, Flood Control Mitigation Fees, Park Mitigation Fees, Fire Mitigation/Cost Recovery Fees, and other fees listed in the Fee Schedule, which may be amended. Arrangements to pay these fees shall be made prior to building permit issuance to the satisfaction of the Community Development Department.

11. **Public Partnership Program.** All requirements of the Public Partnership Program, Ordinance No. 86-70 shall be satisfied prior to any building permit issuance. The ordinance requires that a public art fee be added at the time of the building permit issuance for the purpose of participating in the City Public Art Program.

12. **Clerk Recording.**

    a. **Exemption;** The City of Escondido hereby notifies the applicant that the County Clerk's office requires a documentary handling fee of $50.00 in order to file a Notice of Exemption for the project (environmental determination for the project). In order to file the Notice of Exemption with the County Clerk, in conformance with the California Environmental Quality Act (CEQA) Section 15062, the applicant should remit to the City of Escondido Planning Division, within two working days of the final approval of the project, a check payable to the "County Clerk" in the amount of $50.00. The filing of a Notice of Exemption and the posting with the County Clerk starts a 35-day statute of limitations period on legal challenges to the agency's decision that the project is exempt from CEQA. Failure to submit the required fee within the specific time noted above will result in the Notice of Exemption not being filed with the County Clerk, and a 180-day statute of limitations will apply.

13. **Legal Description Adequacy.** The legal description attached to the application has been provided by the applicant and neither the City of Escondido nor any of its employees assume responsivity for the accuracy of said legal description.

14. **Application Accuracy.** The information contained in the application and all attached materials are assumed to be correct, true, and complete. The City of Escondido is relying on the accuracy of this information and Project-related representations in order to process this application. Any permits issued by the City may be rescinded if it is determined that the information and materials submitted are not true and correct. The applicant may be liable for any costs associated with rescission of such permits.

15. **Revocation, Suspension, Modification.** At any time after Project implementation, the City may require a noticed public hearing to be scheduled before the Planning Commission to determine if there has been demonstrated a good faith intent to proceed in reliance on this approval. This item may be referred to the appropriate decision-making body upon recommendation of the Director of Community Development for review and possible revocation or modification of the Permit regarding non-compliance with the Conditions of Approval.

    This Permit may be revoked, suspended or modified by the Planning Commission, or by the City Council on appeal, at any time regardless of who is the owner of the subject property or who has the right to possession thereof or who is using the same at such time, whenever, after a noticed hearing, and after the following findings are fully investigated:

    a. A violation of any term or condition not abated, corrected or rectified within the time specified on the notice of violation; or

    b. A violation of any City ordinance, state law, or federal law not abated, corrected or rectified within the time specified on the notice of violation; or

    c. The use as presently conducted creates or constitutes a nuisance.

16. **Indemnification.** The applicant shall hold harmless the City, its Council Members, its Commission and Boards, officers, agents, employees , and representatives from liability for any award, damage, cost and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this Permit and from and against any and all claims, losses, proceedings, damages, cause of action, liabilities, cost and expenses, including reasonable attorney's fees, arising from or in connection with, or caused by (i) any act, omission or negligence of applicant, or their respective contractors, licensees, invitees, agents, sub lessees, servants or employees, wherever on or adjacent to the property the same may occur; (ii) any use of the property, or any accident, injury, death, or damage to any person or property occurring in, or on or about the property, or any part thereof, or from the conduct of the applicant or owner's business or from any activity, work or thing done, permitted or suffered by the applicant or owner or its sub lessees, contractors, employees, or invitees, in or about the property, other than to the extent arising as a result of City's sole active negligence or to the extent of any willful misconduct of the City; and (iii) any default in the performance of any obligations of applicant's or ones part to performed under the terms of this Agreement, or arising from any negligence of applicant or owner, or any such claim or any action or proceeding brought thereon; and in case any action or proceedings be brought against the City, its officers, employees, agents and representatives, by reason of any such claim,

applicant or owner, upon notice from the City, shall defend the same at its expense by counsel reasonably satisfactory to the City. Owner further agrees to and shall indemnify, defend, protect, and hold harmless the City, its officers, employees, agents and representatives, from and against any and all actions brought by any third party to challenge the Project or its approval by the City, including environmental determinations. Such indemnification shall include any costs and expenses incurred by Agency and City in such action(s), including reasonable attorney fees.

B. Construction, Maintenance, and Operation Obligations;

1. All construction shall comply with all applicable requirements of the Escondido Zoning Code and requirements of the Planning Department, Director of Building, and the Fire Chief. Approval of this request shall not waive compliance with any sections of the Municipal Code and all other applicable City regulations in effect at the time of Building Permit issuance unless specifically waived herein.

2. **Agency License and Permitting.** In order to make certain on- or off-site improvements associated with the Approved Plan set, the Permit request may require review and clearance from other agencies. Nothing in these Conditions of Approval shall be construed as to waive compliance with other government agency regulation or to obtain permits from other agencies

   At all times during the effective period of this permit, the applicant and any affiliated responsible party shall obtain and maintain in valid force and effect, each and every license and permit required by a governmental agency for the construction, maintenance, and operation of the authorized activity.

3. **Utilities.** All new utilities and utility runs shall be undergrounded.

4. **Signage.** All proposed signage associated with the Project must comply with the City of Escondido Sign Ordinance (Ord. 92-47) for the underling zone, and any exhibits included in the staff report(s), to the satisfaction of the Planning Division. Separate sign permits will be required for Project signage. All non-conforming signs shall be removed. The applicant shall submit with any sign permit graphic/list of all signs to be removed and retained, along with any new signage proposed. This shall include the square footage of each sign, and dimension of each sign.

5. **Noise.** All Project generated noise shall conform to the City's Noise Ordinance (Ordinance 90-08).

6. **Lighting.** All exterior lighting shall conform to the requirements of Article 1072, Outdoor Lighting (Ordinance No. 86-75).

7. **General Property Maintenance.** The property owner or management company shall maintain the property in good visual and functional condition. This shall include, but not be limited to, all exterior elements of the buildings such as paint, roof, paving, signs, lighting and landscaping. The applicant shall paint and re-paint all building exteriors,

accessory equipment, and utility boxes servicing the Project, as necessary to maintain clean, safe, and efficient appearances.

8. **Anti-Graffiti.** The applicant shall remove all graffiti from buildings and wall surfaces within 48 hours of defacement, including all areas of the job site for when the Project is under construction.

9. **Anti-Litter**. The site and surrounding area shall be maintained free of litter, refuse, and debris. Cleaning shall include keeping all publicly used areas free of litter, trash, and garbage.

10. **Parking and Loading/Unloading.**

    a. A minimum of fourteen (14) parking spaces shall be provided on site as discussed in the staff report and another thirteen (13) spaces immediately in front of the project to the satisfaction of the City Engineer and Director of Community Development. Parking for disabled persons shall be provided in full compliance with Chapter 2-71, Part 2 of Title 24 of the State Building Code, including signage. All parking spaces shall remain available for operable vehicles and shall not be used for inoperable vehicles or general storage.

    b. Staff event parking shall be clearly marked on site and to the satisfaction of the Planning Division.

    c. Parking for disabled persons shall be provided (including “Van Accessible “space) in full compliance with the State Building Code.

11. **Specific Planning Conditions.**

    a. The Conditional Use Permit may be referred back to the Planning Commission for review and possible revocation or modification at a noticed public hearing upon receipt of nuisance complaints regarding performance of the operation of the facility and/or non-compliance with the conditions of approval.

    b. Weddings and receptions shall begin no earlier than 11:00 a.m. and end no later than 10:00 p.m. (excluding setup and cleanup operations).

    c. Appropriate security personnel shall be provided as required for the anticipated occupancy and nature of each event.

    d. The type of activities and hours of operation shall comply with those listed in the staff report/details of request, to the satisfaction of the Planning Division.

    e. Landscaping areas shall be maintained in a flourishing manner. Appropriate irrigation shall be provided for all landscape areas and be maintained in a fully operational condition.

f. All mechanical equipment shall be screened and concealed from view in accordance with Section 33-1085 of the Escondido Zoning Code.

g. The consumption and sale of alcohol during events shall be prohibited.

BUILDING

1. Approval and subsequent development is subject to all conditions and requirements of the California Building Code and Building Division.

FIRE

1. Show the locations of existing and new fire hydrants on the building plans.

2. Provide constriction type and clarify if fire sprinklers and alarms are currently installed on the building plans

3. Fire alarms will be required to shown on the building plans.

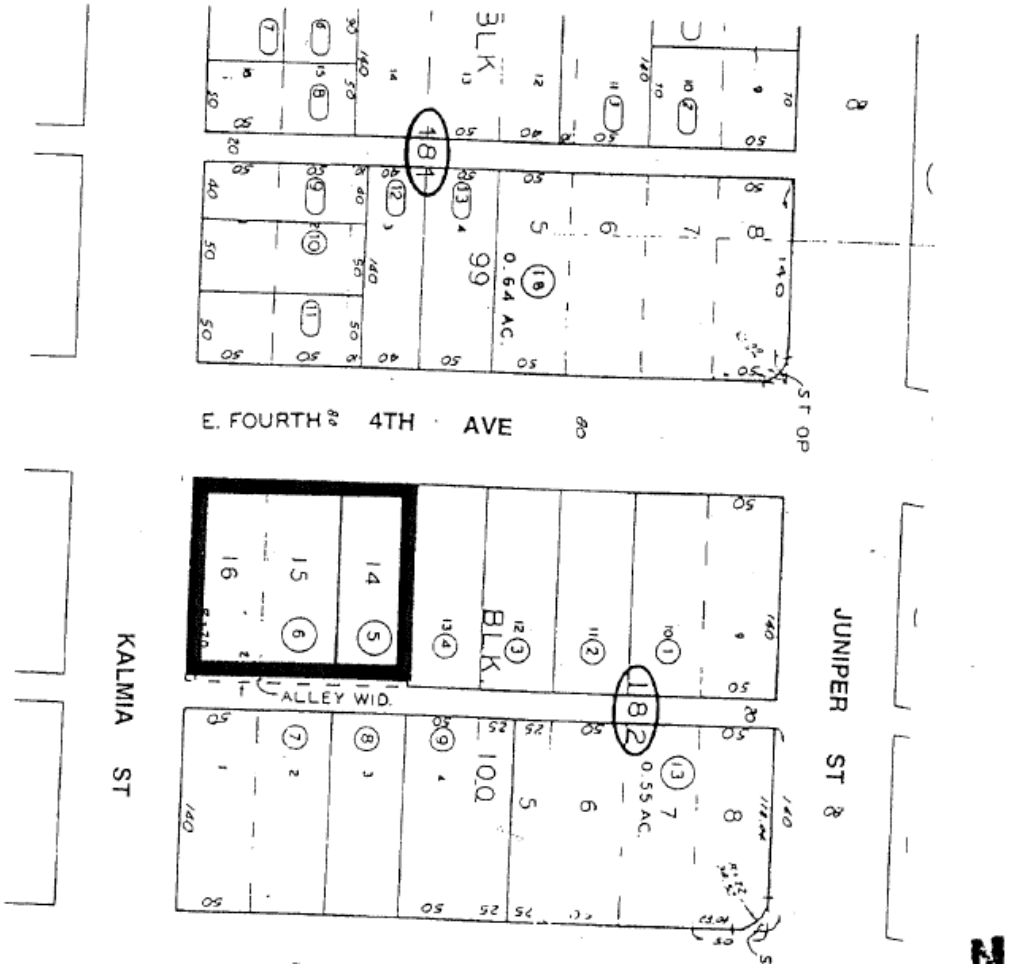
4. Clarify the total occupancy load and occupancy type on the building plans.

EXHIBIT "C"

LEGAL DESCRIPTION

Planning Case Nos. PHG 19-0001 and PHG 19-0002

Lots 14, 15 and 16 in Block 100 of Escondido, in the City of Escondido, County of San Diego, State of California, according to map thereof No. 336, filed in the office of the County Recorder of San Diego County, July 10, 1886.



ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Public Hearing Item No. 21 **July 15, 2020** **File No. 0875-13**

SUBJECT: Allocation of Successor Housing Agency Funds for Affordable Housing

DEPARTMENT: Community Development Department, Housing and Neighborhood Services Division

RECOMMENDATION:

It is requested that the City Council adopt Resolution No. 2020-74 authorizing the Director of Community Development to conditionally commit $4,000,000 in Low and Moderate Income Housing Funds ("SHA funds") to Ivy Valley Housing Partners, LP ("Partnership") for the construction of a 50-unit development at 337 East Valley Parkway; and authorizing the Mayor and City Clerk to execute an Affordable Housing Loan Agreement and all necessary loan and supporting agreements in forms acceptable to the City Attorney when conditions have been met.

FISCAL ANALYSIS:

There will be no impact on the General Fund. Community Redevelopment law requires SHA funds be used for the monitoring and preservation of long-term affordability restrictions, homeless prevention and rapid rehousing services to individuals and families who are homeless or would be homeless but for this assistance, and for the development of affordable housing.

PREVIOUS ACTION:

On March 25, 2020, the City Council authorized the release of Requests for Proposals ("RFP") for the provision of long-term affordable housing through acquisition, rehabilitation, or redevelopment of blighted properties.

BACKGROUND:

On March 26, 2020, the Housing & Neighborhood Services Division released an RFP inviting requests for funding for the provision of affordable rental housing or first-time homebuyer opportunities. The RFP included a total of $4,000,000 in SHA funds. One response to the RFP was received and reviewed by staff. Additionally, Keyser Marston Associates ("KMA") reviewed project financials (see Attachment 1).

Valley Senior Village Apartments, 337 East Valley Parkway

Ivy Valley Housing Partners, LP consists of National Community Renaissance of California ("National CORE") and San Diego Community Housing Corporation ("SDCHC") as Co-Managing General Partners. The Partnership will apply for 9% tax credits and admit a tax credit investor as the limited partner.

National CORE has a 29-year history constructing sustainable developments, leveraging community resources to combine quality housing with life-enhancing social services. National CORE owns 9,000 rental units, 7,500 of which are in the Southern California region. National CORE owns and operates two affordable housing developments in Escondido: Cobblestone Village, a 44-unit family complex that National CORE first purchased and rehabilitated in 2000-2002, and Juniper Senior Village, a 60-unit new construction senior development completed in 2011. National CORE's services aspire to respond to the needs of their community to transform lives.

SDCHC has a 26-year history dedicated to the creation and preservation of housing. SDCHC has owned and operated 1,450 rental units and has built/rehabilitated 85 homes for first time homebuyers. Leadership of SDCHC has experience in both the public and private sectors and strives to support construction with advocacy, policy, and emerging building methods to address the state's housing crisis. This will be their first development in Escondido.

The site is currently vested with the Partnership; design work has begun. The Partnership is proposing to develop an affordable community serving frail seniors (aged 62 years and older). The project is anticipated to be four stories with 49 affordable studio apartments and a 2-bedroom manager unit. The project will ultimately serve 25 senior households earning less than 30% of Area Median Income ("AMI") and 24 senior households earning less than 60% of AMI. The 30% AMI units will be set-aside as permanent supportive housing for seniors experiencing homelessness utilizing the coordinated entry system ("CES"). The Partnership is in discussions with the Planning Division regarding density bonus concessions and development requirements of the site. Authorizing this request does not have a legally binding effect on any possible future discretionary action or irrecoverably commit the City to a specific course of action on the project or entitlement request.

Staff recommends approving a conditional commitment for an amount not to exceed $4,000,000 in SHA funds. The final loan amount will be determined as leveraged financing is confirmed, and site requirements are finalized. If less than $4,000,000 is required (based on an analysis by KMA), the loan amount will be decreased. If approved, 49 units will bear California Redevelopment Law restrictions. The unit restriction mix will be determined when the precise funding determination is finalized. This will provide a subsidy of $81,632 per unit and will restrict the project for 55 years. Once conditions are satisfied, staff will develop an Affordable Housing Loan Agreement to the satisfaction of the City Attorney's office.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Mike Strong, Director of Community Development
7/8/20 3.46 p.m.

Karen Youel, Housing & Neighborhood Services Manager
7/8/20 3:33 p.m.

ATTACHMENTS:

1. Attachment 1: KMA Analysis of Veterans Villas
2. Resolution No. 2020-74
3. Resolution No. 2020-74 - Exhibit A: Conditional Letter of Commitment for Valley Senior Apartments

TABLE 1

PROJECT DESCRIPTION
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

I.	**Site Address**	337 East Valley Parkway		
II.	**Site Area**	0.48 Acres		
III.	**Gross Building Area**			
	Net Rentable Area [(1)]	19,125 SF	54%	
	Circulation/Common Area	13,869 SF	39%	
	Community Spaces	2,230 SF	6%	
	Total Gross Building Area (GBA)	35,224 SF	100%	
IV.	**Number of Stories/Type**	4 Stories / Type III		
V.	**Unit Mix**	Number of Units		Average Unit Size
	Studio	49 Units	98%	375 SF
	Two Bedroom	1 Unit	2%	750 SF
	Total/Average	50 Units	100%	383 SF
VI.	**Density**	104 Units/Acre		
VII.	**Affordability Mix**			
	Units @ 30% of AMI	25 Units	50%	
	Units @ 60% of AMI	24 Units	48%	
	Manager	1 Unit	2%	
	Total	50 Units	100%	
	Average Affordability (excluding manager unit)	45% AMI		
VIII.	**Target Population**	Seniors / Supportive / Homeless		
IX.	**Parking**	Surface		
	Total	16 Spaces		
	Parking Ratio	0.32 Spaces/Unit		

(1) Developer net rentable area (18,375 SF) excludes manager unit (750 SF).

Prepared by: Keyser Marston Associates, Inc.
Filename: Escondido_Valley Senior Village_v3;6/25/2020;rsp

TABLE 2

ESTIMATED DEVELOPMENT COSTS
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

		Totals	Per Unit		Comments
I.	**Direct Costs** [1]				
	Off-Site Improvements [2][3]	$1,330,794	$26,616	$63	Per SF Site
	Demolition [3]	$61,020	$1,220	$3	Per SF Site
	Environmental Remediation	$10,000	$200	$0	Per SF Site
	On-Site Improvements [3][4]	$1,419,472	$28,389	$68	Per SF Site
	Parking	$0	$0		Included above
	Shell Construction [3]	$8,133,750	$162,675	$231	Per SF GBA
	FF&E	$195,000	$3,900		Allowance
	Contingency	$435,469	$8,709	3.9%	of Directs
	Total Direct Costs	$11,585,504	$231,710	$329	Per SF GBA
II.	**Indirect Costs**				
	Architecture & Engineering	$1,399,728	$27,995	12.1%	of Directs
	Permits & Fees [2]	$1,395,480	$27,910	$40	Per SF GBA
	Legal & Accounting	$165,000	$3,300	1.4%	of Directs
	Taxes & Insurance	$83,780	$1,676	0.7%	of Directs
	Developer Fee	$2,028,000	$40,560	17.5%	of Directs
	Marketing/Lease-Up	$20,000	$400	0.2%	of Directs
	Contingency	$150,000	$3,000	1.3%	of Indirects
	Total Indirect Costs	$5,241,988	$104,840	45.2%	of Directs
III.	**Financing Costs**				
	Loan Fees	$220,554	$4,411	1.9%	of Directs
	Acquisition Loan Interest	$159,500	$3,190	1.4%	of Directs
	Interest During Construction/Lease-Up	$462,000	$9,240	4.0%	of Directs
	TCAC/Syndication Fees	$156,407	$3,128	1.4%	of Directs
	Operating Lease-Up/Reserves	$241,610	$4,832	2.1%	of Directs
	NPLH COSR	$3,192,000	$63,840	27.6%	of Directs
	Total Financing Costs	$4,432,071	$88,641	38.3%	of Directs
IV.	**Total Costs - Excluding Acquisition Costs**	**$21,259,563**	**$425,191**	**$604**	**Per SF GBA**
V.	**Add: Acquisition Costs** [5]	$1,595,000	$31,900	$76	Per SF Site
VI.	**Total Costs - Including Acquisition**	**$22,854,563**	**$457,091**	**$649**	**Per SF GBA**

(1) Includes the payment of prevailing wages.
(2) Estimate; not verified by KMA or City.
(3) Includes pro rata share of prevailing wage/labor consultant costs.
(4) Per Developer 5/7/20 e-mail, includes landscaping, hardscape, outdoor amenities, parking lots, fencing, and grading. Per teleconference with Developer on 5/18/20, estimate based on 15% of shell construction costs and grading allowance.
(5) Purchased by Developer on 9/5/19; vested with Ivy Valley Housing Partners, L.P.

TABLE 3

NET OPERATING INCOME
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

		Non NPLH-Assisted Units			NPLH-Assisted Units			Total		
I. Gross Scheduled Income [1][2]		**# Units**	**$/Month**	**Total Annual**	**# Units**	**$/Month**	**Total Annual**	**# Units**	**$/Month**	**Total Annual**
Studio	@ 30% AMI	--	--	--	24	$241	$69,408	24	$241	$69,408
Studio	@ 30% AMI	1	$241	$2,892	--	--	--	1	$241	$2,892
Studio	@ 60% AMI	24	$948	$273,024	--	--	--	24	$948	$273,024
Two Bedroom	@ Manager	1	$0	$0	0	$0	$0	1	$0	$0
Total/Average		26	$884	$275,916	24	$241	$69,408	50	$576	$345,324
Add: Other Income		$5 /Unit/Month		$1,500	$5 /Unit/Month		$1,440	$5 /Unit/Month		$2,940
Total Gross Scheduled Income (GSI)				$277,416			$70,848			$348,264
II. Effective Gross Income (EGI)										
(Less) Vacancy		5.0% of GSI		($13,871)	5.0% of GSI		($3,542)	5.0% of GSI		($17,413)
Total Effective Gross Income (EGI)				$263,545			$67,306			$330,851
III. Operating Expenses										
(Less) Operating Expenses		$6,031 /Unit/Year		($156,806)	$6,031 /Unit/Year		($144,744)	$6,031 /Unit/Year		($301,550)
(Less) Replacement Reserves		$500 /Unit/Year		($13,000)	$500 /Unit/Year		($12,000)	$500 /Unit/Year		($25,000)
(Less) Tenant Services		$360 /Unit/Year		($9,360)	$360 /Unit/Year		($8,640)	$360 /Unit/Year		($18,000)
(Less) Taxes/Assessments [3]		$40 /Unit/Year		($1,040)	$40 /Unit/Year		($960)	$40 /Unit/Year		($2,000)
(Less) Monitoring Fee		$80 /Unit/Year		($2,080)	$80 /Unit/Year		($1,920)	$80 /Unit/Year		($4,000)
Total Expenses		$7,011 /Unit/Year		($182,286)	$7,011 /Unit/Year		($168,264)	$7,011 /Unit/Year		($350,550)
		69.2% of EGI			250.0% of EGI			106.0% of EGI		
IV. Net Operating Income (NOI)				**$81,259**			**($100,958)**			**($19,699)**
V. Add: Capitalized Operating Subsidy Reserve (COSR)										$98,856
VI. Adjusted NOI										**$79,157**

(1) Per Developer e-mail dated 5/7/20, rents calculated on 30% of Supplemental Security Income (SSI), less monthly utility allowance ($26 for studios).
(2) Reflects the more restrictive of 2020 California Redevelopment Law (CRL) rents and 2020 Tax Credit Allocation Committee (TCAC) rents net of monthly utility allowance ($26 for studios).
(3) Assumes that the project will qualify for tax-exempt status.

Prepared by: Keyser Marston Associates, Inc.
Filename: Escondido_Valley Senior Village_v3;6/25/2020;rsp

TABLE 4

FINANCING DEFICIT
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

I. Sources of Funds	**Total**	**Per Unit**
Supportable Permanent Loan [1]	$1,005,000	$20,100
Tax Credit Equity Investment [2]	$9,574,000	$191,500
Deferred Developer Fee [3]	$140,000	$2,800
General Partner Equity Contribution	$0	$0
No Place Like Home (NPLH)	$4,943,000	$98,900
Capitalized Operating Subsidy Reserve (COSR)	$3,192,000	$63,800
County IHTF Funds	$0	$0
Total Sources of Funds	$18,854,000	$377,100
II. (Less) Development Costs	($22,854,000)	($457,100)
III. Financing Deficit	**($4,000,000)**	**($80,000)**

TABLE 4 (CONT'D.)

FINANCING DEFICIT
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

(1)	Permanent Loan			
	Adjusted NOI			$79,157
	Interest Rate			5.0%
	Term (in years)			35
	Debt Coverage Ratio			1.30
	Annual Debt Service			$60,890
	Supportable Debt			$1,005,407
(2)	Low Income Housing Tax Credits (Federal)			
	Threshold Basis Limits:	Effective: 2020		
	Studio	49	$230,655	$11,302,095
	Two Bedroom	1	$320,800	$320,800
	Subtotal Threshold Basis Limits			$11,622,895
	Add: Basis Adjustment - Prevailing Wages		20%	$2,324,579
	Add: Basis Adjustment - Elevator		10%	$1,162,290
	Add: Local Impact Fees (% of Impact Fees)		59%	$816,821
	Total Threshold Basis Limit			$15,926,585
	Estimate of Eligible Basis:			
	Total Development Costs			$22,854,563
	(Less) Ineligible Costs		25%	($5,686,093)
	Eligible Basis			$17,168,470
	Tax Credit Proceeds:			
	Maximum Eligible Basis			$15,926,585
	(Less) Voluntary Adjustment in Basis		44%	($7,031,011)
	Total Requested Unadjusted Basis			$8,895,574
	Impacted Bonus Factor		130%	$11,564,246
	Tax Credit Qualified Units/Applicable Factor		100%	$11,564,246
	Tax Credit Rate @		9.00%	$1,040,782
	Total Tax Credits @		10	$10,407,822
	Limited Partner Share		100%	$10,406,781
	Tax Credit Equity Investment @		92.0%	$9,574,238
(3)	Estimate of Deferred Developer Overhead Fee			
	Eligible Basis			$15,926,585
	(Less) Developer Fee			($2,028,000)
	Unadjusted Eligible Basis			$13,898,585
	Total Developer Overhead Fee		14.6%	$2,028,000
	Developer Overhead Fee			$2,028,000
	Deferred Developer Overhead Fee		6.9%	$140,000
	Upfront Developer Overhead Fee			$1,888,000
	Per Unit			$38,000

TABLE 5

CASH FLOW PROJECTION
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

		1	2	3	4	5	6	7	8	9	10	11	12
I. Non-NPLH Units													
A. Gross Scheduled Income (GSI)													
Rental Income	2.5%	$275,916	$282,814	$289,884	$297,131	$304,560	$312,174	$319,978	$327,977	$336,177	$344,581	$353,196	$362,026
Other Income	2.5%	$1,500	$1,538	$1,576	$1,615	$1,656	$1,697	$1,740	$1,783	$1,828	$1,873	$1,920	$1,968
(Less) Vacancy	5.0%	($13,871)	($14,273)	($14,630)	($14,995)	($15,370)	($15,754)	($16,148)	($16,552)	($16,966)	($17,390)	($17,825)	($18,270)
B. Effective Gross Income (EGI)		$263,545	$270,079	$276,831	$283,751	$290,845	$298,116	$305,569	$313,208	$321,039	$329,065	$337,291	$345,724
(Less) Operating Expenses [1]		($182,286)	($188,195)	($194,311)	($200,641)	($207,192)	($213,972)	($220,989)	($228,251)	($235,766)	($243,545)	($251,595)	($259,927)
C. Net Operating Income (NOI)		$81,259	$81,883	$82,519	$83,110	$83,653	$84,145	$84,581	$84,958	$85,272	$85,520	$85,696	$85,796
(Less) Debt Service - Permanent Loan		($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)
D. Project Cash Flow		$20,369	$20,993	$21,629	$22,220	$22,763	$23,255	$23,691	$24,068	$24,382	$24,630	$24,806	$24,906
E. Limited Partner Asset Management Fee													
(Less) Asset Management Fee - LP	3.0%	($2,500)	($2,575)	($2,652)	($2,732)	($2,814)	($2,898)	($2,985)	($3,075)	($3,167)	($3,262)	($3,360)	($3,461)
(Less) Asset Management Fee - GP	3.0%	($2,500)	($2,575)	($2,652)	($2,732)	($2,814)	($2,898)	($2,985)	($3,075)	($3,167)	($3,262)	($3,360)	($3,461)
F. Non-NPLH Units Cash Flow		$15,369	$15,843	$16,325	$16,757	$17,136	$17,458	$17,720	$17,919	$18,048	$18,106	$18,086	$17,985
II. NPLH-Assisted Units													
A. Gross Scheduled Income (GSI)													
Rental Income	2.5%	$69,408	$71,143	$72,922	$74,745	$76,613	$78,529	$80,492	$82,504	$84,567	$86,681	$88,848	$91,069
Other Income	2.5%	$1,440	$1,476	$1,513	$1,551	$1,589	$1,629	$1,670	$1,712	$1,755	$1,798	$1,843	$1,889
(Less) Vacancy	5.0%	($3,542)	($3,631)	($3,722)	($3,815)	($3,910)	($4,008)	($4,108)	($4,211)	($4,316)	($4,424)	($4,535)	($4,648)
B. Effective Gross Income (EGI)		$67,306	$68,988	$70,713	$72,481	$74,293	$76,150	$78,054	$80,005	$82,005	$84,055	$86,157	$88,311
(Less) Operating Expenses [1]		($168,264)	($173,719)	($179,364)	($185,207)	($191,254)	($197,512)	($203,989)	($210,693)	($217,631)	($224,811)	($232,242)	($239,933)
C. Net Operating Income (NOI)		($100,958)	($104,731)	($108,651)	($112,726)	($116,961)	($121,362)	($125,936)	($130,688)	($135,625)	($140,755)	($146,085)	($151,622)
(Less) Debt Service - NPLH	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
D. NPLH-Assisted Units Cash Flow		($100,958)	($104,731)	($108,651)	($112,726)	($116,961)	($121,362)	($125,936)	($130,688)	($135,625)	($140,755)	($146,085)	($151,622)
III. Project Cash Flow													
A. Non-NPLH Units Cash Flow		$15,369	$15,843	$16,325	$16,757	$17,136	$17,458	$17,720	$17,919	$18,048	$18,106	$18,086	$17,985
B. NPLH-Assisted Units Cash Flow		($100,958)	($104,731)	($108,651)	($112,726)	($116,961)	($121,362)	($125,936)	($130,688)	($135,625)	($140,755)	($146,085)	($151,622)
C. Total Project Cash Flow		($85,589)	($88,887)	($92,327)	($95,970)	($99,825)	($103,904)	($108,215)	($112,769)	($117,577)	($122,649)	($127,999)	($133,637)
D. Add: COSR Distribution		$98,856	$102,516	$106,299	$110,210	$114,253	$118,432	$122,751	$127,216	$131,829	$136,597	$141,525	$146,617
E. Net Project Cash Flow Available for Distribution		$13,267	$13,628	$13,973	$14,241	$14,428	$14,528	$14,536	$14,447	$14,253	$13,948	$13,526	$12,980

(1) Reflects annual escalation of 3.5% for operating expenses and tenant services; 2.0% escalation for property taxes/assessments; and 0% escalation for replacement reserves.

Prepared by: Keyser Marston Associates, Inc.
Filename: Escondido_Valley Senior Village_v3\6/25/2020;ema

TABLE 5

CASH FLOW PROJECTION
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

		13	14	15	16	17	18	19	20
I. Non-NPLH Units									
A. Gross Scheduled Income (GSI)									
Rental Income	2.5%	$371,076	$380,353	$389,862	$399,609	$409,599	$419,839	$430,335	$441,093
Other Income	2.5%	$2,017	$2,068	$2,119	$2,172	$2,227	$2,282	$2,339	$2,398
(Less) Vacancy	5.0%	($18,727)	($19,195)	($19,675)	($20,167)	($20,671)	($21,188)	($21,718)	($22,261)
B. Effective Gross Income (EGI)		$354,367	$363,226	$372,306	$381,614	$391,154	$400,933	$410,957	$421,231
(Less) Operating Expenses [1]		($268,550)	($277,475)	($286,711)	($296,270)	($306,164)	($316,403)	($327,001)	($337,968)
C. Net Operating Income (NOI)		$85,816	$85,751	$85,595	$85,344	$84,991	$84,530	$83,956	$83,262
(Less) Debt Service - Permanent Loan		($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)	($60,890)
D. Project Cash Flow		$24,926	$24,861	$24,705	$24,454	$24,101	$23,640	$23,066	$22,372
E. Limited Partner Asset Management Fee									
(Less) Asset Management Fee - LP	3.0%	($3,564)	($3,671)	($3,781)	$0	$0	$0	$0	$0
(Less) Asset Management Fee - GP	3.0%	($3,564)	($3,671)	($3,781)	($3,895)	($4,012)	($4,132)	($4,256)	($4,384)
F. Non-NPLH Units Cash Flow		$17,798	$17,518	$17,142	$20,559	$20,089	$19,508	$18,810	$17,989
II. NPLH-Assisted Units									
A. Gross Scheduled Income (GSI)									
Rental Income	2.5%	$93,346	$95,680	$98,072	$100,523	$103,037	$105,612	$108,253	$110,959
Other Income	2.5%	$1,937	$1,985	$2,035	$2,086	$2,138	$2,191	$2,246	$2,302
(Less) Vacancy	5.0%	($4,764)	($4,883)	($5,005)	($5,130)	($5,259)	($5,390)	($5,525)	($5,663)
B. Effective Gross Income (EGI)		$90,519	$92,782	$95,101	$97,479	$99,916	$102,413	$104,974	$107,598
(Less) Operating Expenses [1]		($247,893)	($256,130)	($264,656)	($273,480)	($282,613)	($292,065)	($301,847)	($311,971)
C. Net Operating Income (NOI)		($157,374)	($163,349)	($169,555)	($176,002)	($182,697)	($189,651)	($196,873)	($204,373)
(Less) Debt Service - NPLH	0.00%	$0	$0	$0	$0	$0	$0	$0	$0
D. NPLH-Assisted Units Cash Flow		($157,374)	($163,349)	($169,555)	($176,002)	($182,697)	($189,651)	($196,873)	($204,373)
III. Project Cash Flow									
A. Non-NPLH Units Cash Flow		$17,798	$17,518	$17,142	$20,559	$20,089	$19,508	$18,810	$17,989
B. NPLH-Assisted Units Cash Flow		($157,374)	($163,349)	($169,555)	($176,002)	($182,697)	($189,651)	($196,873)	($204,373)
C. Total Project Cash Flow		($139,576)	($145,831)	($152,413)	($155,443)	($162,609)	($170,143)	($178,063)	($186,384)
D. Add: COSR Distribution		$151,878	$157,315	$162,932	$168,736	$174,732	$180,927	$187,326	$193,938
E. Net Project Cash Flow Available for Distribution		$12,302	$11,484	$10,519	$13,293	$12,124	$10,784	$9,264	$7,554

(1) Reflects annual escalation of 3.5% for operating expenses and tenant services; 2.0% escalation for property taxes/assessments; and 0% escalation for replacement reserves.

Prepared by: Keyser Marston Associates, Inc.
Filename: Escondido_Valley Senior Village_v3\6/25/2020;ema

WORKSHEET A

RESTRICTED RENTS - 60% AMI, 2020
VALLEY SENIOR VILLAGE
CITY OF ESCONDIDO

Number of Bedrooms	**0**

A. California Redevelopment Law

Percent of AMI	60%
Assumed Family Size	1.0
Household Income (Rounded)	$38,940
Income Allocation to Housing	30%
Monthly Housing Cost	$974
(Less) Utility Allowance (1)	($26)
Maximum Monthly Rent	$948

B. Low Income Housing Tax Credit (LIHTC) Program

Percent of AMI	60%
Assumed Family Size	1.0
Household Income	$48,540
Income Allocation to Housing	30%
Monthly Housing Cost	$1,213
(Less) Utility Allowance (1)	($26)
Maximum Monthly Rent	$1,187

C. Maximum Monthly Rent (Lesser of A or B)	**$948**

(1) Per Developer correspondence dated 4/29/20. Source of utility profile per the San Diego County Department of Housing and Community Development 2019 Utililty Allowance schedule, effective 7/1/19.

Monthly Utility	Studio
Electric Heating	$5
Electric Cooking	$3
Other Electric	$17
Air Conditioning	$1
Total	$26

RESOLUTION NO. 2020-74

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING ALLOCATIONS OF LOW AND MODERATE INCOME HOUSING FUNDS IN AN AMOUNT UP TO $4,000,000 AND AUTHORIZING THE COMMUNITY DEVELOPMENT DIRECTOR TO CONDITIONALLY COMMIT FUNDS, AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, ALL NECESSARY AGREEMENTS, LOAN DOCUMENTS AND DEEDS

(337 E. VALLEY PARKWAY)
CASE NO.: 0875-21

WHEREAS, the City of Escondido ("City") has approved the FY 2019-2020 Successor Housing Agency Budget, which included funds available for a Request for Proposals for the development of affordable housing; and

WHEREAS, on March 25, 2020, the City Council authorized the release of a Request for Proposals for the provision of long-term affordable housing, utilizing available Low and Moderate Income Housing Funds ("SHA"); and

WHEREAS, the City desires at this time, and deems it to be in the best public interest to approve the allocations, to defer payment of the City's development fees to the end of the construction of the project, and to authorize the execution of all agreements, loan documents and deeds necessary to provide such funds and property for the provision of affordable housing.

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

1. That the above recitations are true.

2. That the City Council approves an allocation of an amount not to exceed $4,000,000 in SHA funds to Ivy Valley Housing Partners, LP for the provision affordable housing at 337 E Valley Parkway.

3. That the Director of Community Development is hereby authorized to execute, on the behalf of the City, in a form approved by the City Attorney, a conditional letter of commitment to facilitate Valley Housing Partners, LP receiving leveraged funding (see Exhibit “1,” which is attached and incorporated by this reference).

4. That the Mayor and City Clerk are hereby authorized to execute, on behalf of the City, in a form approved by the City Attorney, any agreements, loan documents, and deeds necessary to provide such funds for the development of the above affordable housing projects.

Mike Strong, AICP
Director of Community Development
201 North Broadway, Escondido, CA 92025
Phone: 760-839-4556 Fax: 760-839-4313

July 16, 2020

Mr. John Seymour
Vice President of Acquisitions and Forward Planning
National Community Renaissance of California
8421 Haven Avenue
Rancho Cucamonga, CA 92730

Mr. Ted Miyahara, President
San Diego Community Housing Corporation
6160 Mission Gorge Road, Suite 204
San Diego, CA 92120

RE: Conditional Commitment of Low-Moderate Income Affordable Housing Funds in an Amount up to $4,000,000
Valley Senior Village Apartments
337 East Valley Parkway
Escondido, CA 92025

Dear Mr. Seymour and Mr. Miyahara:

On behalf of the City of Escondido ("City"), I am informing you that on July 15, 2020, the City Council approved a conditional commitment to make a loan of Low-Moderate Income Affordable Housing funds in an amount up to $4,000,000 to Ivy Valley Housing Partners, LP, of which National Community Renaissance of California and San Diego Community Housing Corporation will be Co-General Partners. ("Borrower"), for the construction of 49 units of affordable rental housing ("Project") on the site generally described as 337 East Valley Parkway, Escondido, CA 92025 via Council Resolution Number 2020-74. As noted below, this commitment is contingent on the Project being awarded approximately $18,850,000 non-city funding. Funding to complete the project may come from a variety of sources, including: 9% Low Income Housing Tax Credits, State of California Multifamily Housing Program, and San Diego County No Place Like Home and County Innovative Housing Trust Fund, or other acceptable financing, and is subject to the terms and conditions set forth in this letter.

Unless otherwise agreed in writing by the City in its sole discretion, the City's approval of this financing commitment is subject to and contingent upon the following terms and conditions. This commitment will allow for the development team to make three applications for 9% tax credits (1st and 2nd round in 2021 and the 1st round in 2022) and will expire on June 1, 2022.

TERMS AND CONDITIONS

1. The Project will consist of the construction of 50 units of rental housing to be occupied by and restricted to Extremely Low Income (30% of Area Median Income or lower), and

Low Income (60% of Area Median Income or lower) households at affordable rents (with the exception of one management unit), for at least 55 years. All of the units will be designated as Community Redevelopment Law (CRL) units and the rents on those units will be restricted in conformance with applicable regulations.

2. This $4,000,000 loan commitment is contingent upon Borrower receiving non-city funding commitments by the July 2021 TCAC application cycle to finance the Project. Borrower may, with Housing staff approval, pursue other acceptable financing mechanisms. The permanent financing for the Project will be approximately as follows (these are current projections and are subject to change):

   Sources of Permanent Funds:

Conventional Lender	$1,005,000
City Affordable Housing funds	$4,000,000
Deferred Developer Fee	$140,000
SD County No Place Like Home (NPLH) loan	$4,943,000
Capitalized Operating Subsidy Reserve (COSR)	$3,192,000
Nine Percent Tax Credit Equity Investment	$9,574,000
TOTAL SOURCES	$22,854,000

3. The City loan will be in the original principal amount of up to $4,000,000, with interest at three percent (3.00%) simple interest per annum from the date of disbursement. The term of the loan will be 55 years. Loan payments shall be payable exclusively from the City's share of annual residual receipts, net sales proceeds and net refinancing proceeds. The terms of the residual receipts obligation, including identification of all Borrower's obligations having a priority over the City's right to receive residual receipts, will be set forth in the Affordable Housing Loan Agreement ("Loan Agreement").

4. This commitment is based on Borrower's current estimates of total development costs as shown in Paragraph 2. Borrower shall be responsible, without cost to the City, for any additional sources of funds that may be needed to complete the Project.

5. This letter is not intended to describe all of the requirements, terms, conditions and documents necessary for the City loan. A Loan Agreement including the form of promissory note, deed of trust and related documents, will be prepared, and is subject to execution by Borrower prior to its acceptance by the City. The final form of the Loan Agreement approved by Borrower shall include all provisions and attachments customarily included in City loan agreements, including but not limited to conditions precedent to the disbursement of the City loan.

6. The Project shall be constructed in accordable with all applicable Federal, State and local laws, rules and regulations.

7. Borrower shall comply with State Prevailing Wage and/or Federal Davis-Bacon requirements, if applicable.

8. Borrower shall prepare and submit a Sources and Uses Project Budget for approval by the City as an attachment to the Loan Agreement. Line item estimates of the Uses of Funds shall be backed up by such documentation, including appraisals and construction cost estimates, as may reasonably be required by City staff. The final Sources and Uses of Funds for the Project shall be consistent with the Project Budget except as otherwise approved by City Staff. The City loan shall be disbursed to reimburse Borrower for payment of costs in the Project Budget in accordance with disbursement procedures and requirements to be included in the Loan Agreement.

9. Borrower shall submit an audited cost certification following completion of construction and, for each year during the term of the City loan after the completion of construction, an annual audited income and expense statement, balance sheet and statement of all changes in financial position, signed by an authorized officer of Borrower.

10. The City loan will be evidenced by a non-recourse promissory note (subject to customary non-recourse carve-outs), and secured by a deed of trust and other customary loan documents, which shall be subordinated to senior construction and permanent loan deeds of trust, provided the senior lender(s) agree to provide City with reasonable notice and cure rights that protect the City's investment in the event of default by Borrower.

11. The City loan documents will contain provisions prohibiting the transfer of Borrower's interests in the site of the Project without the reasonable prior written consent of the City, the admittance and exit of a tax credit partner shall not require the written consent of the City.

12. The City loan documents will describe events of default which will permit the City, after notice and opportunity to cure, to pursue appropriate remedies, including acceleration of the City loan and foreclosure under the deed of trust. These events may include, but are not limited to, failure to complete the construction of the Project as required by the Loan Agreement.

13. At the closing, the City shall receive an ALTA lender's policy of title insurance, showing the City deed of trust junior in priority only to deeds of trust to which the City has agreed to subordinated its interests.

14. The Borrower shall obtain all land use entitlement, approvals, and permits necessary for the construction of the Project and shall pay all City fees in connections therewith.

15. The Borrower's architect and general contractor shall be subject to the reasonable approval of the City.

16. Borrower shall prepare and submit a scope of development for approval by the City as an attachment to the Loan Agreement. The City shall have the right to review and approve all design drawings and plans for the Project. All plans for the construction of the Project shall be subject to applicable City design review and approval procedures, and shall be consistent with the logical evolution of the scope of development, except as otherwise approved by the City.

17. Borrower shall prepare and submit a schedule of performance providing for the timely satisfaction of all conditions precedent to the closing and the timely commencement and completion of construction, for approval by the City as an attachment to the Loan Agreement. Except as otherwise approved by the City, failure to comply with the schedule of performance shall be a default under the terms of the Loan Agreement.

18. At the respective times provided in the schedule of performance, Borrower shall submit for approval by the City evidence of financing consistent with the Loan Agreement and sufficient to completely finance the acquisition of the site and construction of the Project.

19. At the closing for acquisition of the site, Borrower shall execute a Regulatory Agreement and Declaration of Covenants and Restrictions ("Regulatory Agreement"), restricting for at least 55 years the maximum income of tenants and the maximum rents that may be charged to tenants, which shall be recorded against Borrower's interest in the property. The Regulatory Agreement shall require City approvals of any housing management company and management plans relating to the management and operations of the Project.

20. Borrower shall indemnify and hold the City harmless for any costs relating to hazardous materials affecting the site. Prior to closing, Borrower shall submit to the City a Phase 1 Environmental Site Assessment and shall conduct such additional environmental testing as may be necessary to determine that hazardous materials are not present on the site, or that any hazardous materials on the site may be remediated without adversely affecting the feasibly of the Project. The Borrower shall execute an environmental indemnity in favor of the City similar to the form of the environmental indemnity used in other City transactions.

21. Borrower shall submit for City review and approval all corporate and partnership or limited liability formation documents for the partnership to be formed and its constituent general partners, certificates of good standing and/or other evidence of current authority for all such entities to conduct business within the State, agreements with the tax credit investor, and express partnership consents and corporate resolutions consenting to this transaction, as the City may determine to be applicable.

22. Prior to the closing of construction financing, Borrower shall submit evidence of insurance, evidence of financing commitments, copies of construction loan documents and such other documentation as required by the Loan Agreement.

If you have any questions, please don't hesitate to contact Karen Youel, Housing & Neighborhood Services Manager, at 760-839-4518 or by email at KYouel@escondido.org.

Sincerely,

Mike Strong
Director of Community Development

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Public Hearing Item No. 22 **July 15, 2020** **File No. 0810-20**

SUBJECT: Amendments to the Escondido Zoning Code to Allow Menu Board Signs and Oversized Directional Signage at Car Wash Facilities (AZ 20-0003)

DEPARTMENT: Community Development Department, Planning Division

RECOMMENDATION:

It is requested that the City Council introduce Ordinance No. 2020-14 to amend Article 61 (Administration & Enforcement) and Article 66 (Sign Ordinance) of the Escondido Zoning Code to enhance land use regulations for signage at carwash facilities.

PROJECT DESCRIPTION:

The Project involves an update of the City's Zoning Code to expand the types and sizes of signs allowed at car wash facilities. The purpose and intent of this Zoning Code Amendment is to expand eligibility for menu signs to include car wash facilities, with a maximum of one menu sign per stacking lane, not to exceed 24 square feet and six (6) feet in height. The proposed Zoning Code Amendment would also allow car wash facilities to install directional signs exceeding the standard size limits of two (2) square feet and three (3) feet in height, with submittal of a Comprehensive Sign Program and approval from the Zoning Administrator. No development project is proposed.

PLANNING COMMISSION ACTION:

On May 26, 2020, the Planning Commission adopted Planning Commission Resolution No. 2020-06, recommending that the City Council approve the proposed amendments, by a 5-0 vote (Commissioner Weiler recused himself). The May 26, 2020, Planning Commission meeting minutes and staff report are included for reference as Attachment 1 and Attachment 2 to this report, respectively.

ENVIRONMENTAL REVIEW:

The proposed Zoning Code Amendments are categorically exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15311, "Accessory Structures. Section 15311 covers minor structures that are accessory to, or appurtenant to, existing commercial, industrial, or institutional uses, and Section 15311(a) identifies on-premise signs as such a structure. The Zoning Code Amendments are categorically exempt pursuant to Section 15311(a) because they concern the construction and installation of on-premise signs for car wash facilities.

BACKGROUND:

The Namou Group, which owns the Shell gas station and Mr. Foamy's Car Wash at 615 West El Norte Parkway, intends to transition to a business model that offers memberships for customers desiring unlimited washes for a flat fee, while also selling individual washes for non-members. As part of this process, the business would like to install new menu signs at each of the three vehicle stacking lanes near the entrance to the car wash tunnel. Two "express" lanes would each receive a digital menu sign, as well as a pay station and electronic gate. These two lanes would be shared by members using their benefits and non-members purchasing basic services. The third lane would be assigned to customers purchasing full-service packages, and would likely receive a non-digital menu sign. An employee would be stationed at the full-service lane to provide information to customers and accept payments.

To distinguish the express lanes from the full-service lane, the business also intends to install pole-mounted hanging signs over each stacking lane. Each pole would be approximately 16 feet 7 inches tall, with an arm extending over the lane at a height of approximately 15 feet 6 inches. Each sign would have an area of approximately 18 square feet (9 feet wide by 2 feet tall).

The types of signage that The Namou Group would like to install are not allowed by the City's current Sign Ordinance. Menu signs (digital or otherwise) are restricted to food-service businesses. Directional signs (i.e., signs providing wayfinding directions or instructions to visitors of a site) are exempt from the Sign Ordinance and therefore can be installed for any land use and in any quantity, but only when the signs do not exceed an area of two (2) square feet and a height of three (3) feet. Directional signs exceeding these limits are prohibited.

At least one other car wash business in Escondido, Super Star Car Wash at 680 North Centre City Parkway, already has installed digital menu signs comparable in size and style to those proposed at Mr. Foamy's, as well as miscellaneous directional signs not conforming to the height and size limits in the Sign Ordinance. Upon learning of this situation, staff opened a code enforcement case (C19-2622) against Super Star. The Namou Group then filed an application for the Zoning Code Amendment. Since the Zoning Code Amendment would have Citywide applicability if passed, it is expected that it would facilitate not only the installation of menu signs and oversized directional signage at Mr. Foamy's, but would resolve the code enforcement case against Super Star Car Wash, assuming Super Star follows the terms of the amended code language.

ANALYSIS:

Article 66 (Sections 33-1390 through 33-1409) of the City of Escondido Zoning Code contains the City's Sign Ordinance. Per Section 33-1391(42), a menu sign is "a sign, located adjacent to a drive-through lane of a food service facility, which lists the products available and the prices, and is designed to be read by the occupants of a vehicle." Specific regulations concerning the size and number of menu signs allowed per qualifying business are contained within Section 33-1395.2(a)(4). Businesses with one (1) stacking lane are allowed two (2) menu signs, each up to 32 square feet in area. Businesses with multiple stacking lanes are allowed two (2) menu signs per lane, one up to 32

square feet in area, and the other up to 24 square feet in area. In all cases, signs are limited to a height of six (6) feet. Menu signs are required to be screened from view from adjacent properties and rights-of-way to the extent possible, using barriers such as landscaping, walls, or berms. Menu signs are permitted to be internally illuminated and to utilize changeable copy, which enables qualifying businesses to take advantage of digital display technology.

At this time, the Zoning Code does not allow menu signs (digital or otherwise) for car wash businesses. The definition of "menu sign" noted above references two qualifications for such a sign: the business must serve food, and the business must have at least one drive-through lane. Not only does a car wash fail to meet the first qualification, but it does not satisfy the definition for "drive-through business" as found in Article 1 of the Zoning Code. Per that definition, "a drive-through business does not include an automated car-wash service or gas pump island; however, they may be regulated similarly."

Section 33-1391(21) defines a directional/informational sign as "an on-premises sign which contains words such as 'entrance', 'in', 'out'... or other similar words, or a sign containing arrows or characters indicating traffic directions used either in conjunction with such words or separately." The definition limits sign area to two (2) square feet and a height of three (3) feet, and prohibits advertising and trade name information (except for minor business identification not exceeding twenty (20) percent of the sign area).

The Zoning Code Amendment proposes to modify Article 66 to allow menu signs at automated car wash facilities. Menu signs would be limited to one sign per stacking lane, and would be limited to an area of 24 square feet and a height of six (6) feet. Additionally, menu signs would need to be screened to the extent possible to avoid impacts to surrounding properties and rights of way. Staff believes that menu signs are appropriate for automated car washes since these signs are intended to display services or products for sale to customers who often remain in their vehicles while the orders are fulfilled (as with drive-through restaurants). Allowing a sign up to 24 square feet in area and six (6) feet in height ensures that visibility is maintained.

The amendment also proposes to modify Article 66 to allow car wash facilities to install directional signage exceeding two (2) square feet in area and three (3) feet in height, with approval of a Comprehensive Sign Program by the Zoning Administrator. A Comprehensive Sign Program would establish design criteria for all signage at the car wash facility and any other tenants within the same commercial or industrial center (if applicable), to promote a cohesive appearance and ensure that signage is in scale with the site and the surrounding neighborhood.

Finally, the amendment proposes to modify Article 61, Section 33-1319 to include directional signage exceeding two (2) square feet and three (3) feet in height as an allowed use pending Zoning Administrator approval of a Comprehensive Sign Program.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Mike Strong, Director of Community Development
7/8/20 3.46 p.m.

ATTACHMENTS:

1. Attachment 1 – May 26, 2020 Planning Commission Meeting Minutes
2. Attachment 2 – May 26, 2020 Planning Commission Staff Report
3. Ordinance No. 2020-14
4. Ordinance No. 2020-14 – Exhibits “A” and “B”

2. **ZONING CODE AMENDMENT – AZ 20-0003:**

REQUEST: An amendment to the City of Escondido Zoning Code to modify the types and sizes of signage allowed at car wash facilities. The amendment would allow up to one digital menu board sign, up to 24 square feet in size and six (6) feet in height, as well as one pay station, for each vehicle lane at a car wash entrance. The amendment would also allow car wash facilities to install on-site directional signs exceeding two (2) square feet in area and/or three (3) feet in height, with Zoning Administrator approval of a Comprehensive Sign Program. The proposal also includes the adoption of the environmental determination prepared for the project.

PROPERTY SIZE AND LOCATION: Citywide

ENVIRONMENTAL STATUS: Categorically exempt under CEQA Guidelines section 15311, "Accessory Structures."

PUBLIC SPEAKERS

None

COMMISSIONER DISCUSSION AND QUESTIONS:

The Commissioners discussed various aspects of the project.

COMMISSION ACTION: Motion by Commissioner Cohen, seconded by Commissioner Garcia to recommend approval to City Council. 5-0 (Commissioner Weiler recused himself; 1 vacancy).

CURRENT BUSINESS: - None

ORAL COMMUNICATIONS: - None

PLANNING COMMSSIONERS:

ESCONDIDO
City of Choice

PLANNING COMMISSION

Agenda Item No.: G.2
Date: May 26, 2020

PROJECT NUMBER / NAME: AZ 20-0003 / Amendment to Sign Ordinance for Car Wash Signs

REQUEST: A proposed amendment to Article 61 (Administration and Enforcement) and Article 66 (Sign Ordinance) of the Escondido Zoning Code, to modify requirements and standards for menu signs and directional signs at car wash businesses. The amendment would expand eligibility for menu signs to include car washes, with limits on size and quantity. Additionally, the amendment would allow car washes to install directional signage exceeding the standard height and area limits, with submittal of a Comprehensive Sign Program and approval from the Zoning Administrator. No development project is proposed.

LOCATION: Citywide

APN / APNS: N/A

GENERAL PLAN / ZONING: N/A

APPLICANT: Mark Watson, The Namou Group

PRIMARY REPRESENTATIVE: Same

DISCRETIONARY ACTIONS REQUESTED: Zoning Code Amendment

PREVIOUS ACTIONS: Planning Case No. AZ 20-0003

PROJECT PLANNERS: Ann Dolmage, Associate Planner
adolmage@escondido.org

CEQA RECOMMENDATION: Exempt (CEQA Guidelines Section 15311(a))

STAFF RECOMMENDATION: Provide a recommendation to City Council to approve the Project

REQUESTED ACTION: Approve Planning Commission Resolution No. 2020-06

CITY COUNCIL HEARING REQUIRED: ☒ YES ☐ NO

REPORT APPROVALS: ☒ Mike Strong, Community Development Director

A. BACKGROUND:

The Namou Group, which owns the Shell gas station and Mr. Foamy's Car Wash at 615 West El Norte Parkway, intends to transition to a business model that offers memberships for customers desiring unlimited washes for a flat fee, while also selling individual washes for non-members. As part of this process, the business would like to install new menu signs at each of the three vehicle stacking lanes near the entrance to the car wash tunnel. Two "express" lanes would each receive a digital menu sign, as well as a pay station and electronic gate. These two lanes would be shared by members using their benefits and non-members purchasing basic services. The third lane would be assigned to customers purchasing full-service packages, and would likely receive a non-digital menu sign. An employee would be stationed at the full-service lane to provide information to customers and accept payments.

To distinguish the express lanes from the full-service lane, the business also intends to install pole-mounted hanging signs over each stacking lane. Each pole would be approximately 16'7" tall, with an arm extending over the lane at a height of approximately 15'6". Each sign would have an area of approximately 18 square feet (9' wide by 2' tall).

As explained in more detail later in this report, the type of signage that The Namou Group would like to install is not allowed by the City's current Sign Ordinance. Menu signs (digital or otherwise) are restricted to food-service businesses. Directional signs (i.e., signs providing wayfinding directions or instructions to visitors of a site) are exempt from the Sign Ordinance and therefore can be installed for any land use and in any quantity, but only when the signs do not exceed an area of two (2) square feet and a height of three (3) feet. Directional signs exceeding these limits are prohibited.

Around the time that The Namou Group was discussing their proposed signage with staff, it was discovered that at least one other car wash business in Escondido, Super Star Car Wash at 680 North Centre City Parkway, already had installed digital menu signs comparable in size and style to those proposed at Mr. Foamy's, as well as miscellaneous directional signs not conforming to the height and size limits in the Sign Ordinance. Staff therefore opened a code enforcement case (C19-2622) against Super Star, and advised The Namou Group that they could apply for a Zoning Code Amendment (either alone or in conjunction with Super Star and/or other interested businesses) if they wanted to proceed with their own plans. Mark Watson of The Namou Group then filed an application for the Zoning Code Amendment on February 18, 2020.

Since the Zoning Code Amendment would have Citywide applicability if passed, it is expected that it would facilitate not only the installation of menu signs and oversized directional signage at Mr. Foamy's, but would resolve the code enforcement case against Super Star Car Wash, assuming Super Star follows the terms of the amended code language.

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B. ZONING CODE ANALYSIS

Article 66 (Sections 33-1390 through 33-1409) of the City of Escondido Zoning Code contains the City's Sign Ordinance. Per Section 33-1391(42), a menu sign is "a sign, located adjacent to a drive-through lane of a food service facility, which lists the products available and the prices, and is designed to be read by the occupants of a vehicle." Specific regulations concerning the size and number of menu signs allowed per qualifying business are contained within Section 33-1395.2(a)(4). Businesses with one (1) stacking lane are allowed two (2) menu signs, each up to 32 square feet in area. Businesses with multiple stacking lanes are allowed two (2) menu signs per lane, one up to 32 square feet in area, and the other up to 24 square feet in area. In all cases, signs are limited to a height of six (6) feet. Menu signs are required to be screened from view from adjacent properties and rights-of-way to the extent possible, using barriers such as landscaping, walls, or berms. Menu signs are permitted to be internally illuminated and to utilize changeable copy, which enables qualifying businesses to take advantage of digital display technology.

At this time, the Zoning Code does not allow menu signs (digital or otherwise) for car wash businesses. The definition of "menu sign" noted above references two qualifications for such a sign: the business must serve food, and the business must have at least one drive-through lane. Not only does a car wash fail to meet the first qualification, but it does not satisfy the definition for "drive-through business" as found in Article 1 of the Zoning Code. Per that definition, "a drive-through business does not include an automated car-wash service or gas pump island; however, they may be regulated similarly."

Section 33-1391(21) defines a directional/informational sign as "an on-premises sign which contains words such as 'entrance', 'in', 'out'…. or other similar words, or a sign containing arrows or characters indicating traffic directions used either in conjunction with such words or separately." The definition limits sign area to two (2) square feet and a height of three (3) feet, and prohibits advertising and trade name information (except for minor business identification not exceeding twenty (20) percent of the sign area).

The Zoning Code Amendment proposes to modify Article 66 to allow menu signs at automated car wash facilities. Menu signs would be limited to one sign per stacking lane, and would be limited to an area of 24 square feet and a height of six (6) feet. Additionally, menu signs would need to be screened to the extent possible to avoid impacts to surrounding properties and rights of way. Staff believes that menu signs are appropriate for automated car washes since these signs are intended to display services or products for sale to customers who often remain in their vehicles while the orders are fulfilled (as with drive-through restaurants). Allowing a sign up to 24 square feet in area and six (6) feet in height ensures that visibility is maintained.

The amendment also proposes to modify Article 66 to allow car wash facilities to install directional signage exceeding two (2) square feet in area and three (3) feet in height, with approval of a Comprehensive Sign Program by the Zoning Administrator. A Comprehensive Sign Program

would establish design criteria for all signage at the car wash facility and any other tenants within the same commercial or industrial center (if applicable), to promote a cohesive appearance and ensure that signage is in scale with the site and the surrounding neighborhood.

Finally, the amendment proposes to modify Article 61, Section 33-1319 to allow the Zoning Administrator to approve Comprehensive Sign Programs for directional signage exceeding two (2) square feet and three (3) feet in height.

C. ENVIRONMENTAL STATUS:

The proposed project is categorically exempt from environmental review in conformance with CEQA Guidelines section 15311(a), "Accessory Structures," as the Zoning Code Amendment relates solely to the construction or installation of on-premise signs accessory to existing commercial car wash facilities.

D. CONCLUSIONS:

The Planning Commission has the authority under Section 33-1262 of Article 61 of the Escondido Zoning Code (Administration and Enforcement Ordinance) to review and consider amendments to the Zoning Code, which requires a Planning Commission recommendation to City Council. No other discretionary permits are requested or required.

The proposed amendments provide flexibility to car wash facilities to install menu signage that clearly identifies available services to customers waiting in their vehicles. The amendments also allow car wash facilities to install larger directional signage to improve on-site circulation for these customers. The required Comprehensive Sign Program and Zoning Administrator approval for directional signage over two (2) square feet in area and/or three (3) feet in height will ensure that the signage is in scale with the site, maintains a cohesive appearance across the site, and does not negatively affect the surrounding neighborhood.

ATTACHMENTS:

1. Proposed Text Amendments for AZ 20-0003
2. Planning Commission Resolution No. 2020-06

ATTACHMENT 1

PROPOSED TEXT AMENDMENTS

AZ 20-0003

Amend the various Zoning Code sections to read as specified below. ~~Strikeout~~ typeface illustrates deletions and underlined typeface illustrates new text.

Article 66, Sec. 33-1395.2. Sign standards—Freestanding signs—CG and CN zones.

(b)(4) Menu signs. In conjunction with a drive-through business or automated car wash:

(A) Up to two (2) freestanding menu, or other similar signs, up to thirty-two (32) square feet each and a maximum height of six (6) feet may be permitted for drive-through businesses with one (1) stacking lane.

(B) Drive-through businesses with more than one (1) stacking lane shall be allowed one (1) freestanding menu sign, or other similar sign, up to thirty-two (32) square feet and a maximum height of six (6) feet, and one (1) freestanding menu sign, or other similar sign, up to twenty-four (24) square feet and a maximum height of six (6) feet, for each stacking lane.

(C) A maximum of two (2) freestanding menu, or other similar signs, shall be oriented toward each stacking lane for drive-through businesses.

(D) Automated car washes shall be allowed one (1) freestanding menu sign or other similar sign, up to twenty-four (24) square feet and a maximum height of six (6) feet, and one (1) pay station or kiosk, for each stacking lane.

(~~D~~E) Menu signs shall be screened from view from adjacent properties and rights-of-way through the use of landscaping, earthen berms, walls, etc., to the maximum extent possible.

(~~E~~F) Menu signs may be internally illuminated and utilize changeable copy.

(~~F~~G) The area of the menu signs shall not be counted against the allowable sign area for the business.

Article 66, Sec. 33-1391. Definitions.

(17) *Comprehensive sign program* means a sign program for commercial and industrial centers consisting of two (2) or more tenant spaces, which establishes design criteria for all signs in the center and integrates them with building and landscaping design, and achieves architectural compatibility. A comprehensive sign program may also be implemented for car-wash, polishing, vacuuming, and detailing uses with directional/informational signage exceeding two (2) square feet in area or three (3) feet in height, regardless of the number of tenant spaces on the property.

(21) *Directional/informational sign* means an on-premises sign which contains words such as “entrance,” “in,” “out,” “rest rooms,” “no parking” or other similar words, or a sign containing arrows or characters indicating traffic directions used either in conjunction with such words or separately. The sign area shall not be greater than two (2) square feet and the sign not higher than three (3) feet. Signs exceeding this area and/or height may be allowed with approval of a comprehensive sign program, for car-wash, polishing, vacuuming, and detailing uses only. No directional/informational sign shall contain any advertising or trade name information, although minor business identification, not exceeding twenty (20) percent of the sign area, is allowed for directional purposes. Real estate kiosk and directional signs as defined in section 33-1396(c) and (d) shall not be included in this category.

Article 66, Sec. 33-1392. Permit administration.

(c) Comprehensive sign program for commercial and industrial zones. A comprehensive sign program shall be required for all new commercial, office or industrial centers consisting of two (2) or more tenant spaces, and for existing commercial, office or industrial centers for which the owner requests permission to remodel, expand, or enlarge the building(s) or land use which affects the existing signs. A comprehensive sign program also shall be required for all new or existing car-wash, polishing, vacuuming, and detailing uses that propose the use of directional/informational signs exceeding two (2) square feet in area or three (3) feet in height. The purpose of the program shall be to integrate signs with building and landscaping design into a harmonious architectural unit and, in the case of directional signage exceeding the aforementioned size limits, to ensure that the size and scope of this signage is appropriate for the site. All comprehensive sign programs shall be reviewed by planning staff to determine conformance with the sign design guidelines, planned development approvals, applicable overlay guidelines, and/or specific plan standards. Comprehensive sign programs to allow directional signage as described above must be reviewed and approved by the Zoning Administrator. Staff may agendize the matter to the planning commission. Method of application shall be the same as designated in section 33-1392(b). Integration of signs shall be achieved by:

(1) Using the same background color on all signs or by using various shades as determined compatible;

(2) Using the same type of support or method of mounting for signs of the same type, and by using the same type of construction material for components such as sign copy, cabinets and supports. Slightly dissimilar signing may be approved if determined compatible;

(3) Using the same form of illumination for all signs, or by using varied forms of illumination where justifiable and determined compatible;

(4) Providing a comprehensive plan for the location, placement and number of all signs to be permitted for all existing or future development in the center, or by identifying common architectural elements where tenants can physically locate their signs;

(5) Incorporating the design standards established in the sign design guidelines, as may be adopted by city council.

Article 66, Sec. 33-1393. Exempt and prohibited signs.

(a)(7) Directional/informational signs as defined in section 33-1391. Such signs shall not exceed two (2) square feet in area. Freestanding signs shall not be higher than three (3) feet. Directional/informational signs exceeding these limits may be allowed only for car-wash, polishing, vacuuming, and detailing uses with approval of a comprehensive sign permit, as set forth in Section 33-1392(c). No directional/informational sign shall contain any advertising or trade name information, although minor business identification, not exceeding twenty (20) percent of the sign area, is allowed for directional purposes. Real estate directional and kiosk signs shall not be included in this category;

Article 61, Division 9, Sec. 33-1319. Powers and duties and procedure.

(a) The zoning administrator is authorized to consider and approve, disapprove or modify applications and/or issue use permits, for requests that include, but are not limited to:

(1) Minor conditional use permits as defined in Division 1 of this article;

(2) Minor conditional use permits for non-residential parking pursuant to section 33-764 of Article 39;

(3) Variances as defined in Division 2 of this article;

(4) Reasonable accommodation as provided in Division 5 of this article;

(5) Grading exemptions not associated with a discretionary project pursuant to section 33-1066(d) of Article 55;

(6) Proposed modifications to an approved precise development plan pursuant to section 33-411 of Article 19;

(7) Time extensions for maps and permits upon submittal of a written request for an extension request, justification statement, and payment of all required application fees.

(8) Comprehensive sign programs as specified in section 33-1392(c) of Article 66.

(b) The zoning administrator is authorized to consider and adopt a negative declaration or mitigated negative declaration, prepared pursuant to CEQA and Article 47 of this chapter, upon completion of the CEQA public review period, for administrative projects that do not require a public hearing.

(c) The zoning administrator shall have the power to adopt all rules and procedures necessary for the conduct of the administrator's business.

(1) The zoning administrator shall schedule public hearings as needed.

(2) The zoning administrator shall hold a hearing, issue a notice of intended decision, or take an administrative action on an application as required pursuant to this chapter for the specific type of request.

(3) The decisions of the zoning administrator shall be filed in the planning division and a copy provided to the applicant at the address shown on the application.

(4) Actions of the zoning administrator may be appealed to the planning commission. (Ord. No. 2017-03R, § 4, 3-22-17; Ord. No. 2018-07R, § 7, 4-18-18)

Planning Commission
Hearing Date: May 26, 2020
Effective Date: May 27, 2020

PLANNING COMMISSION RESOLUTION NO. 2020-06

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ESCONDIDO, CALIFORNIA, RECOMMENDING CITY COUNCIL APPROVAL OF AN ORDINANCE TO AMEND ARTICLE 61 (ADMINISTRATION AND ENFORCEMENT) AND ARTICLE 66 (SIGN ORDINANCE) OF THE ESCONDIDO ZONING CODE TO MODIFY SIGN STANDARDS FOR CAR WASH FACILITIES

APPLICANT: Mark Watson, The Namou Group

CASE NO: AZ 20-0003

WHEREAS, the Planning Commission of the City of Escondido did, on May 26, 2020, hold a Public Hearing to consider a proposal to modify Article 61 (Administration and Enforcement) and Article 66 (Sign Ordinance) of the Escondido Zoning Code to allow menu signs at car wash facilities with administrative approval of a sign permit, and to allow directional signage exceeding two (2) square feet in area and three (3) feet in height at car wash facilities with Zoning Administrator approval of a comprehensive sign program.

WHEREAS, the following determinations were made:

1. That a notice was published and mailed as required by the Escondido Zoning Code and applicable State law.

2. That the application was assessed in conformance with the California Environmental Quality Act.

3. That a staff report was presented discussing the issues in the matter.

4. That a Public Hearing was held and that all persons desiring to speak did so.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Escondido:

1. That the above recitations are true and correct.

2. The proposed Zoning Code Amendment is exempt from CEQA, pursuant to Section 15311(a), which covers on-premise signs as an example of minor structures accessory to, or appurtenant to, existing commercial, industrial, or institutional facilities.

3. After consideration of all evidence presented, and studies and investigations made by the Planning Commission and in its behalf, the Planning Commission makes the following substantive findings and determinations, attached hereto as Exhibit "A," relating to the information that has been considered. In accordance with the Findings of Fact and the foregoing, the Planning Commission reached a recommendation on the matter as hereinafter set forth.

4. That, considering the Findings of Fact and applicable law, the Planning Commission hereby makes a motion to recommend City Council approval of said amendment, attached as Exhibit "B."

PASSED, ADOPTED AND APPROVED by a majority vote of the Planning Commission of the City of Escondido, California, at a regular meeting held on the 26th day of May, 2020, by the following vote, to wit:

AYES:	COMMISSIONERS:
NOES:	COMMISSIONERS:
ABSTAINED:	COMMISSIONERS:
ABSENT:	COMMISSIONERS:

_____
JAMES SPANN, Chairman
Escondido Planning Commission

ATTEST:

_____
MIKE STRONG, Secretary of the
Escondido Planning Commission

I hereby certify that the foregoing Resolution was passed at the time and by the vote above stated.

_____
KIRSTEN PERAINO, Minutes Clerk
Escondido Planning Commission

Decision may be appealed to City Council
pursuant to Zoning Code Section 33-1303

EXHIBIT "A"

FACTORS TO BE CONSIDERED/FINDINGS OF FACT

AZ 20-0003

Zoning Code

1. The public health, safety, and welfare would not be adversely affected by the proposed Zoning Code Amendment. The proposed amendment expands the type and size of signage permissible at car-wash facilities. The proposed Zoning Code Amendment, allowing menu signs and oversized directional signs, would not be detrimental to surrounding properties because no physical improvements are proposed as part of this Project. Car wash facilities wishing to install menu signs would be required to obtain administrative approval of a sign permit, while those wishing to install oversized directional signs would be required to obtain Zoning Administrator approval of a comprehensive sign program. In both cases, the design and placement of such signage would be reviewed by staff and/or the Zoning Administrator to ensure that it is compatible with the site and the surrounding neighborhood, and that any required screening is provided. Future construction must comply with any applicable laws and standards. This includes the Building Code, the Fire Code, and any property standards bylaws.

2. The proposed Zoning Code Amendment would be consistent with the goals and policies of the General Plan because the amendment would not, in and of itself, result in development or any other material change to the environment. The proposed Zoning Code Amendment would not diminish the Quality of Life Standards of the General Plan, nor adversely impact community health or natural resources.

3. The proposed Zoning Code Amendment does not conflict with any specific plan. The South Centre City Specific Plan, West Mission Specific Plan, and East Valley Parkway Area Plan allow car washes as a conditional use within certain districts. These plans defer to Article 66 of the Zoning Code (the Sign Ordinance) for all signage regulations, so the changes included this Zoning Code Amendment would also be applicable to these Specific Plans. The Downtown Specific Plan prohibits car washes across the entire plan area, and therefore is not affected by this Zoning Code Amendment.

EXHIBIT "B"

PROPOSED TEXT AMENDMENTS

AZ 20-0003

Article 66, Sec. 33-1395.2. Sign standards—Freestanding signs—CG and CN zones.

Amend Section 33-1395.2(b)(4) to read as follows:

(b)(4) Menu signs. In conjunction with a drive-through business or automated car wash:

(A) Up to two (2) freestanding menu, or other similar signs, up to thirty-two (32) square feet each and a maximum height of six (6) feet may be permitted for drive-through businesses with one (1) stacking lane.

(B) Drive-through businesses with more than one (1) stacking lane shall be allowed one (1) freestanding menu sign, or other similar sign, up to thirty-two (32) square feet and a maximum height of six (6) feet, and one (1) freestanding menu sign, or other similar sign, up to twenty-four (24) square feet and a maximum height of six (6) feet, for each stacking lane.

(C) A maximum of two (2) freestanding menu, or other similar signs, shall be oriented toward each stacking lane for drive-through businesses.

(D) Automated car washes shall be allowed one (1) freestanding menu sign or other similar sign, up to twenty-four (24) square feet and a maximum height of six (6) feet, and one (1) pay station or kiosk, for each stacking lane.

(E) Menu signs shall be screened from view from adjacent properties and rights-of-way through the use of landscaping, earthen berms, walls, etc., to the maximum extent possible.

(F) Menu signs may be internally illuminated and utilize changeable copy.

(G) The area of the menu signs shall not be counted against the allowable sign area for the business.

Article 66, Sec. 33-1391. Definitions.

Amend 33-1391(17) and (21) to read as follows:

(17) *Comprehensive sign program* means a sign program for commercial and industrial centers consisting of two (2) or more tenant spaces, which establishes design criteria for all signs in the center and integrates them with building and landscaping design, and achieves architectural compatibility. A comprehensive sign program may also be implemented for car-wash, polishing, vacuuming, and detailing uses with directional/informational signage exceeding two (2) square feet in area or three (3) feet in height, regardless of the number of tenant spaces on the property.

(21) *Directional/informational sign* means an on-premises sign which contains words such as “entrance,” “in,” “out,” “rest rooms,” “no parking” or other similar words, or a sign containing arrows or characters indicating traffic directions used either in conjunction with such words or separately. The sign area shall not be greater than two (2) square feet and the sign not higher than three (3) feet. Signs exceeding this area and/or height may be allowed with approval of a comprehensive sign program, for car-wash, polishing, vacuuming, and detailing uses only. No directional/informational sign shall contain any advertising or trade name information, although minor business identification, not exceeding twenty (20) percent of the sign area, is allowed for directional purposes. Real estate kiosk and directional signs as defined in section 33-1396(c) and (d) shall not be included in this category.

Article 66, Sec. 33-1392. Permit administration.

Amend Section 33-1392(c) to read as follows:

(c) Comprehensive sign program for commercial and industrial zones. A comprehensive sign program shall be required for all new commercial, office or industrial centers consisting of two (2) or more tenant spaces, and for existing commercial, office or industrial centers for which the owner requests permission to remodel, expand, or enlarge the building(s) or land use which affects the existing signs. A comprehensive sign program also shall be required for all new or existing car-wash, polishing, vacuuming, and detailing uses that propose the use of directional/informational signs exceeding two (2) square feet in area or three (3) feet in height. The purpose of the program shall be to integrate signs with building and landscaping design into a harmonious architectural unit and, in the case of directional signage exceeding the aforementioned size limits, to ensure that the size and scope of this signage is appropriate for the site. All comprehensive sign programs shall be reviewed by planning staff to determine conformance with the sign

design guidelines, planned development approvals, applicable overlay guidelines, and/or specific plan standards. Comprehensive sign programs to allow directional signage as described above must be reviewed and approved by the Zoning Administrator. Staff may agendize the matter to the planning commission. Method of application shall be the same as designated in section 33-1392(b). Integration of signs shall be achieved by:

(1) Using the same background color on all signs or by using various shades as determined compatible;

(2) Using the same type of support or method of mounting for signs of the same type, and by using the same type of construction material for components such as sign copy, cabinets and supports. Slightly dissimilar signing may be approved if determined compatible;

(3) Using the same form of illumination for all signs, or by using varied forms of illumination where justifiable and determined compatible;

(4) Providing a comprehensive plan for the location, placement and number of all signs to be permitted for all existing or future development in the center, or by identifying common architectural elements where tenants can physically locate their signs;

(5) Incorporating the design standards established in the sign design guidelines, as may be adopted by city council.

Article 66, Sec. 33-1393. Exempt and prohibited signs.

Amend Section 33-1393(a)(7) to read as follows:

(a)(7) Directional/informational signs as defined in section 33-1391. Such signs shall not exceed two (2) square feet in area. Freestanding signs shall not be higher than three (3) feet. Directional/informational signs exceeding these limits may be allowed only for car-wash, polishing, vacuuming, and detailing uses with approval of a comprehensive sign permit, as set forth in Section 33-1392(c). No directional/informational sign shall contain any advertising or trade name information, although minor business identification, not exceeding twenty (20) percent of the sign area, is allowed for directional purposes. Real estate directional and kiosk signs shall not be included in this category;

Article 61, Division 9, Sec. 33-1319. Powers and duties and procedure.

Amend Division 9, Section 33-1319 to add Item (8) to the list.

(a) The zoning administrator is authorized to consider and approve, disapprove or modify applications and/or issue use permits, for requests that include, but are not limited to:

(1) Minor conditional use permits as defined in Division 1 of this article;

(2) Minor conditional use permits for non-residential parking pursuant to section 33-764 of Article 39;

(3) Variances as defined in Division 2 of this article;

(4) Reasonable accommodation as provided in Division 5 of this article;

(5) Grading exemptions not associated with a discretionary project pursuant to section 33-1066(d) of Article 55;

(6) Proposed modifications to an approved precise development plan pursuant to section 33-411 of Article 19;

(7) Time extensions for maps and permits upon submittal of a written request for an extension request, justification statement, and payment of all required application fees.

(8) Comprehensive sign programs as specified in section 33-1392(c) of Article 66.

(b) The zoning administrator is authorized to consider and adopt a negative declaration or mitigated negative declaration, prepared pursuant to CEQA and Article 47 of this chapter, upon completion of the CEQA public review period, for administrative projects that do not require a public hearing.

(c) The zoning administrator shall have the power to adopt all rules and procedures necessary for the conduct of the administrator's business.

(1) The zoning administrator shall schedule public hearings as needed.

(2) The zoning administrator shall hold a hearing, issue a notice of intended decision, or take an administrative action on an application as required pursuant to this chapter for the specific type of request.

(3) The decisions of the zoning administrator shall be filed in the planning division and a copy provided to the applicant at the address shown on the application.

(4) Actions of the zoning administrator may be appealed to the planning commission. (Ord. No. 2017-03R, § 4, 3-22-17; Ord. No. 2018-07R, § 7, 4-18-18)

ORDINANCE NO. 2020-14

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AMENDING ARTICLE 61 (ADMINISTRATION AND ENFORCMENT), AND ARTICLE 66 (SIGN ORDINANCE) OF THE ESCONDIDO ZONING CODE TO MODIFY SIGN STANDARDS FOR CAR WASH FACILITIES

APPLICANT: Mark Watson, The Namou Group
PLANNING CASE NO.: AZ 20-0003

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. That Mark Watson of The Namou Group ("Applicant") filed an application to amend the City of Escondido Zoning Code, in order to allow menu signs at car wash facilities with approval of a sign permit, and to allow directional signs exceeding two (2) square feet in area and three (3) feet in height at car wash facilities with Zoning Administrator approval of a Comprehensive Sign Program.

SECTION 2. That pursuant to the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 et seq.), and the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15000 et. seq.), the City is the lead agency for the Project, as the public agency with the principal responsibility for approving the proposed Project; and

SECTION 3. That the Planning Division did study said request and does recommend approval of the Project. The Planning Division of the Community Development Department scheduled a public hearing regarding the application before the Planning Commission on May 26, 2020. Following the public hearing, the Planning

Commission adopted Resolution No. 2020-06, which recommended that the City Council, among other things, approve the Project's proposed Zoning Code amendments.

SECTION 4. That proper notices of a public hearing have been given and public hearings have been held before the Planning Commission and the City Council on this issue.

SECTION 5. That the City Council has duly reviewed and considered all evidence submitted at said hearings, including, without limitation:

a. Written information;

b. Oral testimony from City staff, interested parties, and the public;

c. The staff report, dated July 15, 2020, which along with its attachments is incorporated herein by this reference as though fully set forth herein, including the Planning Commission recommendation on the request; and

d. Additional information submitted during the Public Hearing.

SECTION 6. The City Council finds that menu signs are appropriate for car wash facilities, as these signs display services and prices for customers who often remain in their vehicles as they are ordering services or products. Menu signs will be subject to issuance of a sign permit and limited to one sign per stacking lane, not to exceed 24 square feet in area or six (6) feet in height.

SECTION 7. The City Council finds that directional signs exceeding two (2) square feet in area and three (3) feet in height are appropriate for car wash facilities to facilitate wayfinding for customers. Directional signs exceeding these limits will require Zoning Administrator approval of a Comprehensive Sign Program, to allow case-by-case analysis of the number, location, and design of proposed signs, to ensure compatibility with the surrounding neighborhood and any existing signage on the site.

SECTION 8. This action is categorically exempt from environmental review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15311(a) because the project involves on-premise signs as a minor use accessory to, or appurtenant to, an existing commercial, industrial, or institutional use.

SECTION 9. That upon consideration of the staff report, Planning Commission recommendation, Planning Commission staff report, all public testimony presented at the hearing held on this project, and the “Findings of Fact,” attached as Exhibit “A” to this Ordinance and incorporated herein by this reference as though fully set forth herein, this City Council finds the proposed amendments are consistent with the General Plan and all applicable specific plans of the City of Escondido, as amended.

SECTION 10. That the specified sections of the Escondido Zoning Code are amended as set forth in Exhibit “B” to this Ordinance and incorporated herein by this reference as though fully set forth herein.

SECTION 11. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this Ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 12. That pursuant to Public Resources Code Section 21081.6(a)(2) and CEQA Guidelines Section 15074(c), all documents and other materials, which constitute the record of proceedings, are located at the City of Escondido, City Hall. The City Clerk, whose office is located at 201 North Broadway, Escondido CA 92025, is hereby designated as the custodian of the documents and other materials which constitute the record of proceedings upon which the City Council' s decision is based, and

which documents and materials shall be available for public inspection and copying in accordance with the provisions of the California Public Records Act.

SECTION 13. That as of the effective date of this Ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 14. That the City Clerk is hereby directed to certify to the passage of this Ordinance and to cause the same or a summary to be prepared in accordance with Government Code Section 36933, to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the County and circulated in the City of Escondido.

EXHIBIT "A"

FACTORS TO BE CONSIDERED/FINDINGS OF FACT

AZ 20-0003

Zoning Code

1. The public health, safety, and welfare would not be adversely affected by the proposed Zoning Code Amendment. The proposed amendment expands the type and size of signage permissible at car-wash facilities. The proposed Zoning Code Amendment, allowing menu signs and oversized directional signs, would not be detrimental to surrounding properties because no physical improvements are proposed as part of this Project. Car wash facilities wishing to install menu signs would be required to obtain administrative approval of a sign permit, while those wishing to install oversized directional signs would be required to obtain Zoning Administrator approval of a comprehensive sign program. In both cases, the design and placement of such signage would be reviewed by staff and/or the Zoning Administrator to ensure that it is compatible with the site and the surrounding neighborhood, and that any required screening is provided. Future construction must comply with any applicable laws and standards. This includes the Building Code, the Fire Code, and any property standards bylaws.

2. The proposed Zoning Code Amendment would be consistent with the goals and policies of the General Plan because the amendment would not, in and of itself, result in development or any other material change to the environment. The proposed Zoning Code Amendment would not diminish the Quality of Life Standards of the General Plan, nor adversely impact community health or natural resources.

3. The proposed Zoning Code Amendment does not conflict with any specific plan. The South Centre City Specific Plan, West Mission Specific Plan, and East Valley Parkway Area Plan allow car washes as a conditional use within certain districts. These plans defer to Article 66 of the Zoning Code (the Sign Ordinance) for all signage regulations, so the changes included this Zoning Code Amendment would also be applicable to these Specific Plans. The Downtown Specific Plan prohibits car washes across the entire plan area, and therefore is not affected by this Zoning Code Amendment.

EXHIBIT "B"

PROPOSED TEXT AMENDMENTS

AZ 20-0003

Article 61, Division 9, Sec. 33-1319. Powers and duties and procedure.

Amend Division 9, Section 33-1319 to add Item (8) to the list.

(a) The zoning administrator is authorized to consider and approve, disapprove or modify applications and/or issue use permits, for requests that include, but are not limited to:

(1) Minor conditional use permits as defined in Division 1 of this article;

(2) Minor conditional use permits for non-residential parking pursuant to section 33-764 of Article 39;

(3) Variances as defined in Division 2 of this article;

(4) Reasonable accommodation as provided in Division 5 of this article;

(5) Grading exemptions not associated with a discretionary project pursuant to section 33-1066(d) of Article 55;

(6) Proposed modifications to an approved precise development plan pursuant to section 33-411 of Article 19;

(7) Time extensions for maps and permits upon submittal of a written request for an extension request, justification statement, and payment of all required application fees;

(8) Comprehensive sign programs as specified in section 33-1392(c) of Article 66.

(b) The zoning administrator is authorized to consider and adopt a negative declaration or mitigated negative declaration, prepared pursuant to CEQA and Article 47 of this chapter, upon completion of the CEQA public review period, for administrative projects that do not require a public hearing.

(c) The zoning administrator shall have the power to adopt all rules and procedures necessary for the conduct of the administrator's business.

(1) The zoning administrator shall schedule public hearings as needed.

(2) The zoning administrator shall hold a hearing, issue a notice of intended decision, or take an administrative action on an application as required pursuant to this chapter for the specific type of request.

(3) The decisions of the zoning administrator shall be filed in the planning division and a copy provided to the applicant at the address shown on the application.

(4) Actions of the zoning administrator may be appealed to the planning commission. (Ord. No. 2017-03R, § 4, 3-22-17; Ord. No. 2018-07R, § 7, 4-18-18)

Article 66, Sec. 33-1391. Definitions.

Amend 33-1391(17) and (21) to read as follows:

(17) *Comprehensive sign program* means a sign program for commercial and industrial centers consisting of two (2) or more tenant spaces, which establishes design criteria for all signs in the center and integrates them with building and landscaping design, and achieves architectural compatibility. A comprehensive sign program may also be implemented for car-wash, polishing, vacuuming, and detailing uses with directional/informational signage exceeding two (2) square feet in area or three (3) feet in height, regardless of the number of tenant spaces on the property.

(21) *Directional/informational sign* means an on-premises sign which contains words such as “entrance,” “in,” “out,” “rest rooms,” “no parking” or other similar words, or a sign containing arrows or characters indicating traffic directions used either in conjunction with such words or separately. The sign area shall not be greater than two (2) square feet and the sign not higher than three (3) feet. Signs exceeding this area and/or height may be allowed with approval of a comprehensive sign program, for car-wash, polishing, vacuuming, and detailing uses only. No directional/informational sign shall contain any advertising or trade name information, although minor business identification, not exceeding twenty (20) percent of the sign area, is allowed for directional purposes. Real estate kiosk and directional signs as defined in section 33-1396(c) and (d) shall not be included in this category.

Article 66, Sec. 33-1392. Permit administration.

Amend Section 33-1392(c) to read as follows:

(c) Comprehensive sign program for commercial and industrial zones. A comprehensive sign program shall be required for all new commercial, office or industrial centers consisting of two (2) or more tenant spaces, and for existing commercial, office or industrial centers for which the owner requests permission to remodel, expand, or enlarge the building(s) or land use which affects the existing signs. A comprehensive sign program also shall be required for all new or existing car-wash, polishing, vacuuming, and detailing uses that propose the use of directional/informational signs exceeding two (2) square feet in area or three (3) feet in height. The purpose of the program shall be to integrate signs with building and landscaping design into a harmonious architectural unit and, in the case of directional signage exceeding the aforementioned size limits, to ensure that the size and scope of this signage is appropriate for the site. All comprehensive sign programs shall be reviewed by planning staff to determine conformance with the sign design guidelines, planned development approvals, applicable overlay guidelines, and/or specific plan standards. Comprehensive sign programs to allow directional signage as described above must be reviewed and approved by the Zoning Administrator. Staff may agendize the matter to the planning commission. Method of application shall be the same as designated in section 33-1392(b). Integration of signs shall be achieved by:

(1) Using the same background color on all signs or by using various shades as determined compatible;

(2) Using the same type of support or method of mounting for signs of the same type, and by using the same type of construction material for components such as sign copy, cabinets and supports. Slightly dissimilar signing may be approved if determined compatible;

(3) Using the same form of illumination for all signs, or by using varied forms of illumination where justifiable and determined compatible;

(4) Providing a comprehensive plan for the location, placement and number of all signs to be permitted for all existing or future development in the center, or by identifying common architectural elements where tenants can physically locate their signs;

(5) Incorporating the design standards established in the sign design guidelines, as may be adopted by city council.

Article 66, Sec. 33-1393. Exempt and prohibited signs.

Amend Section 33-1393(a)(7) to read as follows:

(a)(7) Directional/informational signs as defined in section 33-1391. Such signs shall not exceed two (2) square feet in area. Freestanding signs shall not be higher than three (3) feet. Directional/informational signs exceeding these limits may be allowed only for car-wash, polishing, vacuuming, and detailing uses with approval of a comprehensive sign permit, as set forth in Section 33-1392(c). No directional/informational sign shall contain any advertising or trade name information, although minor business identification, not exceeding twenty (20) percent of the sign area, is allowed for directional purposes. Real estate directional and kiosk signs shall not be included in this category.

Article 66, Sec. 33-1395.2. Sign standards—Freestanding signs—CG and CN zones.

Amend Section 33-1395.2(b)(4) to read as follows:

(b)(4) Menu signs. In conjunction with a drive-through business or automated car wash:

(A) Up to two (2) freestanding menu, or other similar signs, up to thirty-two (32) square feet each and a maximum height of six (6) feet may be permitted for drive-through businesses with one (1) stacking lane.

(B) Drive-through businesses with more than one (1) stacking lane shall be allowed one (1) freestanding menu sign, or other similar sign, up to thirty-two (32) square feet and a maximum height of six (6) feet, and one (1) freestanding menu sign, or other similar sign, up to twenty-four (24) square feet and a maximum height of six (6) feet, for each stacking lane.

(C) A maximum of two (2) freestanding menu, or other similar signs, shall be oriented toward each stacking lane for drive-through businesses.

(D) Automated car washes shall be allowed one (1) freestanding menu sign or other similar sign, up to twenty-four (24) square feet and a maximum height of six (6) feet, and one (1) pay station or kiosk, for each stacking lane.

(E) Menu signs shall be screened from view from adjacent properties and rights-of-way through the use of landscaping, earthen berms, walls, etc., to the maximum extent possible.

(F) Menu signs may be internally illuminated and utilize changeable copy.

(G) The area of the menu signs shall not be counted against the allowable sign area for the business.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Current Business Item No. 23 **July 15, 2020** **File No. 0865-60**

SUBJECT: Community Opinion Survey Presentation, Including Updated Voter Support for a Potential One Percent Sales Tax Revenue Measure

DEPARTMENT: City Manager's Office

RECOMMENDATION:

Receive and file information pertaining to the community opinion survey.

FISCAL ANALYSIS:

None.

BACKGROUND:

For several years, the City Council has expressed interest in conducting a survey that gauges residents' opinions with the level and type of municipal services provided in the community. The survey is considered an important tool for identifying and prioritizing desired community services, facilities and programs, as well as for establishing policy direction that can be factored into future budget decisions.

Prior to conducting a community opinion survey however, the City Council was informed of a more pressing issue regarding the City's long-term financial outlook. Due to revenues not keeping pace with the growing costs of providing essential municipal services, Escondido is facing a structural budget gap exceeding $176 million over the next 18+ years. This urgent financial concern diverted attention from the community opinion survey while staff and the City Council focused on opportunities to address the budget gap.

During the development of the FY 2019-2020 budget, the City Manager recommended evaluating a potential one percent sales tax measure that would annually generate $25 million to structurally increase revenues for maintaining city services. The City Council approved evaluating the merits of a revenue measure, which included contracting True North Research, Inc. to conduct a survey in the fall of 2019 gauging voter sentiment for the sales tax increase.

The revenue measure survey involved a sample size of 1,084 registered voters and was conducted between October 14 - 25, 2019. The results were presented to the City Council on November 20, 2019, which indicated 65 percent support for such a measure with a +/-2.95 percent margin of error. The survey is online at:
https://www.escondido.org/Data/Sites/1/media/PDFs/11.20.19SRAttachment1-EscondidoRevenueMeasureSurvey19.pdf

While voter approval of a revenue measure is crucial to fund essential city services, the opinion survey is instrumental for identifying desired services and facilities also funded by the revenue measure for enhancing the community's overall quality of life. The City Council approved a consulting agreement on February 12, 2020, with True North Research, Inc. for the preparation of the community opinion survey and formed an Ad Hoc subcommittee (Martinez and Morasco) to work with staff and the consultant in developing the survey questions.

By March 2020, the coronavirus pandemic had devastated the state and nation, adversely impacting aspects of everyday life in the community. The consultant recommended conducting the survey during June 2020 to allow residents time to settle in to their 'new normal' prior to fielding the questionnaire.

With regard to facilities and services aimed at enhancing quality of life, the City Council subcommittee identified two large capital projects for including in the survey to assess community support; an indoor soccer facility, and an aquatics center. These facilities had been identified as popular amenities by residents in prior discussions, as well as in Community Advisory Group meetings. Consideration was also given to the economic downturn of the local economy and potentially shifting voter sentiment regarding a proposed revenue measure. The survey included a question to gauge whether or not voter support for a revenue measure remained strong.

DISCUSSION:

The scientific opinion satisfaction survey was administered by phone and online in English and Spanish between June 2 - 12, 2020, to a random sample of 2,000 registered voters and non-voting adults equally distributed amongst all four City Council districts in the City of Escondido. The margin of error for this sample size is +/-2.17 percent. Complete results of the community opinion survey are provided in Attachment 1.

Three notable conclusions from the survey revealed: a) continued support for the proposed revenue measure; b) low support for an indoor soccer facility and an aquatics center as a community spending priority; and, c) varying levels of satisfaction for key municipal services, discussed separately below.

Sales tax revenue measure support update (Question #13)

As earlier discussed, the November 2019 voter survey concluded 65 percent voter support for the measure. If placed on the November 2020 ballot, the one percent sales tax measure requires voter approval comprising 50 percent plus one of the electorate to pass. The June 2020 opinion survey posed the revenue measure question in the same format and wording as the November 2019 poll.

Collectively, 71 percent of respondents comprising registered voters, as well as adults not registered to vote, responded "Definitely Yes" or "Probably Yes" regarding their support for the measure. Those responding "No" or "Not Sure" totaled 20 percent and seven percent respectively. The consultant isolated the responses from registered voters and calculated the same level of support.

Conclusion: Based on the survey results, support remains very strong for a potential revenue measure irrespective of the coronavirus pandemic. Under a separate staff report, staff recommends that the City Council approve necessary resolutions and ordinances to place the measure on the November 2020 ballot for voter consideration.

Spending Priorities (Question #8)

Respondents were provided a list of services and projects to indicate their level of spending priority, with the understanding that not all items can be high priorities (see table below). High marks were given to upgrading existing parks and recreation throughout the City (B), improving streets and sidewalks (D and G), repairing sewers and storm drains (H), addressing homelessness (I), and development of affordable housing for middle income families (K). Of particular note are capital projects involving building an aquatics center (C) and indoor soccer facility (F), which were identified as low priorities. Support for improving the City's library facilities and services was only slightly in the majority (E).

Service / Project		"High Prioirty" or "Medium Prioirty"	"Low Prioirity" or "Should Not Spend Money"
A	Expand and improve Grape Day Park	44%	54%
B	Upgrade parks and recreation facilities throughout the City	69%	30%
C	Build an Aquatics Center / competitive swimming complex	26%	70%
D	Make street, intersection, and signal improvements to reduce traffic congestion	80%	20%
E	Improve the City's library facilities and services	54%	43%
F	Build and indoor soccer facility	16%	80%
G	Improve the maintenace and repair of City streets and sidewalks	92%	7%
H	Repair aging sewer pipes and storm drains	92%	5%
I	Address homelessness	89%	9%
J	Support the development of affordable housing for low-income families	67%	32%
K	Support the development of affordable housing for middle-income families	75%	24%

Conclusion: Residents place a high value on improving and maintaining community facilities and services that they interact, or come in contact with, on a regular basis. This includes public infrastructure; streets, sidewalks, utilities, and addressing homelessness issues. Affordable housing is a statewide concern that has become increasingly challenging at the local level. The survey's response advocating strong support for affordable housing is an indicator that many residents recognize or experience a need for this resource in the community. Upgrading existing facilities in city parks also ranked high indicating a large segment of the community visits these facilities and identifies the need to make improvements.

Building an indoor soccer facility and an aquatics center both ranked low in the survey. Support for improving library services was also tepid. This could be a reflection of the small percentage (and consequently low interest) of residents who currently use these facilities, or plan to in the future. It could also reflect a desire to focus resources on maintaining and upgrading existing facilities before adding new resonsibilities. Successfully addressing community opinions regarding higher priority services and projects immediately upon securing necessary resources would provide an opportunity to re-evaluate other "quality of life" enhancements in the future.

Rating municipal services and levels of satisfaction (Questions #6 and #7)
Respondents were asked to rate the importance of certain services that are provided by the City (Question #6), as well as to rate their satisfaction with the job the City is doing to provide those services (Question #7) (see table below).

	City Service	Respondents rating the service as "Extremely Important" or "Very Important"	Respondents rating "Very Satisfied" or "Somewhat Satisfied" for the level of service provided
A	Providing police services	85%	76%
B	Reducing crime and gang activity	93%	45%
C	Providing fire protection and prevention services	94%	82%
D	Providing paramedic and emergency services	94%	81%
E	Preparing the City for emergencies and natural disasters	90%	56%
F	Preserving natural open space and parkland	88%	73%
G	Maintaining and repairing local streets and roads	94%	47%
H	Maintaining sewer and storm drains	92%	72%
I	Keeping public areas clean and free of grafitti	88%	61%
J	Maintaining parks, sports fields, and recreation facilities	87%	78%
K	Providing special events - concerts and holiday fesitvals	54%	67%
L	Addressing homelessness	89%	28%
M	Providing a variety of recreational programs for all ages	69%	62%
N	Providing services and programs for seniors	67%	52%
O	Managing traffic congestion	80%	61%
P	Attracting businesses and good paying jobs to the City	86%	41%
Q	Providing arts and cultural activities	64%	68%
R	Providing library services	69%	67%

Conclusion: The importance of certain City services in relation to residents' satisfaction for the service being provided can be viewed in concert with residents' spending priorities previously discussed. Of particular note are discrepancies involving crime/gang activity (B), disaster preparation (E), street maintenance (G), addressing homelessness (L), and attracting businesses and good paying jobs (P). In these categories respondents rated the service as important, but didn't feel the level of service provided by the City reflected their measure of importance. These City services would be appropriate for focusing attention subject to available revenues.

Other Community Opinion Survey Findings

Overall, survey respondents rate their Escondido community and the provision of municipal services in a positive manner. Escondido residents are generally satisfied with the City's efforts to provide municipal services and facilities, as well as the quality of life in the community. Opportunities to improve opinions by providing a higher caliber of service, more robust municipal projects and programs rely on the ability to fund those efforts. Following in a synopsis of other questions and responses in communtiy opinion survey. Complete results of the community opinion survey are provided in Attachment 1.

Quality of Life in Escondido (Question #2)

Approximately 65 percent of residents surveyed shared favorable opinions of the quality of life in Escondido, with 9 percent reporting "Excellent," and 56 percent reporting "Good." Approximately one-third (29 percent) described the City's quality of life as "Fair," whereas about five percent reported "Poor," and one percent responded "Very poor."

Most liked feature about Escondido that should be preserved (Question #3)

Collectively, what respondents like *the most* about Escondido centered around the City's outdoor assets including parks, open space, walking trails, Daley Ranch, Dixon Lake, Kit Carson Park, Grape Day Park, mountains/hills, access to lakes that cumulatively accounted for 40 percent of the responses. Downtown Grand Avenue, community diversity, small town feeling, and shopping / dining opportunities are features that also ranked highly.

Making Escondido a better place now, and in the future (Question #4)

Responses regarding *one thing* city government could change to make Escondido a better place now, and in the future, were cumulatively weighted toward health, safety and aesthetics. Ranking highest in these categories included: improving public safety, more police presence (17 percent), addressing homeless issues (15 percent), clean up, beautify the city, landscape, grafitti (nine percent).

Cumulative responses regarding improving transportation also ranked highly as *one thing* that would make Escondido a better place including: improve infrastructure, streets sidewalks (11 percent), reduce traffic congestion (two percent), add, improve street lighting (one percent) improve public transportation (one percent), add more bike lanes (one percent), synchronize traffic signals (one percent).

Overall satisfaction about services provided by the City (Question #5)

With regard to the level of satisfaction with the job the City of Escondido is doing to provide services, 18 percent reported "Very satisfied," and 54 percent reported "Somewhat satisfied." Aproximately 15 percent responded "Somewhat dissatisfied," and 7 percent were "Not sure."

Local Governance and Customer Service (Questions #9 - #12)

Overall, a majority of respondents ranging from 37 percent to 59 percent "Strongly agreed," or "Somewhat agreed" regarding qualities that the City is: a) Responsive; b) Manages its finances well; c) Listens to residents when making important decisions; and, 4) Trusts the City of Escondido. Those responding that they "Somewhat disagreed," or "Strongly disagreed" with those attributes ranged from 26 percent to 34 percent. Those responding "Not sure" ranged from 13 percent to 36 percent (Question #9).

A majority of respondents (66 percent) indicated they are “Very attentive,” or “Somewhat attentive” to the issues, decisions and activities of city government indicating residents’ high level of engagement with topics and subjects associated with the City. (Question #10)

Of those who had been in contact with staff from the City of Escondido within the last 12 months, a range of 86 percent to 92 percent of respondents regarded employees as “Very” or “Somewhat” a) Helpful; b) Professional; and, c) Accessible (Questions #11 and #12). This reflects staff’s commitment to provide a high level of customer service to the community we serve.

Community attitudes regarding Cannabis (Questions #14 and #15)

The City Council has received comments from the public in the past several years regarding the legalization of cannabis establishments. State law allows cities to decide whether to allow such businesses to operate within their boundaries, as well as the types of restrictions and regulations to place on cannabis establishments. The community survey included questions regarding this topic to gauge support. Fortynine percent of respondents indicated “Yes, should allow” cannabis businesses to operate, 35 percent responded “No, should not allow,” while 15 percent responded “Not sure” (Question #14).

With regard to the type of cannabis business the City should allow, 66 percent responded “Yes, allow” for medicinal retail dispensaries, a majority of respondents indicated support for researching and testing of cannabis products (58 percent) and businesses that deliver cannibis to private residents (51 percent). The least support was registered for recreational retail cannabis dispensaries where 44 percent of respondents indicated “Yes, allow” versus 41 percent indicated “No, don’t allow” (Question #15).

City communications (Questions #16 and #17)

The City communicates with the residents using a variety of mediums such as email, social media (Facebook, Instagram, Twitter, Next Door), website, texts, physical correspondence (postcards, letters and newletters mailed to residents), and public meetings. Overall, 58 percent of respondents indicated they were “Very satisfied” or “Somewhat satisfied” with the City’s efforts to communicate with residents, with responses of “Somewhat dissatisfied” or “Very dissatisfied” received by 23 percent and nine percent respectively.

Background and Demographics (Questions #18 - #21)

The survey included questions regarding respondents’ age, gender, familial status, residency (own or rent), employment, preferred language (English or Spanish), opinions on the economy, COVID-19, etc. to provide context of the makeup of respondents who participated in the survey.

CONCLUSION AND NEXT STEPS:

Voter sentiment for approving a one percent sales tax revenue measure on the November 2020 ballot remains strong. Revenues from this measure would provide funding to maintain and enhance essential city services to address the City’s structural budget gap, as well as fund projects and programs that would enhance the community’s quality of life.

Staff will schedule the necessary resolutions and documents for consideration on the July 15, 2020, City Council agenda calling for an election, and to submit a proposed one-cent sales tax revenue measure to the Registrar of Voters for placement on the November 2020 ballot.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jay Petrek, Assitant City Manager
7/9/20 3:01 p.m.

ATTACHMENTS:

1. Attachment 1: Escondido Community Opinion Survey

ATTACHMENT 1

Community Opinion Survey

Summary Report

prepared for the

City of Escondido

June 30, 2020

TrueNorth Research
1592 N. Coast Highway 101
Encinitas CA 92024
760.632.9900 www.tn-research.com

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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 152,739 residents[1], the City's team of full-time and part-time employees provides a full suite of municipal services including police, fire, public works, 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 *subjective* feedback regarding its performance. 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 and facilities 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, budgeting, policy, planning, 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 policy topics including affordable housing, recreation, cannabis, and funding priorities;
- Determine satisfaction with (and perceived effectiveness of) the City's communication with residents; *and*
- Collect additional background and demographic data that are relevant to understanding residents' perceptions, needs, and interests.

OVERVIEW OF METHODOLOGY A full description of the methodology used for this study is included later in this report (see *Methodology* on page 43). In brief, the survey was administered to a random sample of 2,000 adults who reside within the City of Escondido. The

1. Source: California Department of Finance estimate for January 2019.

survey followed a mixed-method design that employed multiple recruiting methods (mail, email, and telephone) and multiple data collection methods (telephone and online). Administered in English and Spanish between June 3 and June 9, 2020, 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 46), and a complete set of crosstabulations for the survey results is contained in Appendix A.

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 1,000 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.

QUALITY 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 (65% excellent or good), followed by Escondido as a place to shop and dine (52%), as a place to raise a family (47%), and as a place to play and recreate (45%).
- When compared to the other dimensions tested, residents provided softer ratings for Escondido as a place to retire (42% excellent or good) and a place to work (38%).
- Residents were most apt to cite the parks and recreation facilities/opportunities in Escondido as the thing they like most about living in Escondido and would like to see preserved in the future (15%), followed by the downtown area/Grand Avenue (13%), diversity of businesses, culture and activities (10%), small town feeling (10%), the shopping and dining opportunities in Escondido (10%), and open space/green spaces in the City (10%).
- When asked what change the city government could make to improve the quality of life in the City, approximately 15% could not think of a change they desire (11%) or reported that no changes are needed/everything is fine (4%). Among specific changes desired, the most common were improving public safety/more police presence (17%), addressing homeless issues (15%), improving infrastructure, streets and/or sidewalks (11%), cleaning-up/beautifying the City and landscape/removing graffiti (9%), and improving parks and recreation 7%).

CITY SERVICES

- Overall, nearly three-quarters of Escondido residents indicated they were very (18%) or somewhat (54%) satisfied with the City's efforts to provide municipal services. Approximately 20% were very or somewhat dissatisfied, whereas 8% were unsure or unwilling to share their opinion.
- When asked to rate the *importance* of 18 specific services provided by the City, maintaining and repairing local streets and roads (94% extremely or very important), providing paramedic and emergency medical services (94%), providing fire protection and prevention services (94%), reducing crime and gang activity (93%), maintaining sewer and storm drain systems (92%), and preparing the City for emergencies and natural disasters (89%) received the highest importance ratings from residents.
- For the same list of 18 services, respondents were most *satisfied* with the City's efforts to provide fire protection and prevention services (93% very or somewhat satisfied), followed by provide paramedic and emergency medical services (92%), maintain sewer and storm drain systems (83%), maintain parks, sports fields, and recreation facilities (83%), and provide police services (82%).

SPENDING PRIORITIES

- Among 11 services and projects tested, repairing aging sewer pipes and storm drains was assigned the highest priority for future city spending (93% high or medium priority), followed by improving the maintenance and repair of city streets and sidewalks (93%), addressing homelessness (90%), and making street, intersection, and signal improvements to reduce traffic congestion (79%).
- Building an indoor soccer facility (17%), building an Aquatics Center and competitive swimming facility (26%), and expanding and improving Grape Day Park (44%) were generally considered lower priorities.

LOCAL GOVERNANCE & CUSTOMER SERVICE

- Among those with an opinion, agreement was highest for the statement *I trust the City of Escondido* (68% strongly or somewhat agree), followed by *the City is responsive to residents' needs* (60%), *the City manages its finances well* (59%), and *the City listens to residents when making important decisions* (56%).
- Overall, 18% of respondents described themselves as being very attentive to matters of city government, 48% somewhat attentive, and 29% slightly attentive. Another 5% of respondents confided they do not pay any attention to the activities of their city government and 1% were unsure or declined to state
- Approximately one-third (34%) of respondents indicated that they had contacted Escondido city staff at least once during the 12 months prior to the interview.
- Respondents generally provided high ratings for city staff, with approximately nine-in-ten describing staff as professional (92%) and accessible (89%), and better than eight-in-ten describing staff as helpful (85%).

SALES TAX

- When asked whether they would support a one cent sales tax increase to fund general city services including police patrols, gang, drug and crime prevention, fire protection, paramedic, and 911 emergency response, street maintenance, pothole repair, addressing homelessness, graffiti removal, park maintenance, and library services, 71% of residents indicated that they would support the proposed measure, whereas 20% stated that they would oppose the measure and approximately 9% were unsure or unwilling to share their vote choice.

CANNABIS

- Overall, 49% of respondents indicated that the City of Escondido should allow cannabis businesses to operate in the City, 35% opposed the idea, and 16% were unsure or unwilling to state.
- When asked about different *types* of cannabis businesses that could be allowed, a majority of all respondents were in favor of allowing medicinal retail cannabis dispensaries to operate in the City (66%), research and testing of cannabis products (58%), and businesses that deliver cannabis to private residences (51%).
- There was less support found for the manufacture of cannabis products including edibles (46%), recreational retail cannabis dispensaries (44%), and indoor commercial cultivation of cannabis (42%), although it is worth noting that even for these categories of businesses support exceeded opposition, as a significant percentage of respondents indicated they were unsure.

COMMUNICATIONS

- Fifty-eight percent (58%) 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 (32%) or unsure of their opinion (10%).
- Respondents cited email and electronic newsletters as the most effective method for the City to communicate with them (87% very or somewhat effective), followed by the City's website (77%), and social media sites like Facebook, Twitter, and Next Door (76%). Approximately two-thirds of respondents also rated text messages (71%), postcards, letters and newsletters mailed to their home (71%), a smart phone app (68%), and townhall meetings (68%) as effective ways for the City to communicate with them.

COVID & THE ECONOMY

- When asked about their expectations for the economy six months into the future, Escondido residents expressed an even mix of optimism and pessimism, with 37% anticipating the economy will be better than today, 33% expecting it to be worse than today, and 27% indicating it will be about the same as today.
- Nearly one-third of respondents (32%) reported that they and/or another member of their household had been laid off from their job during the two months prior to the survey.
- Residents in Escondido expressed considerable concern when it comes to the coronavirus, with a majority indicating they are either extremely (27%) or somewhat (30%) concerned about COVID-19. The remainder were either somewhat (21%), slightly (12%), or not at all concerned (10%).
- Approximately one-in-five respondents (18%) indicated they or someone they know has been hospitalized due to COVID-19.

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.

How well is the City performing in meeting the needs of Escondido residents?

Escondido residents are generally satisfied with the City's efforts to provide municipal services and facilities, as well as the quality of life in the City.

Nearly three-quarters of Escondido residents (73%) indicated they were satisfied with the City's overall efforts to provide municipal services, whereas 20% were dissatisfied and the remaining 8% were unsure or did not provide a response. The solid level of satisfaction expressed with the City's performance *in general* was also mirrored in residents' assessments of the City's performance in providing most specific services, with the highest satisfaction scores assigned to the City's efforts to provide fire protection and prevention services, provide paramedic and emergency medical services, maintain sewer and storm drain systems, maintain parks, sports fields, and recreation facilities, and provide police services (see *Specific Services* on page 15).

Contributing to the positive ratings the City receives for specific service areas is the day-to-day customer service provided by city staff. Indeed, the staff at the City of Escondido 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-third (34%) of respondents indicated that they had personally contacted Escondido staff at least once during the 12 months prior to the interview, with approximately nine-in-ten describing staff as professional (92%) and accessible (89%), and better than eight-in-ten describing staff as helpful (85%).

The City's performance in providing municipal services has also contributed to a high quality of life for residents. Approximately two-thirds of residents surveyed rated the overall quality of life in Escondido as excellent or good. When asked in an open-ended manner to describe the things they value most about living in Escondido that they would like to preserve in the future, parks and recreation facilities/opportunities was at the top of the list, followed by the downtown area/Grand Avenue, diversity of businesses, culture and activities, small town feel to the city, the shopping and dining opportunities in Escondido, and open space/

green spaces (see *What Do You Like Most About Living in Escondido?* on page 10).

Where should the City focus its efforts in the future?

In addition to measuring the City's current performance, a primary goal of this study is to look *forward* and identify opportunities to adjust services, improve facilities, and/or refine communications strategies to best meet the community's evolving needs and expectations. Although residents are generally satisfied with the City's performance, 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 city government could do to make Escondido a better place to live (see *What Should Be Changed?* on page 11), the list of services and their respective priority status for future attention (see *Performance Needs & Priorities* on page 18), and the manner in which residents prioritize among potential funding areas (see *Spending Priorities* on page 21), the top candidates are: improving public safety/reducing crime and gang activity, addressing homelessness, maintaining streets, roads and infrastructure, and economic development to attract businesses and good paying jobs to the City.

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.

Do residents support allowing cannabis businesses in Escondido?

Under California law, it is legal for adults to use cannabis for medical and recreational purposes. The law also allows local cities like Escondido to decide whether to allow cannabis businesses to operate within their boundaries, as well as the types of restrictions and regulations to place on cannabis businesses. Although Escondido does not currently allow cannabis-related businesses to operate in the City, it took the opportunity in this survey to explore residents' opinions on the topic.

The survey results indicate that Escondido residents have mixed opinions regarding cannabis businesses, although they lean in supportive direction. When asked bluntly whether the City of Escondido should allow cannabis businesses to operate in the city, nearly half (49%) were in support of this change, 35% opposed the idea, and 16% were unsure or unwilling to state their opinion. Consistent with research True North has

conducted in other communities, the survey also found that opinions regarding cannabis businesses vary based on the *type* of business being considered (cultivation, manufacturing, research and testing, distribution, and delivery), as well as the intended *use* of the product. A majority of all respondents were in favor of allowing medicinal retail cannabis dispensaries to operate in the City (66%), research and testing of cannabis products (58%), and businesses that deliver cannabis to private residences (51%). There was less support found for the manufacture of cannabis products including edibles (46%), recreational retail cannabis dispensaries (44%), and indoor commercial cultivation of cannabis (42%), although it is worth noting that even for these categories of businesses support exceeded opposition, as a significant percentage of respondents indicated they were unsure.

How well is the City communicating with Escondido residents?

The public's preferences for communication are growing increasingly diverse. Whereas older residents continue to rely on newsletters and printed forms of communication, younger residents generally show great interest in digital forms of communication including social media, text, and smart phone apps. This pattern makes the challenge of city-resident communication more difficult than in the past, when the sources residents relied on for information were fewer and more consistent across subgroups. In turn, satisfaction with public agency communications has generally declined over the past eight years.

Against this backdrop of declining satisfaction with public agency communications *in general*, the survey results suggest the City of Escondido is doing a solid job communicating with its residents. Approximately six-in-ten respondents said they were satisfied with the City's efforts to communicate through newsletters, the Internet, social media, and other means.

Looking to the future, there are a variety of communication methods that residents generally viewed as being effective ways for the City to communicate with them (see *Communication Preferences* on page 34), with the most effective being email and e-Newsletters, the City's website, and social media like Facebook, Twitter, and Next Door. Although digital forms of communication were viewed as most effective and there is cost-savings to be had from relying *exclusively* on electronic communication channels, it is not a recommended practice. Prior research has shown that it will reduce readership and substantially lower residents' overall satisfaction with an agency's communication efforts. It also has a tendency to skew an agency's communication performance away from demographic subgroups that prefer traditional printed media (e.g., seniors). To the extent that the City can balance digital channels with traditional paper-based information sources like postcards and newsletters, it will optimize city-resident communication.

Quality of Life

The opening series of questions in the survey was designed to assess residents' top of mind perceptions about the quality of life in Escondido, what they would most like to preserve about the City, as well as ways to improve the quality of life in Escondido.

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 (65% excellent or good), followed by Escondido as a place to shop and dine (52%), as a place to raise a family (47%), and as a place to play and recreate (45%). When compared to the other dimensions tested, residents provided softer ratings to Escondido as a place to retire (42%) and a place to work (38%).

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

FIGURE 1 RATING CITY OF ESCONDIDO

For the interested reader, tables 1-3 show how the percentage of respondents who rated each dimension as excellent or good varied by years in Escondido, gender, presence of a child in the home, presence of a senior in the home, home ownership, Council District, and respondent age. Although ratings varied by subgroup, it is worth noting that seniors were consistently the most positive in their ratings of the City of Escondido on each dimension tested.

TABLE 1 RATING CITY OF ESCONDIDO BY YEARS IN ESCONDIDO, GENDER & CHILD IN HSLD (SHOWING % EXCELLENT & GOOD)

	Years in Escondido (Q1)				Gender (QD2)		Child in Hsld (QD3)	
	Less than 5	5 to 9	10 to 14	15 or more	Male	Female	Yes	No
The overall quality of life in the City	64.0	67.5	67.7	64.1	66.3	64.9	58.7	69.1
Escondido as a place to shop and dine	50.5	53.6	56.4	52.1	50.1	55.2	52.1	53.4
Escondido as a place to raise a family	37.3	46.9	51.9	49.1	49.1	46.0	47.6	47.3
Escondido as a place to play and recreate	41.7	46.4	46.8	45.0	45.3	45.2	43.2	46.6
Escondido as a place to retire	36.8	45.4	44.0	43.0	44.4	41.5	32.3	48.7
Escondido as a place to work	25.2	35.7	40.3	41.4	36.6	38.7	38.0	37.9

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TABLE 2 RATING CITY OF ESCONDIDO BY ADULT OVER 65 IN HSLD, HOME OWNERSHIP STATUS & COUNCIL DISTRICT (SHOWING % EXCELLENT & GOOD)

	Adult Over 65 in Hsld (QD4)		Home Ownership Status (QD5)		Council District (QS1)			
	Yes	No	Rent	Own	One	Two	Three	Four
The overall quality of life in the City	71.9	61.9	70.2	58.6	53.4	67.9	70.2	67.6
Escondido as a place to shop and dine	55.0	51.8	49.3	56.5	57.2	48.7	52.1	51.4
Escondido as a place to raise a family	50.0	46.2	50.3	42.3	44.0	44.5	50.1	48.4
Escondido as a place to play and recreate	50.5	42.5	48.1	41.7	41.5	42.1	47.0	48.3
Escondido as a place to retire	55.0	36.7	45.9	37.5	36.7	44.3	40.6	47.4
Escondido as a place to work	41.7	35.9	35.6	39.0	41.7	34.9	35.0	38.3

TABLE 3 RATING CITY OF ESCONDIDO 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	69.1	58.8	63.1	65.4	67.6	81.7
Escondido as a place to shop and dine	53.4	45.7	51.7	50.1	52.6	60.8
Escondido as a place to raise a family	47.3	39.7	47.9	47.6	45.1	58.1
Escondido as a place to play and recreate	46.6	40.1	42.6	46.0	49.0	54.4
Escondido as a place to retire	48.7	29.4	31.5	42.4	43.4	69.3
Escondido as a place to work	37.9	34.6	36.3	39.5	36.9	42.8

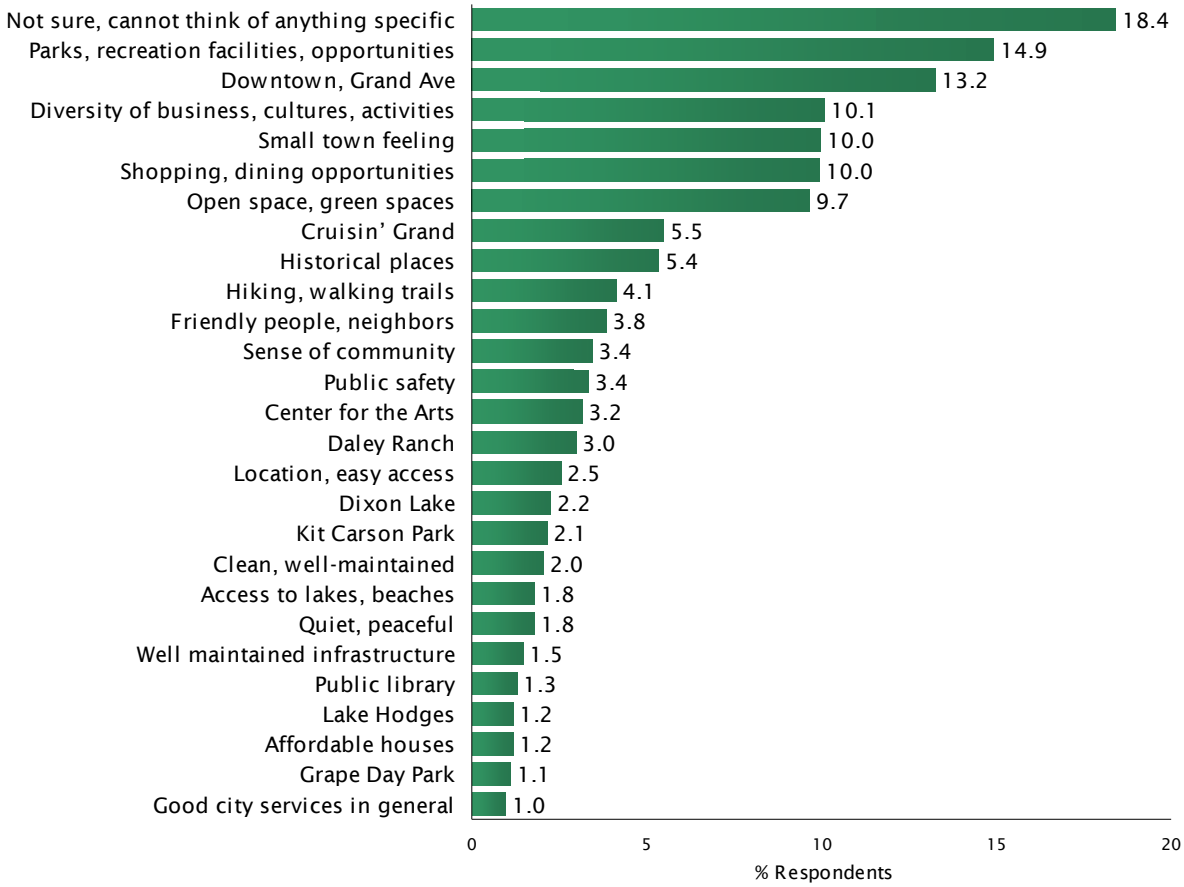
WHAT DO YOU LIKE MOST ABOUT LIVING IN ESCONDIDO?

The next question in this series asked residents to identify what they like most about living in the City of Escondido that should be preserved 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 on the next page.

Approximately one-in-five respondents (18%) were not sure what they like best about living in Escondido. Among the specific aspects that were mentioned, residents were most apt to cite the parks and recreation facilities/opportunities in Escondido (15%), the downtown area/Grand Avenue (13%), diversity of businesses, culture and activities (10%), small town feeling (10%), the shopping and dining opportunities in Escondido (10%), and open space/green spaces in the City (10%).

Question 3 *What do you like most about the City of Escondido that should be preserved in the future?*

FIGURE 2 LIKE MOST ABOUT CITY

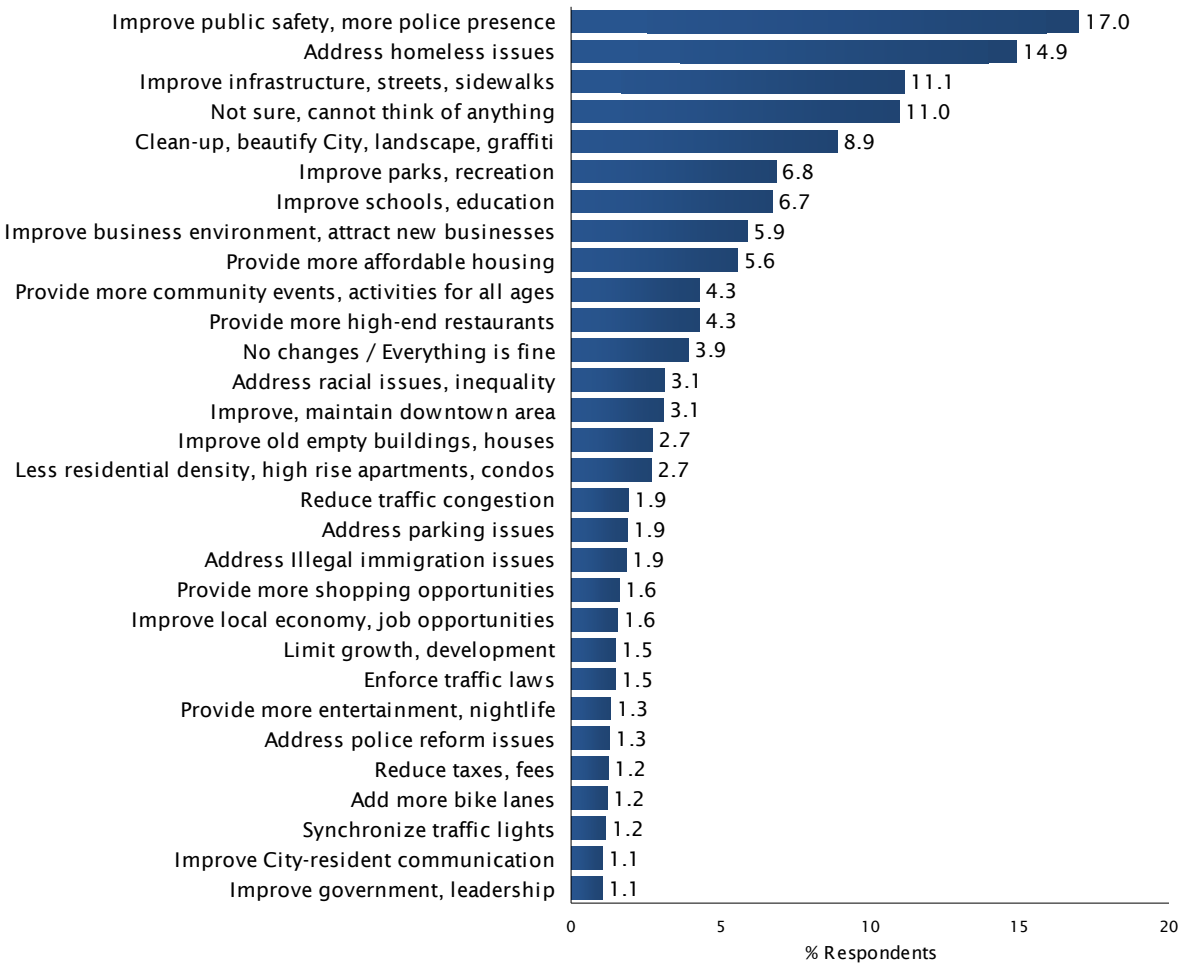


WHAT SHOULD BE CHANGED? In an open-ended manner similar to that described above for Question 3, all respondents were also asked to indicate the one thing that the City government could *change* to make Escondido a better place to live. True North reviewed the verbatim responses to Question 4 and grouped them into the categories shown in Figure 3 on the next page.

Approximately 15% could not think of a change they desire (11%) or reported that no changes are needed/everything is fine (4%), 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 improving public safety/more police presence (17%), addressing homeless issues (15%), improving infrastructure, streets and/or sidewalks (11%), cleaning-up/beautifying the City and landscape/removing graffiti (9%), and improving parks and recreation 7%).

Question 4 *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 3 CHANGES TO IMPROVE CITY



CITY SERVICES

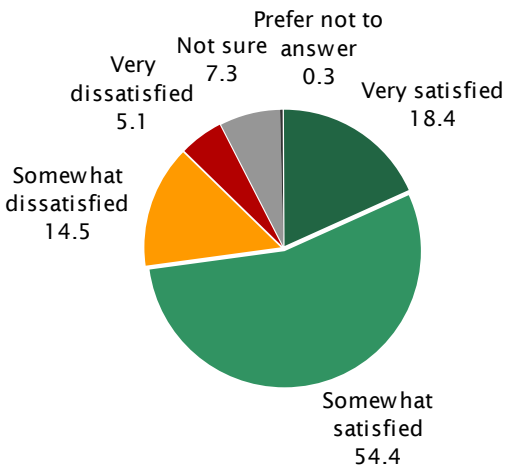
After measuring respondents' perceptions of the quality of life in Escondido, the survey next turned to assessing their opinions about the City's performance in providing various municipal services.

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 4, approximately three-quarters (73%) of Escondido residents indicated they were either very (18%) or somewhat (54%) satisfied with the City's efforts to provide municipal services. Approximately 20% were very or somewhat dissatisfied, whereas 8% were unsure or unwilling to share their opinion.

Question 5 *Generally speaking, are you satisfied or dissatisfied with the job the City of Escondido is doing to provide city services?*

FIGURE 4 OVERALL SATISFACTION



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 that the high levels of satisfaction exhibited by respondents as a whole (see Figure 4 above) were generally echoed across resident subgroups, with satisfaction ranging from a low of 60% to a high of 86%. It is worth noting that satisfaction with the City's overall performance in providing services increased steadily with age, with seniors being the *most* satisfied of all identified subgroups.

FIGURE 5 OVERALL SATISFACTION BY YEARS IN ESCONDIDO, ATTENTIVENESS TO CITY GOVERNMENT & CHILD IN HSLD

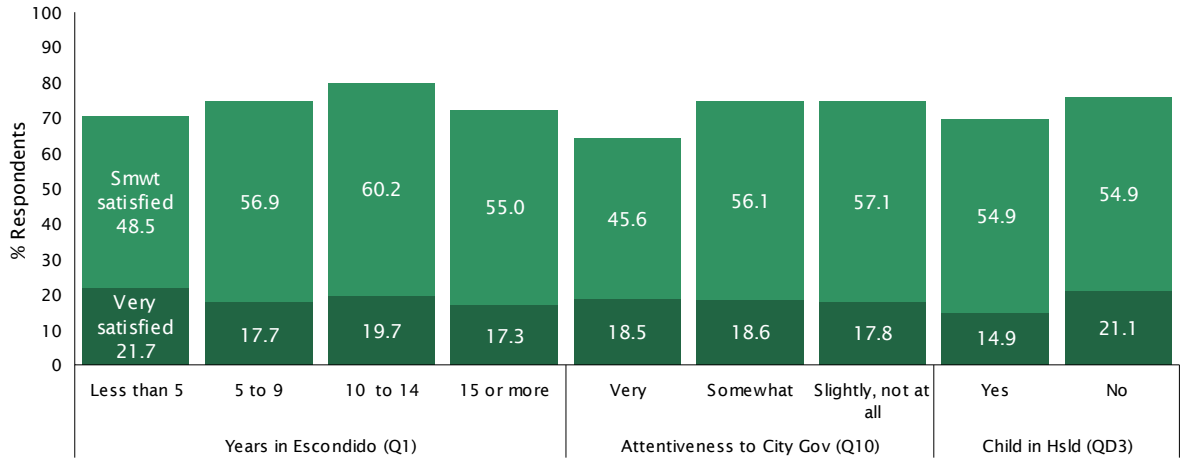


FIGURE 6 OVERALL SATISFACTION BY AGE, GENDER & HOME OWNERSHIP STATUS

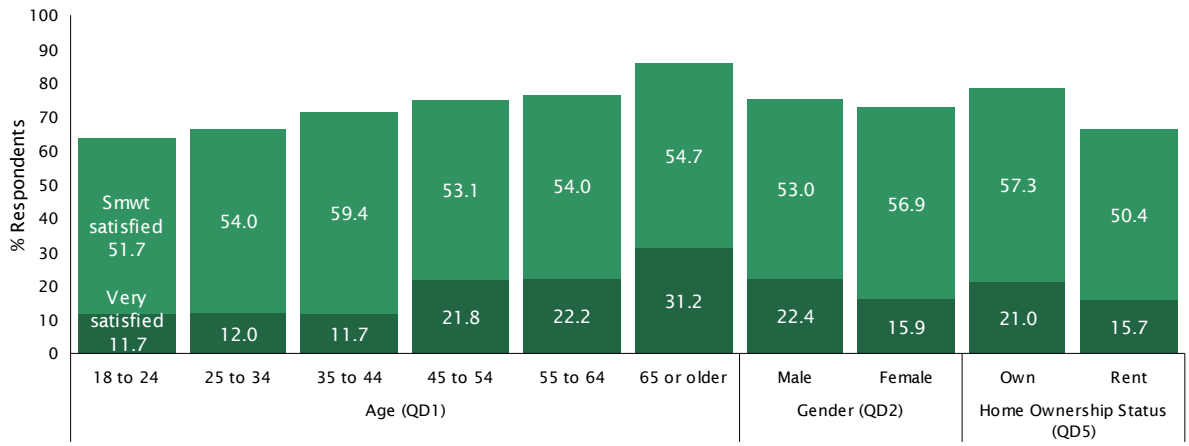
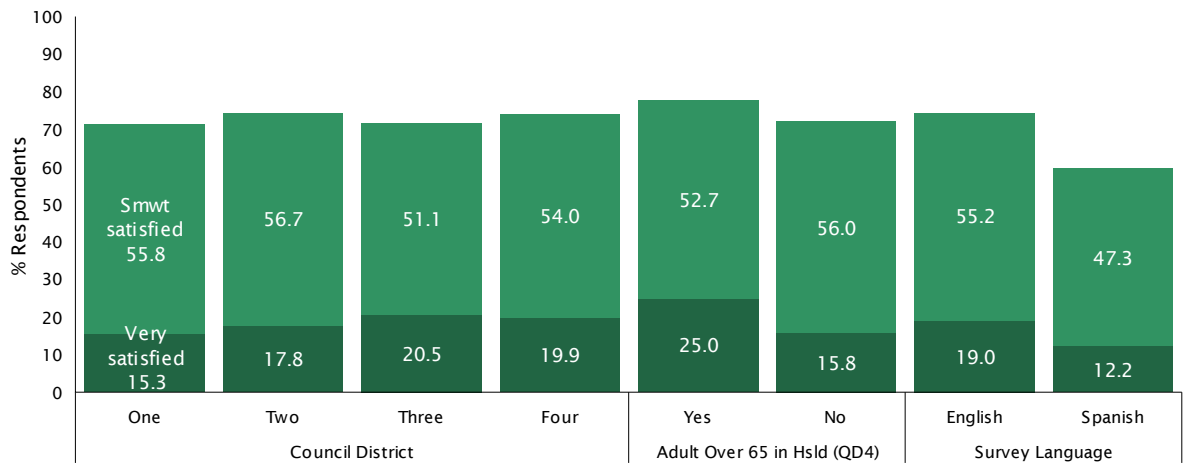


FIGURE 7 OVERALL SATISFACTION BY COUNCIL DISTRICT, ADULT OVER 65 IN HSLD & SURVEY LANGUAGE

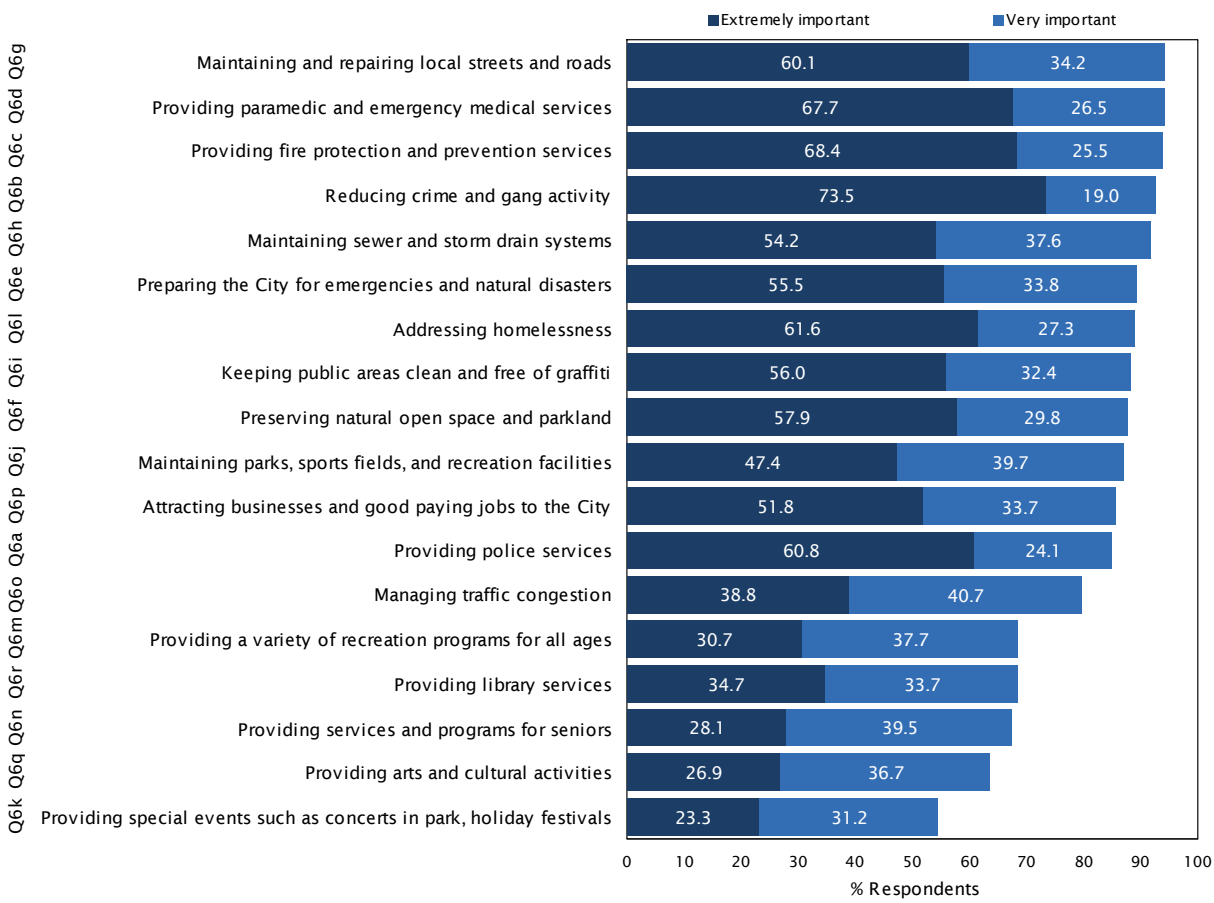


SPECIFIC SERVICES Whereas Question 5 addressed the City's *overall* performance, the next series of questions asked respondents to rate the importance of *specific* services offered by the City, as well as their level of satisfaction with efforts to provide these services. For each service, respondents were first asked whether they thought a service was extremely important, very important, somewhat important, or not at all important. Respondents were then asked about their level of satisfaction with these same services. The order of the items was randomized for each respondent to avoid a systematic position bias.

Figure 8 presents the services in rank order of importance according to the proportion of respondents who rated a service as *at least* very important. In general, Escondido residents rated public safety and public works as the most important. More specifically, maintaining and repairing local streets and roads (94% extremely or very important), providing paramedic and emergency medical services (94%), providing fire protection and prevention services (94%), reducing crime and gang activity (93%), maintaining sewer and storm drain systems (92%), and preparing the City for emergencies and natural disasters (89%) received the highest importance ratings from residents.

Question 6 *For each of the services I read, please tell me whether the service is extremely important to you, very important, somewhat important, or not at all important.*

FIGURE 8 IMPORTANCE OF SERVICES



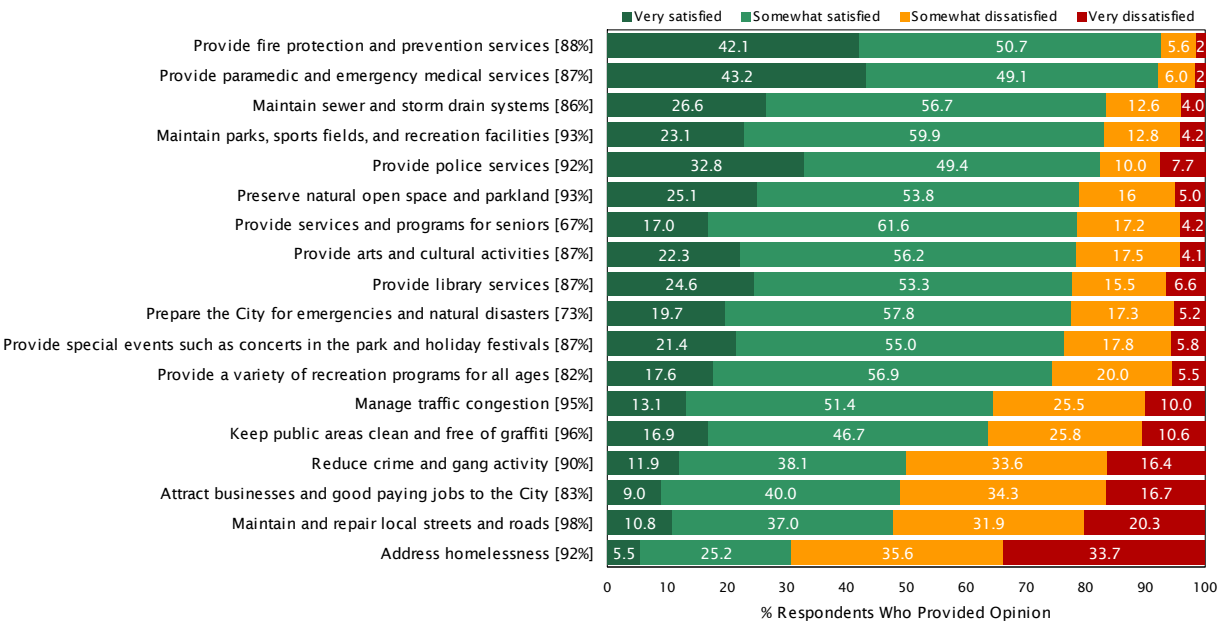
At the other end of the spectrum, providing special events such as concerts in the park and holiday celebrations (55%) and providing arts and cultural activities (64%) were viewed as somewhat less important.

Turning to the satisfaction component, Figure 9 sorts the same list of services according to the percentage of respondents who indicated they were either very or somewhat satisfied with the City's efforts to provide the service. For comparison purposes between the services, only respondents who held an opinion (satisfied or dissatisfied) 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 (93% very or somewhat satisfied), followed by provide paramedic and emergency medical services (92%), maintain sewer and storm drain systems (83%), maintain parks, sports fields, and recreation facilities (83%), and provide police services (82%). Respondents were notably less satisfied with the City's efforts to address homelessness (31%), maintain and repair local streets and roads (48%), attract businesses and good paying jobs to the City (49%), and reduce crime and gang activity (50%).

Question 7 *For the same list of services I just 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 9 SATISFACTION WITH SERVICES



DIFFERENTIATORS OF OPINION For the interested reader, Table 3 displays how the level of satisfaction with each specific service tested in Question 7 varied according to residents' overall performance ratings for the City (see *Overall Satisfaction* on page 13). 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 7 (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 7. That said, the greatest specific differentiators of opinion between satisfied and dissatisfied residents were found with respect to the City's efforts to provide a variety of recreation programs for all ages, maintain and repair local streets and roads, provide police services, manage traffic congestion, and provide services and programs for seniors.

At the other end of the spectrum, there was much less difference between the two resident groups regarding their satisfaction with the City's efforts to provide fire protection and prevention services and address homelessness.

TABLE 4 SATISFACTION WITH SERVICES BY OVERALL SATISFACTION

% Respondents Satisfied With Each Service		Satisfaction With City's Overall Performance (Q5)		Difference Between Groups For Each Service
		Very or somewhat satisfied	Very or somewhat dissatisfied	
	Provide a variety of recreation programs for all ages	81.8	48.4	33.3
	Maintain and repair local streets and roads	54.5	25.0	29.6
	Provide police services	89.2	60.0	29.2
	Manage traffic congestion	71.5	43.0	28.4
	Provide services and programs for seniors	86.4	58.1	28.3
	Keep public areas clean and free of graffiti	70.3	42.2	28.1
	Reduce crime and gang activity	57.2	29.3	27.9
	Attract businesses and good paying jobs to the City	56.0	28.2	27.8
	Prepare the City for emergencies and natural disasters	84.6	58.8	25.8
	Provide arts and cultural activities	84.1	59.8	24.4
	Provide special events such as concerts in the park and holiday festivals	82.0	57.6	24.4
	Maintain parks, sports fields, and recreation facilities	88.5	64.3	24.2
	Preserve natural open space and parkland	84.4	61.1	23.3
	Provide library services	83.4	62.0	21.5
	Provide paramedic and emergency medical services	96.5	76.9	19.5
	Maintain sewer and storm drain systems	87.7	68.3	19.3
	Address homelessness	35.9	17.6	18.3
	Provide fire protection and prevention services	96.4	81.8	14.6

Performance Needs & Priorities

With a measure of the importance of a service to residents as well as a measure of satisfaction with the City's efforts to provide the service, True North is able to examine the relationship between these two dimensions and identify areas where the City has the greatest opportunities to improve resident satisfaction—and identify for which services the City is meeting, and even exceeding, the majority of residents' needs.

Rather than rely on *averages* to conduct this analysis, True North has developed an *individualized* approach to identifying priorities. This approach is built on the recognition that opinions will vary from resident to resident and that understanding this variation is required for assessing how well the City is meeting residents' needs.[2] Table 4 on the next page presents a grid based on the importance and satisfaction scales. The horizontal axis corresponds to the four *importance* options, and the vertical scale corresponds to the four *satisfaction* options. The 16 cells within the grid are grouped into one of six categories based on how well the City is meeting, or not meeting, a resident's needs for a particular service. The six groups are as follows:

Exceeding Needs	The City is exceeding a respondent's needs if a respondent is satisfied and the level of expressed satisfaction is higher than the importance that the respondent assigned to the service.
Meeting Needs, Moderately	The City is moderately meeting a respondent's needs if the respondent is satisfied and the level of satisfaction is commensurate with the level of importance assigned to the service.
Meeting Needs, Marginally	The City is marginally meeting a respondent's needs if the respondent is satisfied with the City's efforts to provide the service, but their level of satisfaction is lower than the level of importance assigned to the service.
Not Meeting Needs, Marginally	The City is marginally *not* meeting a respondent's needs if the respondent is somewhat dissatisfied, but the service is also viewed as just somewhat or not at all important.
Not Meeting Needs, Moderately	The City is moderately *not* meeting a respondent's needs if A) a respondent is very dissatisfied with the City's efforts to provide the service, but the service is viewed somewhat or not at all important, or B) a respondent is somewhat dissatisfied and the service is very important.
Not Meeting Needs, Severely	The City is severely *not* meeting a respondent's needs if A) a respondent is dissatisfied and the service is viewed as extremely important, or B) a respondent is very dissatisfied and the service is viewed as very important.

2. Any tool that relies on the opinions of the average respondent will provide a limited and occasionally distorted picture of how well an agency is performing. The simple fact is that a city is not comprised of average residents—it is comprised of unique individuals who vary substantially in their opinions of the City's performance in different service areas. Thus, although the arithmetic average of these individuals' opinions is a useful statistic, it does not capture the variation in opinions that occurs among residents, and it is this variation that is critical for truly assessing how well the City is meeting the needs of its residents.

TABLE 5 RESIDENT SERVICE NEEDS & PRIORITIES MATRIX

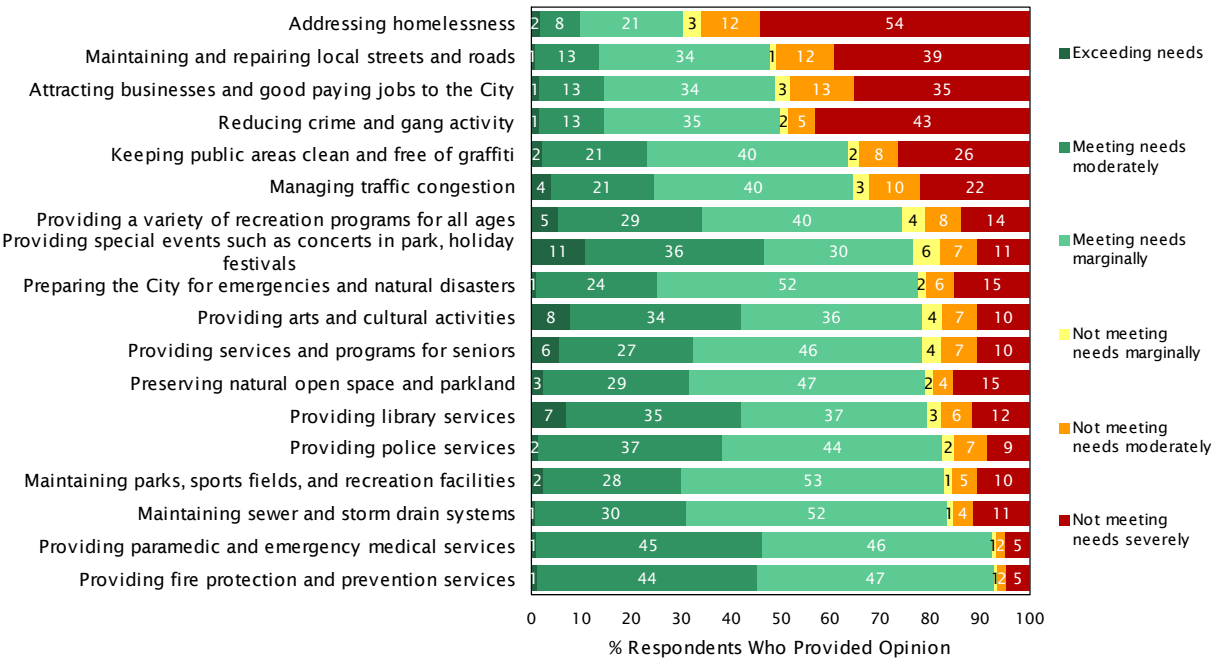
Satisfaction	Importance: Not at all important	Somewhat important	Very important	Extremely important
Very satisfied	Exceeding needs	Exceeding needs	Meeting needs	Meeting needs
Somewhat satisfied	Exceeding needs	Meeting needs	Meeting needs, moderately	Meeting needs, moderately
Somewhat dissatisfied	Not meeting needs, moderately	Not meeting needs, moderately	Not meeting needs	Not meeting needs, severely
Very dissatisfied	Not meeting needs	Not meeting needs	Not meeting needs, severely	Not meeting needs, severely

Using this framework, True North categorized respondents individually for each of the 18 services tested in the study. Thus, for example, a respondent who indicated that addressing homelessness was somewhat important and they were very satisfied with the City's efforts in this service area would be categorized in the *exceeding needs* group for this service. The same respondent may be grouped in the *marginally not meeting needs* group for another service (e.g., managing traffic congestion) if they were somewhat dissatisfied with the City's efforts to provide the service, but the service was viewed as only somewhat important.

Figure 10 presents the 18 services tested, along with the percentage of respondents who were grouped into each of the six possible categories. For ease of interpretation, the color-coding in Figure 10 is consistent with that presented in Table 5. Thus, for example, in the service area of addressing homelessness, the City is exceeding the needs of 2% of respondents, moderately meeting the needs of 8% of respondents, marginally meeting the needs of 21% of respondents, marginally not meeting the needs of 3% of respondents, moderately not meeting the needs of 12% of respondents, and severely not meeting the needs of 54% of respondents.

As shown in the figure, the City is meeting the needs of at least three-quarters of residents for most of the services tested. Operating from the management philosophy that, all other things being equal, the City should focus on improving those services that have the highest percentage of residents for which the City is currently *not* meeting their needs, the services have been sorted by order of priority. Thus, addressing homelessness is the top priority, followed by maintaining and repairing local streets and roads, attracting businesses and good paying jobs to the City, and reducing crime and gang activity.

FIGURE 10 RESIDENT SERVICE NEEDS



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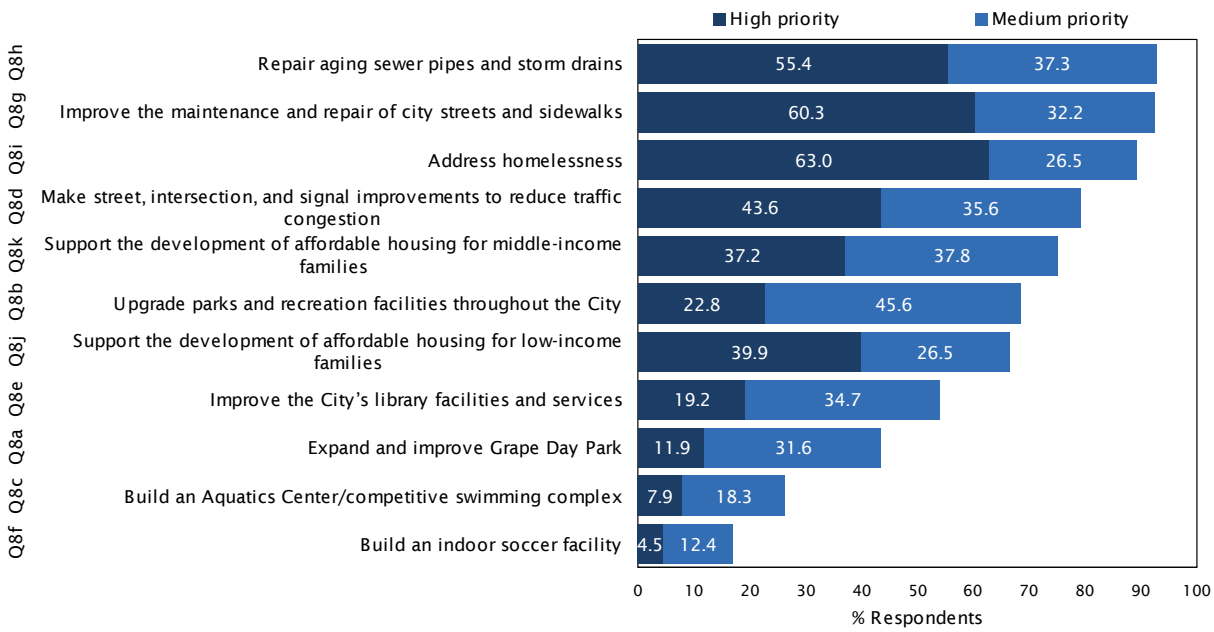
SPENDING PRIORITIES

It is often the case that residents' desires for public facilities and programs exceed a city's financial resources. In such cases, a city must prioritize projects and programs based upon a variety of factors, including the preferences and needs of residents.

FUNDING PRIORITIES Question 8 was designed to provide Escondido with a reliable measure of how residents, as a whole, prioritize a variety of services and projects to which the City could allocate resources in the future. The format of the question was straightforward: after informing respondents that the City does not have the financial resources to fund *all* of the services and projects that may be desired by residents, respondents were asked whether each service or project shown in Figure 11 should be a high, medium, or low priority for future city 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 services and projects could be high priorities.

Question 8 *The City of Escondido has limited financial resources to provide the services and projects 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 11 SPENDING PRIORITIES



The 11 services and projects are sorted in Figure 11 from high to low based on the percentage of respondents who indicated that an item was *at least* a medium priority for future city spending. Among the services and projects tested, repairing aging sewer pipes and storm drains was assigned the highest priority (93% high or medium priority), followed by improving the maintenance and repair of city streets and sidewalks (93%), addressing homelessness (90%), and mak-

ing street, intersection, and signal improvements to reduce traffic congestion (79%). Building an indoor soccer facility (17%), building an Aquatics Center and competitive swimming facility (26%), and expanding and improving Grape Day Park (44%) were generally considered lower priorities.

For the interested reader, the following two tables provide the percentage of respondents who considered each proposed service or project a *high priority* by their overall satisfaction with the City's performance in providing municipal services, age, presence of a child in the home, presence of a senior in the home, and Council District (top three highest priorities highlighted green). It is striking that the top three projects and services were the same for all subgroups with the exception of those under 35 years of age.

TABLE 6 SPENDING PRIORITIES BY OVERALL SATISFACTION & AGE (SHOWING % HIGH PRIORITY)

	Overall Satisfaction (Q5)		Age (QD1)					
	Satisfied	Dissatisfied	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
Address homelessness	59.7	70.6	72.0	69.9	65.7	60.3	58.0	53.9
Improve the maintenance and repair of city streets and sidewalks	58.8	66.1	69.4	54.6	55.7	59.0	59.2	65.0
Repair aging sewer pipes and storm drains	56.3	53.2	54.7	53.6	45.0	54.3	59.8	63.7
Make street, intersection, and signal improvements to reduce traffic congestion	42.2	52.7	39.3	43.5	39.1	44.7	46.6	46.0
Support the development of affordable housing for low-income families	37.8	43.4	72.3	54.0	33.4	28.3	27.2	26.9
Support the development of affordable housing for middle-income families	36.4	38.2	41.4	43.9	41.2	36.6	32.8	29.0
Upgrade parks and recreation facilities throughout the City	20.0	31.7	28.2	26.0	30.9	25.0	13.6	15.0
Improve the City's library facilities and services	17.5	22.9	29.4	26.1	20.3	13.0	10.4	14.9
Expand and improve Grape Day Park	11.2	14.4	14.3	15.4	17.1	11.7	6.6	6.7
Build an Aquatics Center/competitive swimming complex	7.6	10.3	3.8	10.4	14.1	7.9	6.2	4.0
Build an indoor soccer facility	4.5	5.9	3.8	6.8	6.2	5.2	2.9	1.5

TABLE 7 SPENDING PRIORITIES BY CHILD IN HSLD, ADULT OVER 65 IN HSLD & COUNCIL DISTRICT (SHOWING % HIGH PRIORITY)

	Child in Hsld (QD3)		Adult Over 65 in Hsld (QD4)		Council District (QS1)			
	Yes	No	Yes	No	One	Two	Three	Four
Address homelessness	67.0	60.7	58.2	65.7	68.7	59.1	63.7	60.3
Improve the maintenance and repair of city streets and sidewalks	58.3	60.9	64.9	57.4	66.0	55.2	60.5	59.5
Repair aging sewer pipes and storm drains	48.2	59.2	60.4	52.8	63.5	48.9	52.8	56.4
Make street, intersection, and signal improvements to reduce traffic congestion	42.7	44.2	47.2	41.8	47.2	45.4	42.8	39.0
Support the development of affordable housing for low-income families	41.6	38.5	33.8	43.2	56.4	28.1	43.9	31.5
Support the development of affordable housing for middle-income families	40.8	34.9	31.7	39.7	41.0	34.0	40.5	33.2
Upgrade parks and recreation facilities throughout the City	32.7	17.4	17.8	25.2	28.2	19.4	21.7	22.0
Improve the City's library facilities and services	23.1	16.9	16.8	20.5	24.7	15.5	19.3	17.5
Expand and improve Grape Day Park	16.0	9.6	8.8	13.5	12.4	10.7	12.7	11.9
Build an Aquatics Center/competitive swimming complex	13.0	5.2	5.0	9.4	9.4	5.9	9.1	7.1
Build an indoor soccer facility	7.4	2.8	2.4	5.5	9.2	3.0	2.7	3.1

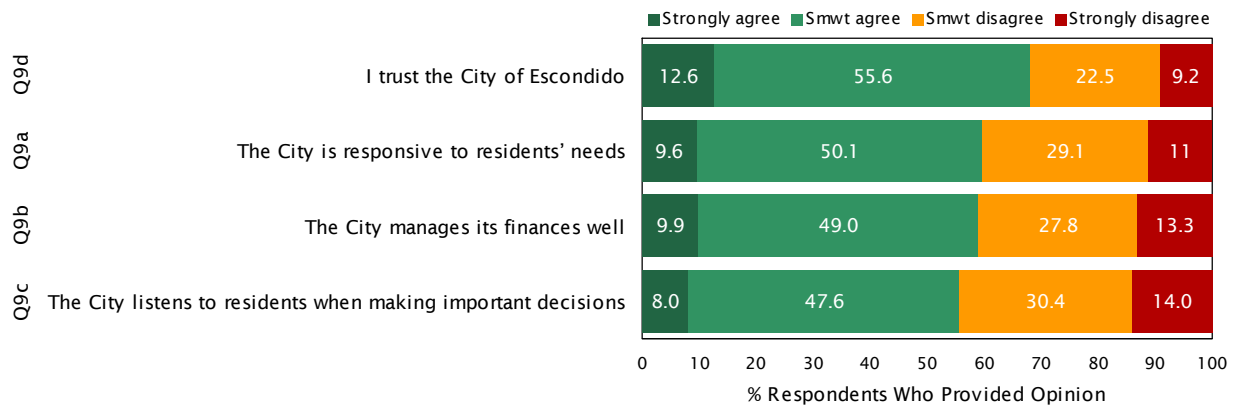
Local Governance & Customer Service

Although much of the survey focused on residents' satisfaction with the City's efforts to provide specific services, as with other progressive cities Escondido recognizes there is more to good local governance than simply providing satisfactory services. How do residents view the customer service provided by city staff? Do residents perceive that the City listens to residents when making important decisions? Do residents feel that the City is doing a good job managing its finances? Answers to questions such as these are important in measuring the City's performance in meeting residents' needs. Accordingly, they were the focus of the next section of the interview.

LOCAL GOVERNANCE The first question in this series was designed to measure how residents perceive the City on topics such as trust, responsiveness, and fiscal accountability. The format of the question was straightforward: for each of the statements shown at the left of Figure 12, respondents were asked if they agreed or disagreed with the statement. Percentages shown in the figure are among those with an opinion.

Question 9 *Next, I'm going to read you a series of statements about the City of Escondido. For each, I'd like you to tell me whether you agree or disagree with the statement.*

FIGURE 12 AGREEMENT WITH STATEMENTS



Among those with an opinion, agreement was highest for the statement *I trust the City of Escondido* (68% strongly or somewhat agree), followed by *the City is responsive to residents' needs* (60%), *the City manages its finances well* (59%), and *the City listens to residents when making important decisions* (56%). Those who were generally satisfied with the City's overall performance in providing municipal services were also the most satisfied with each of the specific performance aspects tested in Question 9, as were adults over 34 years of age, those not living with a child in the home, those living in a household with at least one senior, and individuals who live in Council Districts 2, 3 or 4 (see tables 8 & 9 on the next page).

TABLE 8 AGREEMENT WITH STATEMENTS BY OVERALL SATISFACTION & AGE (SHOWING % STRONG & SOMEWHAT)

	Overall Satisfaction (Q5)		Age (QD1)					
	Satisfied	Dissatisfied	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
I trust the City of Escondido	78.9	30.4	54.5	59.0	74.9	73.5	70.9	78.6
The City is responsive to residents' needs	71.6	22.3	47.4	52.0	59.3	64.8	62.8	74.3
The City manages its finances well	72.8	18.8	42.7	46.5	59.7	63.7	64.6	76.0
The City listens to residents when making important decisions	67.0	18.4	45.0	51.0	53.5	62.8	57.2	65.8

TABLE 9 AGREEMENT WITH STATEMENTS BY CHILD IN HSLD, ADULT OVER 65 IN HSLD & COUNCIL DISTRICT(SHOWING % STRONG & SOMEWHAT)

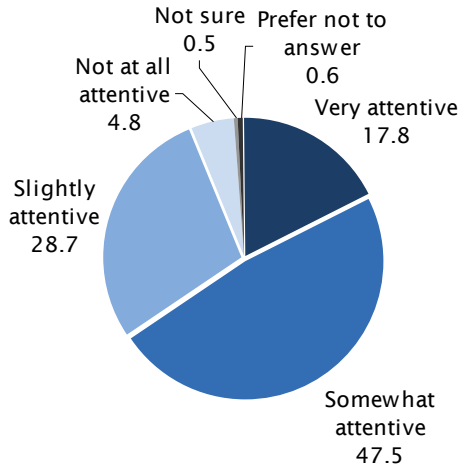
	Child in Hsld (QD3)		Adult Over 65 in Hsld (QD4)		Council District (QS1)			
	Yes	No	Yes	No	One	Two	Three	Four
I trust the City of Escondido	67.2	70.3	73.3	66.9	60.7	70.7	71.3	70.7
The City is responsive to residents' needs	56.3	62.8	64.8	58.3	52.9	63.8	60.3	62.5
The City manages its finances well	54.9	62.0	68.1	54.7	50.6	64.3	61.2	60.4
The City listens to residents when making important decisions	52.4	58.2	59.3	54.4	53.1	54.4	58.1	56.8

ATTENTION PAID TO CITY GOVERNMENT

The next question in this section asked respondents to rate how attentive they are to the issues, decisions, and activities of city government using a scale of very attentive, somewhat attentive, slightly attentive, or not at all attentive. Overall, 18% of respondents claimed to be very attentive to matters of city government, 48% somewhat attentive, and 29% slightly attentive. Another 5% of respondents confided they do not pay any attention to the activities of their city government and 1% were unsure or declined to state (Figure 13).

Question 10 *How much attention do you pay to the issues, decisions and activities of your City government? Would you say that you are very attentive, somewhat attentive, slightly attentive, or not at all attentive?*

FIGURE 13 ATTENTIVENESS TO CITY ISSUES, DECISION & ACTIVITIES



Figures 14 and 15 on the following page display how attentiveness to the activities of city government differed across a variety of demographics. In general, attention paid to city government shared a positive relationship with length of residence in Escondido, respondent age, home ownership, living with a senior, and taking the survey in Spanish. It is also worth noting that residents in Council District 1 were the most likely to report being at least somewhat attentive to the issues, decisions, and activities of city government.

FIGURE 14 ATTENTIVENESS TO CITY ISSUES, DECISION & ACTIVITIES BY YEARS IN ESCONDIDO, CHILD IN HSLD, GENDER, HOME OWNERSHIP STATUS & SURVEY LANGUAGE

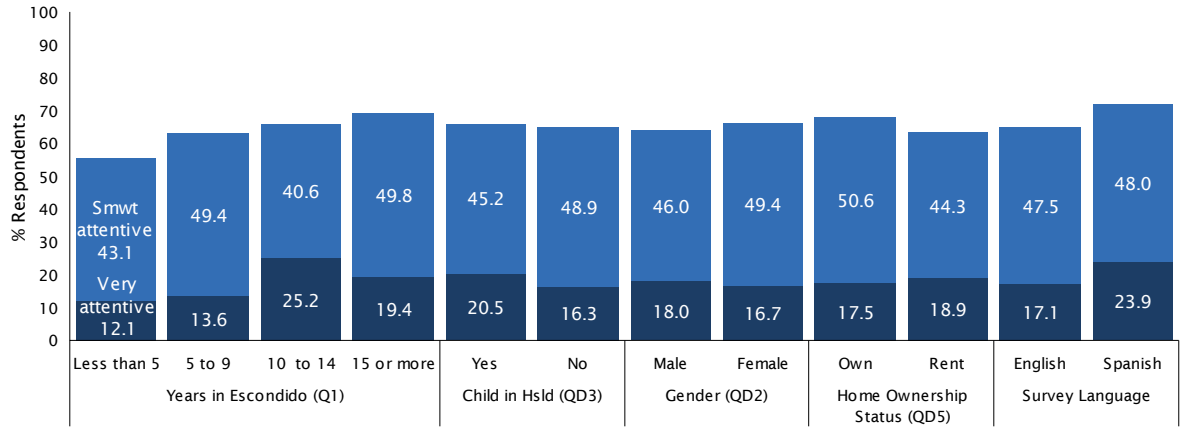
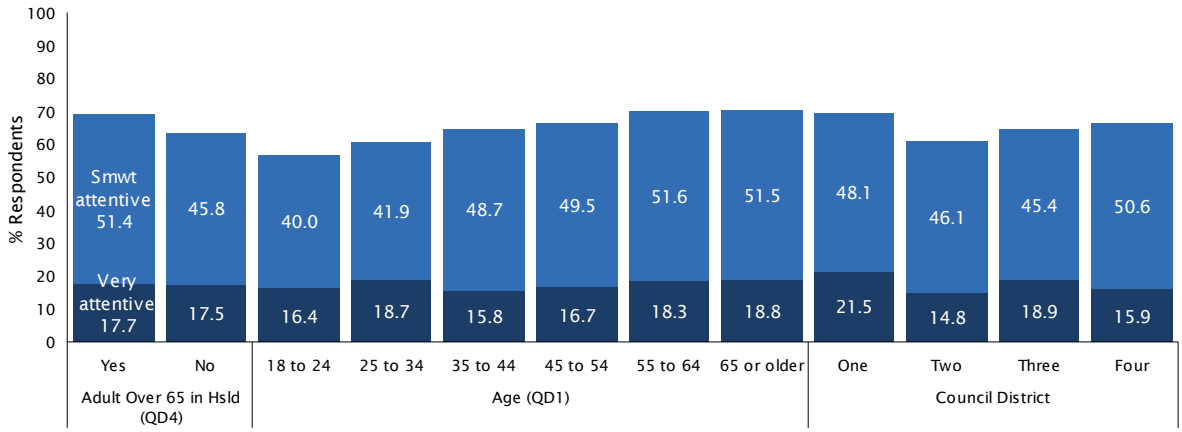


FIGURE 15 ATTENTIVENESS TO CITY ISSUES, DECISION & ACTIVITIES BY ADULT OVER 65 IN HSLD, AGE & COUNCIL DISTRICT



STAFF CONTACT The staff at the City of Escondido 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-third (34%) of respondents indicated that they had contacted Escondido staff at least once during the 12 months prior to the interview (see Figure 16 on the next page). Interaction with City staff was most commonly reported by residents over the age of 44, those residing in Council District 4, home owners, those with a senior in the home, and individuals who completed the survey in English (see figures 17 & 18).

Question 11 *In the past 12 months, have you been in contact with staff from the City of Escondido?*

FIGURE 16 CONTACT WITH CITY STAFF IN PAST 12 MONTHS

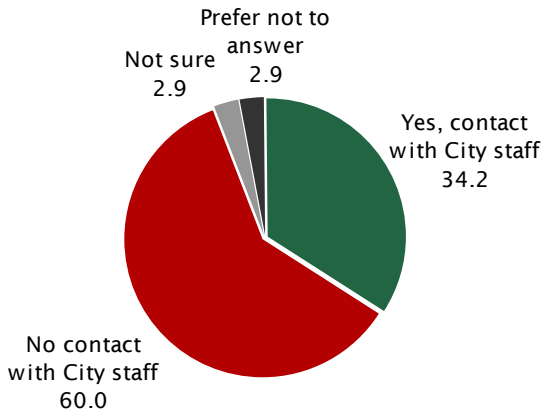


FIGURE 17 CONTACT WITH CITY STAFF IN PAST 12 MONTHS BY YEARS IN ESCONDIDO & AGE

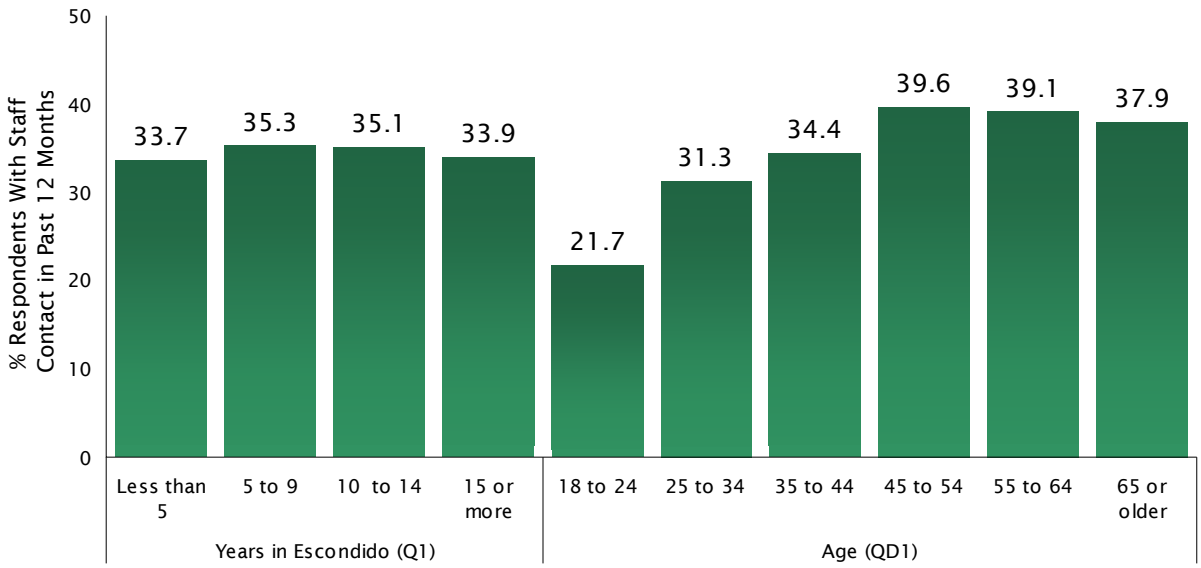
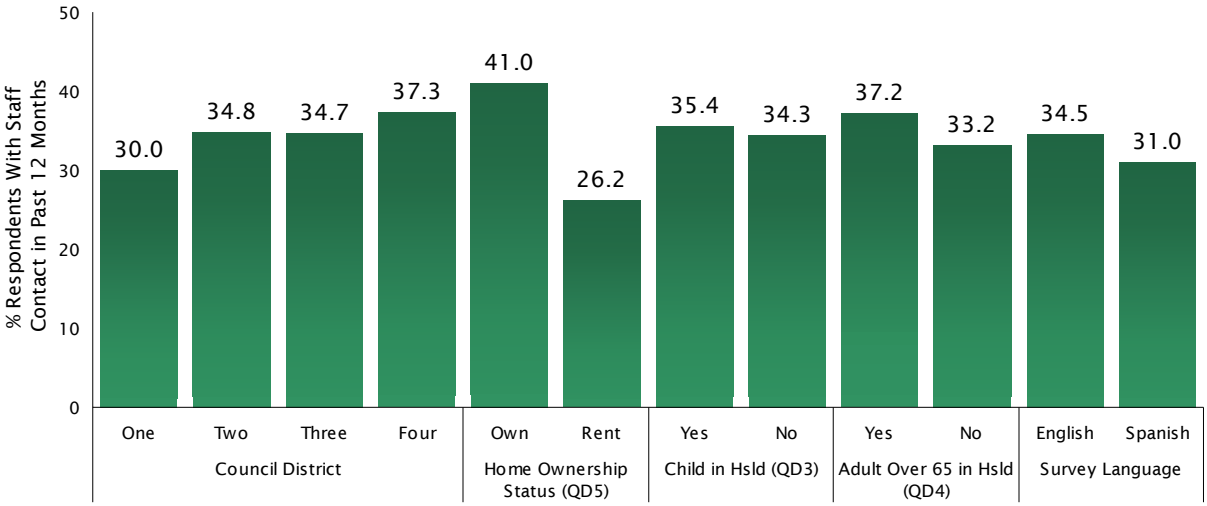


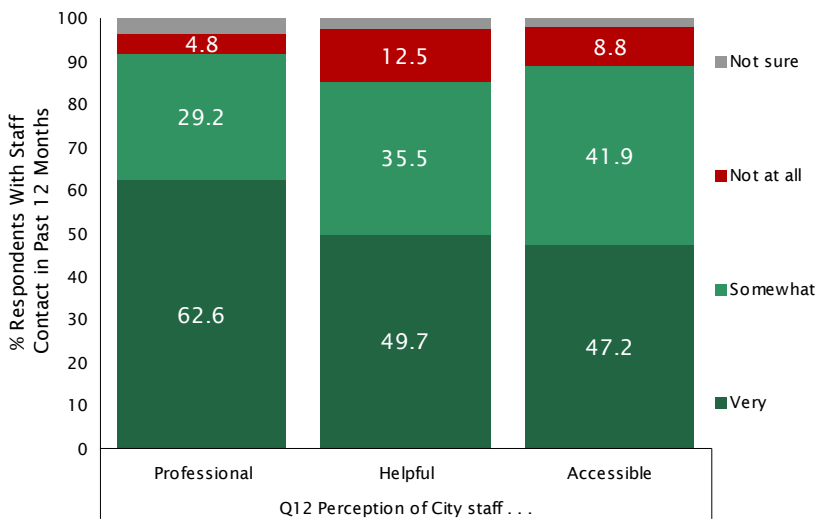
FIGURE 18 CONTACT WITH CITY STAFF IN PAST 12 MONTHS BY COUNCIL DISTRICT, HOME OWNERSHIP STATUS, CHILD IN HSLD, ADULT OVER 65 IN HSLD & SURVEY LANGUAGE



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 19), with approximately nine-in-ten describing staff as professional (92%) and accessible (89%), and better than eight-in-ten describing staff as helpful (85%).

Question 12 *In your opinion, was the staff at the City very _____, somewhat _____, or not at all _____.*

FIGURE 19 PERCEPTION OF CITY STAFF



Sales Tax

One objective of this survey was to estimate resident support for a one cent sales tax increase to fund general city services including police patrols, gang, drug and crime prevention, fire protection, paramedic, and 911 emergency response, street maintenance, pothole repair, addressing homelessness, graffiti removal, park maintenance, library and other city services. Although the City had previously conducted a more extensive Baseline Survey regarding a potential sales tax measure, that study was conducted prior to the coronavirus pandemic and associated economic recession. The current survey offered an opportunity to provide the City with up-to-date information this topic.

Question 13 *Later this year, voters in Escondido may be asked to vote on a local ballot measure. Let me read you a summary of the measure. To provide funding for general city services in the City of Escondido, including police patrols, gang, drug and crime prevention; fire protection, paramedic, and 9-1-1 emergency response; street maintenance, pothole repair; addressing homelessness; graffiti removal, park maintenance, library and other city services; shall an ordinance establishing a one-cent sales tax be adopted, providing approximately 25 million dollars annually for city services until ended by voters, with independent audits, citizen oversight, and all money locally controlled? If the election were held today, would you vote yes or no on this measure?*

Figure 20 Support for One-Cent Sales Tax

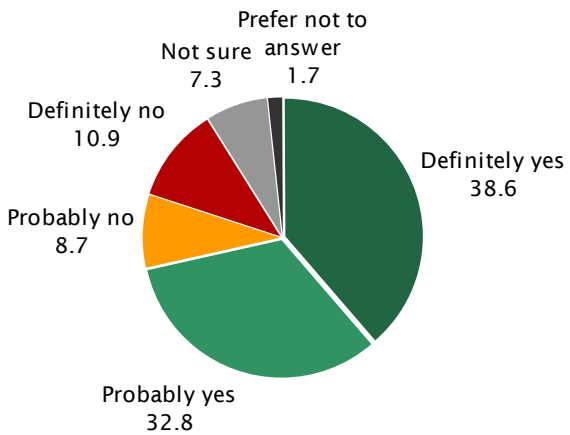


Figure 20 presents the results of the ballot test among all residents surveyed. Overall, 71% of residents indicated that they would support the proposed sales tax, whereas 20% stated that they would oppose the measure, and approximately 9% were unsure or unwilling to share their vote choice. For the interested reader, figures 21 and 22 on the next page display support for the proposed sales tax measure among a variety of resident subgroups. The most striking pattern is the *consistency* of support for the measure, with overall support ranging between 67% and 78% across all subgroups.

It is also worth noting that the level of support for the proposed sales tax recorded in this survey (71%) is nearly identical to that found in the Baseline Survey (70%) conducted in October 2019.

FIGURE 21 SUPPORT FOR ONE-CENT SALES TAX BY YEARS IN ESCONDIDO, HOME OWNERSHIP STATUS & SURVEY LANGUAGE

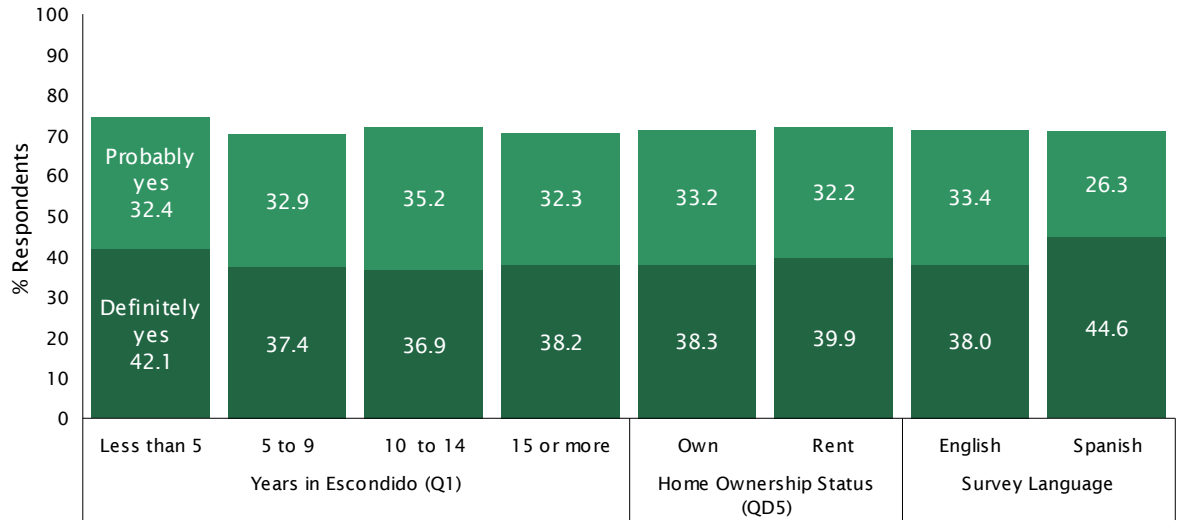
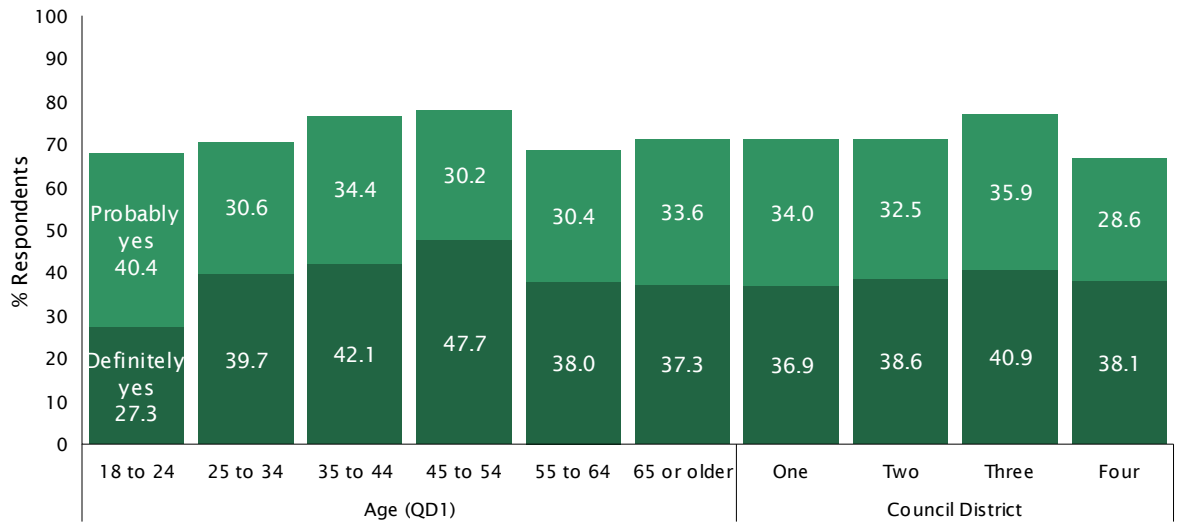


FIGURE 22 SUPPORT FOR ONE-CENT SALES TAX BY AGE & COUNCIL DISTRICT



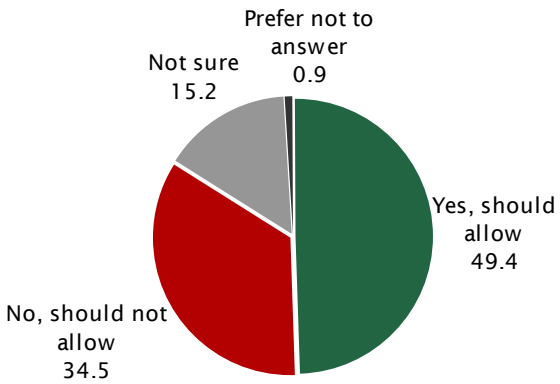
CANNABIS

Switching gears, the next section of the report explores voters' opinions, preferences, and concerns related to the operation and regulation of cannabis businesses in the City of Escondido. Under California law, it is legal for adults to use cannabis for medical and recreational purposes. The law also allows local cities like Escondido to decide whether to allow cannabis businesses to operate within their boundaries, as well as the types of restrictions and regulations to place on cannabis businesses. Currently, the City of Escondido does not allow any cannabis-related businesses.

INITIAL OPINION ON ALLOWING CANNABIS BUSINESSES IN CITY After providing respondents with the aforementioned legal and background information, Question 14 assessed whether residents feel cannabis businesses should be allowed to operate in Escondido. Overall, 49% of respondents indicated that the City of Escondido should allow cannabis businesses to operate in the City, 35% opposed the idea, and 16% were unsure or unwilling to state (Figure 23).

Question 14 *The City is also interested in your attitudes about cannabis. Under California law, it is legal for adults to use cannabis for medical and recreational purposes. The law also allows local cities like Escondido to decide whether to allow cannabis businesses to operate within their boundaries, as well as the types of restrictions and regulations to place on cannabis businesses. Currently, Escondido does not allow any cannabis related businesses. In general, do you think the City of Escondido should allow cannabis businesses to operate in the city - or are you not sure?*

FIGURE 23 SHOULD CITY ALLOW CANNABIS BUSINESSES IN ESCONDIDO?



Figures 24 and 25 on the next page show respondents' opinions regarding cannabis businesses operating in the City by a number of demographic traits. Individuals under 35 years of age, residents of Council District 1, those dissatisfied with the City's overall performance in providing municipal services, newer residents (less than 5 years), respondents who completed the survey in English, and those renting their home were the most likely to support allowing cannabis businesses to operate in Escondido.

FIGURE 24 ALLOW CANNABIS BUSINESS IN CITY BY AGE & COUNCIL DISTRICT

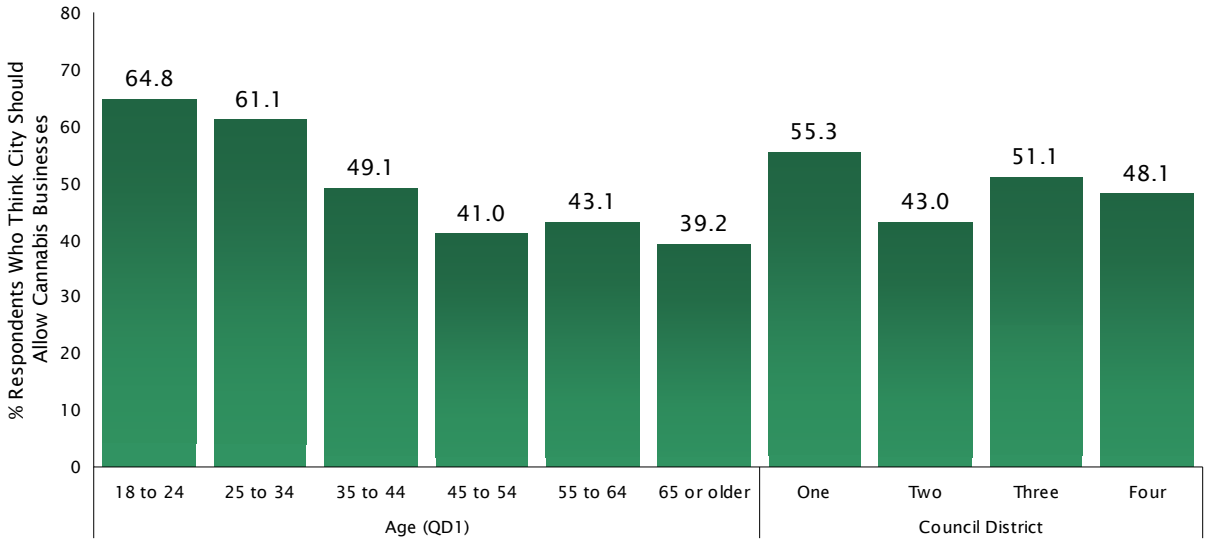
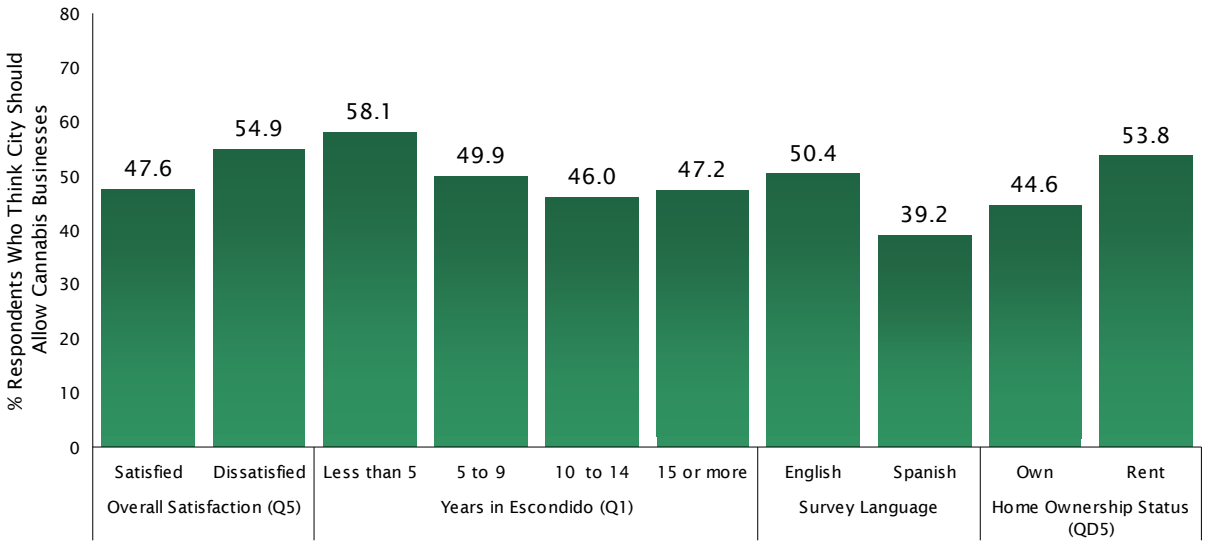


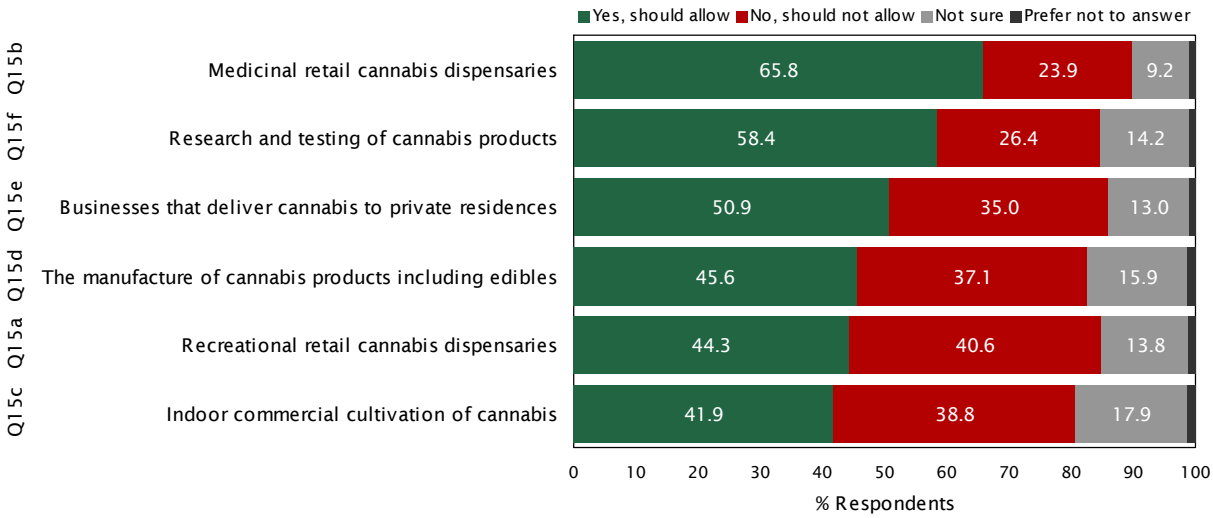
FIGURE 25 ALLOW CANNABIS BUSINESS IN CITY BY OVERALL SATISFACTION, YEARS IN ESCONDIDO, SURVEY LANGUAGE & HOME OWNERSHIP STATUS



OPINION BY TYPE OF BUSINESS The next question assessed whether opinions of cannabis businesses vary based on the *type* of operation (cultivation, manufacturing, research and testing, distribution, and delivery), as well as the intended use of the product. Figure 26 on the next page shows that the majority of all respondents were in favor of allowing medicinal retail cannabis dispensaries to operate in the City (66%), research and testing of cannabis products (58%), and businesses that deliver cannabis to private residences (51%). There was less support found for the manufacture of cannabis products including edibles (46%), recreational retail cannabis dispensaries (44%), and indoor commercial cultivation of cannabis (42%), although it is worth noting that even for these categories of businesses support exceeded opposition, as a significant percentage of respondents indicated they were unsure.

Question 15 *There are different types of cannabis businesses. In your opinion, should the City allow: _____ within the city?*

FIGURE 26 ALLOWING DIFFERENT TYPES OF CANNABIS BUSINESSES IN CITY



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COMMUNICATIONS

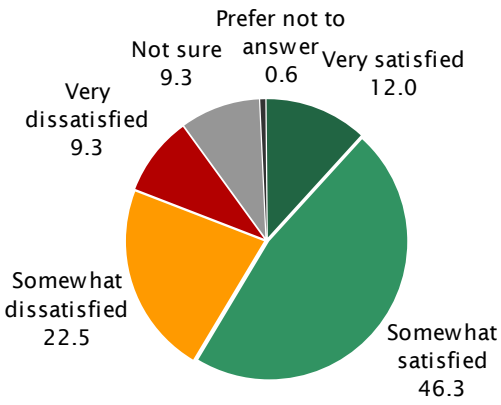
The importance of city communication with residents cannot be over-stated. Much of a city's success is shaped by the quality of information that is exchanged in both directions, from the City to the community and from the community to the City. This study is just one example of Escondido's efforts to 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 several communication-related questions.

SATISFACTION WITH COMMUNICATION

Question 16 asked Escondido residents to report their satisfaction with the City's efforts to communicate through newsletters, the Internet, social media, and other means. Overall, 58% 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 (32%) or unsure of their opinion (10%).

Question 16 *Overall, are you satisfied or dissatisfied with the City's efforts to communicate with residents through newsletters, the Internet, social media, and other means?*

FIGURE 27 SATISFACTION WITH COMMUNICATION



The next two figures display how satisfaction with the City's efforts to communicate with residents varied by a number of demographics. Satisfaction with the City's communication efforts was generally consistent across subgroups. The exceptions to this pattern occur among those generally dissatisfied with the City's overall performance in providing municipal services and residents under the age of 25 who expressed notably lower levels of satisfaction.

FIGURE 28 SATISFACTION WITH COMMUNICATION BY YEARS IN ESCONDIDO, CHILD IN HSLD, GENDER, HOME OWNERSHIP STATUS & OVERALL SATISFACTION

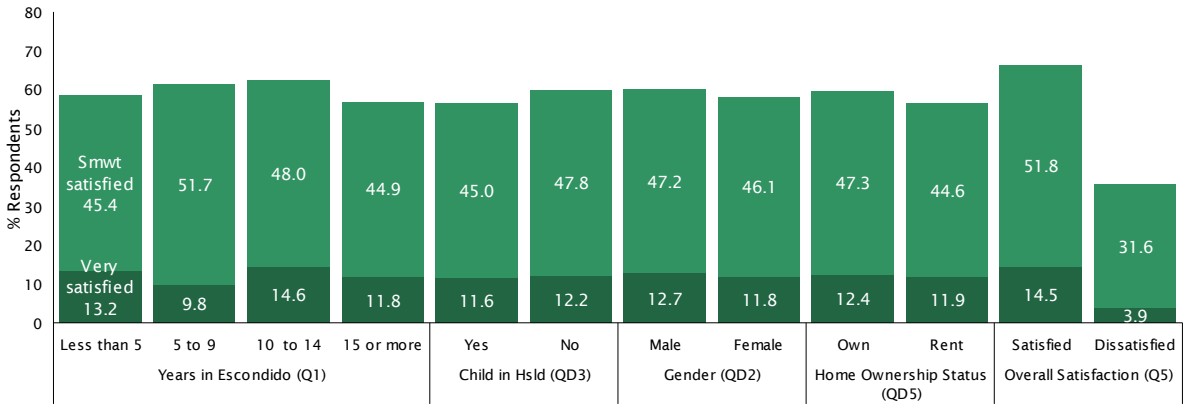
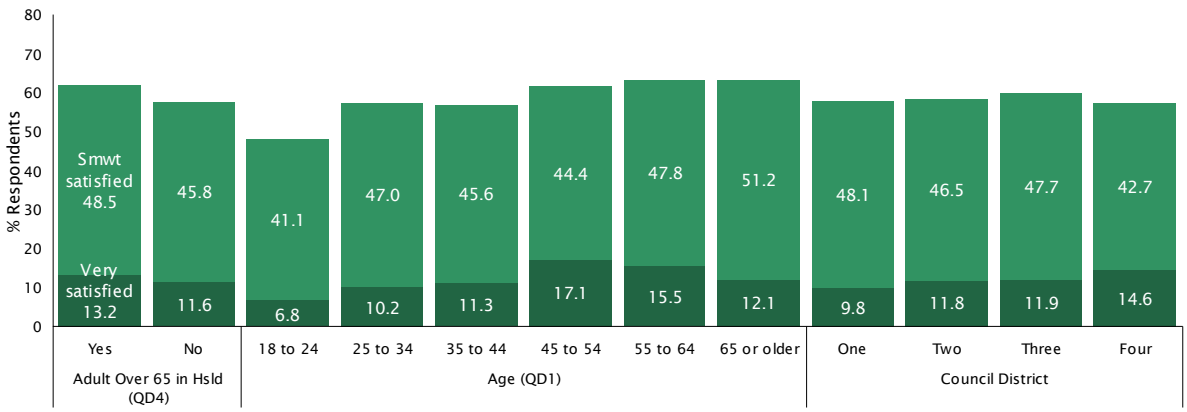


FIGURE 29 SATISFACTION WITH COMMUNICATION BY ADULT OVER 65 IN HSLD, AGE & COUNCIL DISTRICT



COMMUNICATION PREFERENCES The next communication-related question presented residents with the methods shown to the left of Figure 30 on the next page and asked whether each would be an effective way for the City to communicate with them. Overall, respondents cited email and electronic newsletters as the most effective method (87% very or somewhat effective), followed by the City's website (77%), and social media sites like Facebook, Twitter, and Next Door (76%). Approximately two-thirds of respondents also rated text messages (71%), postcards, letters and newsletters mailed to their home (71%), a smart phone app (68%), and townhall meetings (68%) as effective ways for the City to communicate with them.

Tables 10 and 11 display the percentage of respondents who perceived each communication method as *very effective* by their overall satisfaction with the City's performance, age, presence of a child in the home, Council District, and interview language, with the top three most effective methods within each subgroup highlighted green.

Question 17 *As I read the following ways that the City of Escondido can communicate with residents, I'd like to know if you think they would be very effective, somewhat effective, or not an effective way for the City to communicate with you.*

FIGURE 30 EFFECTIVENESS OF COMMUNICATION EFFORTS

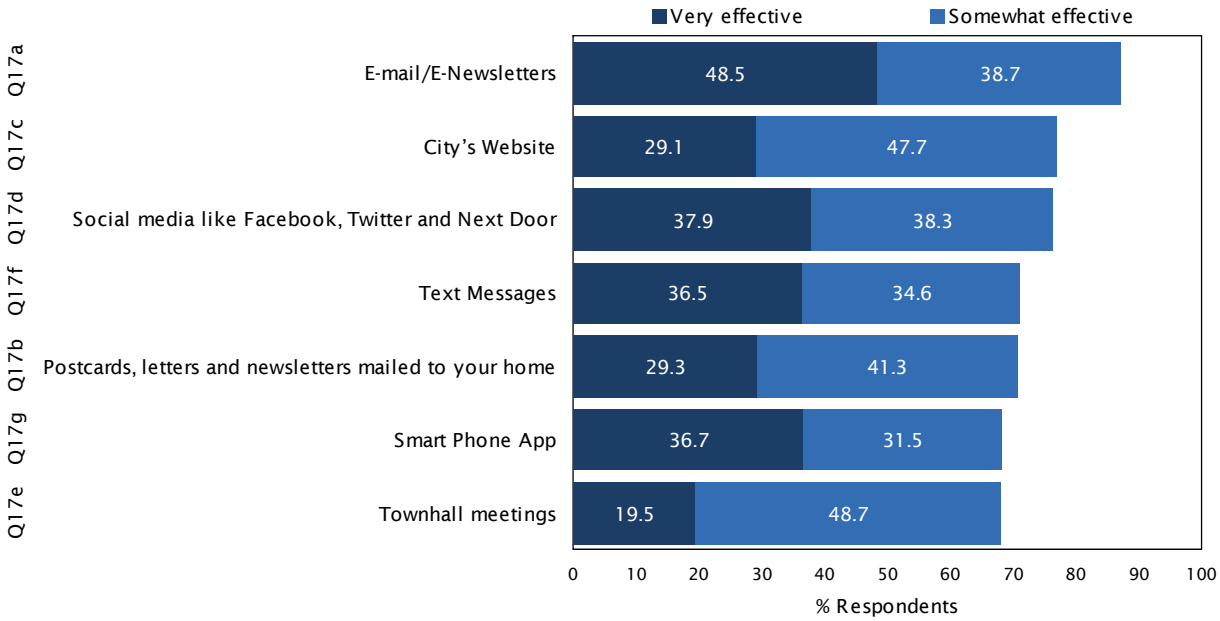


TABLE 10 EFFECTIVENESS OF COMMUNICATION EFFORTS BY OVERALL SATISFACTION & AGE (SHOWING % VERY EFFECTIVE)

	Overall Satisfaction (Q5)		Age (QD1)					
	Satisfied	Dissatisfied	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
E-mail/E-Newsletters	51.8	37.1	42.2	49.0	48.3	43.1	51.8	55.2
Social media like Facebook, Twitter and Next Door	36.8	39.5	56.1	50.3	44.5	37.3	26.1	18.7
Smart Phone App	35.4	40.9	40.5	45.3	47.4	40.0	32.2	17.9
Text Messages	36.0	37.7	35.4	46.8	44.2	40.8	31.7	21.6
Postcards, letters and newsletters mailed to your home	29.2	29.7	25.2	32.2	25.0	24.1	27.5	39.3
City's Website	29.9	25.6	26.7	34.1	27.0	31.1	28.3	25.7
Townhall meetings	18.7	20.7	23.2	20.3	14.5	19.6	21.7	17.7

TABLE 11 EFFECTIVENESS OF COMMUNICATION EFFORTS BY CHILD IN HSLD, COUNCIL DISTRICT & SURVEY LANGUAGE (SHOWING % VERY EFFECTIVE)

	Child in Hsld (QD3)		Council District (QS1)				Survey Language	
	Yes	No	One	Two	Three	Four	English	Spanish
E-mail/E-Newsletters	47.4	49.8	42.1	50.2	48.8	52.9	48.8	45.3
Social media like Facebook, Twitter and Next Door	45.6	34.0	43.3	34.1	40.4	33.9	37.0	46.6
Smart Phone App	47.3	31.4	44.1	34.4	33.6	34.7	36.3	40.7
Text Messages	45.3	32.2	40.9	35.5	35.3	34.1	35.5	45.4
Postcards, letters and newsletters mailed to your home	29.5	29.6	32.3	26.8	29.8	28.5	28.0	42.1
City's Website	31.8	28.0	30.6	26.0	33.9	25.9	29.4	25.8
Townhall meetings	17.5	20.3	22.5	17.1	20.3	17.9	18.9	24.4

COVID & THE ECONOMY

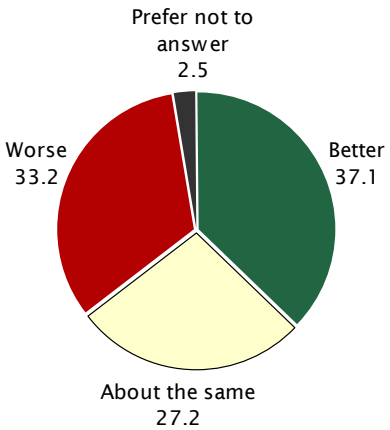
The arrival of coronavirus in California triggered a statewide shelter-in-place mandate in March, effectively shuttering most sectors of the world's fifth largest economy for the next three months. Although the State has begun a phased reopening of the economy, the public health and economic impacts of the coronavirus are likely to be felt well into the future. Recognizing that residents' experiences with COVID-19 and their personal economic experiences and expectations may shape their priorities and how they view the City's performance, the survey included a series of questions on these topics.

ECONOMIC EXPECTATIONS & EXPERIENCES

When asked about their expectations for the economy six months into the future, Escondido residents expressed an even mix of optimism and pessimism, with 37% anticipating the economy will be better than today, 33% expecting it to be worse than today, and 27% indicating it will be about the same as today (Figure 31).

Question 18 *Looking ahead six months from now, do you think the economy will be better than today, be about the same as today, or will it be worse than today?*

FIGURE 31 OPINION OF ECONOMY IN SIX MONTHS



Expectations for the economy varied substantially across respondent subgroups, especially by age and employment status (see figures 32 & 33). In general, older individuals and retirees were the most optimistic about the trajectory of the economy, whereas those under 35 years of age, students, and those currently in-between jobs were the most pessimistic about the economy six months from now.

FIGURE 32 OPINION OF ECONOMY IN SIX MONTHS BY AGE & COUNCIL DISTRICT

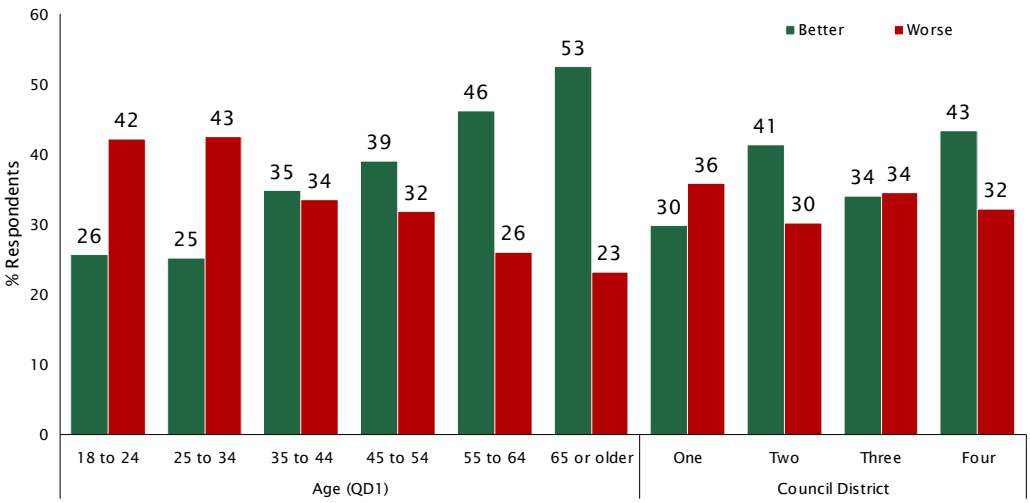


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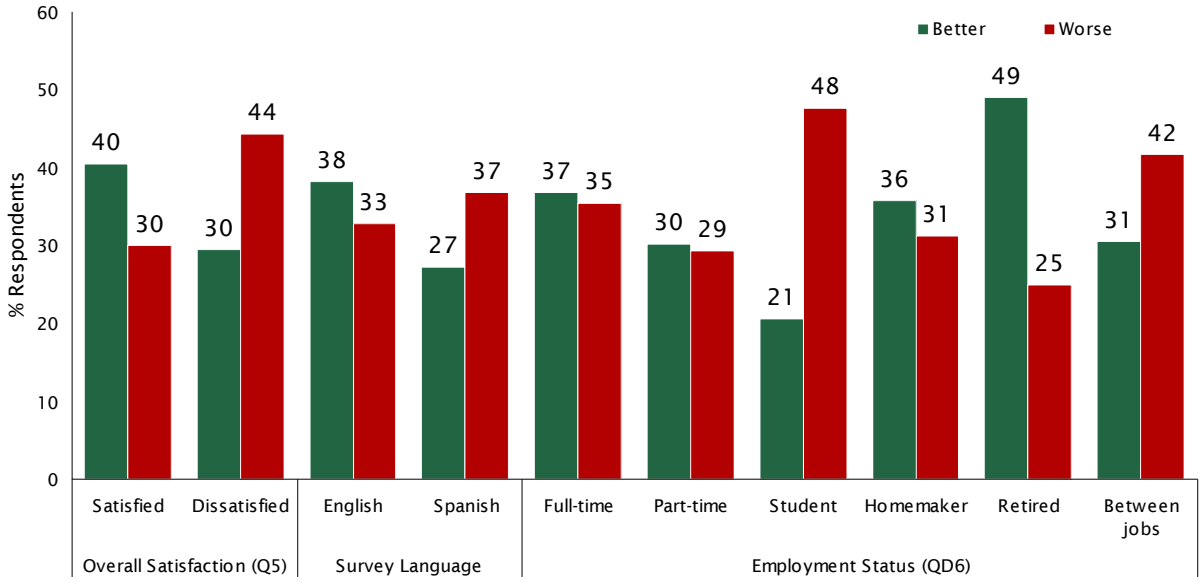
FIGURE 33 OPINION OF ECONOMY IN SIX MONTHS BY OVERALL SATISFACTION, SURVEY LANGUAGE & EMPLOYMENT STATUS



Turning now to their own household, the survey inquired as to whether they or anyone in their household had been laid-off from their job in the two months prior to the survey. Nearly one-third of respondents (32%) reported that they and/or another member of their household had been laid off from their job during this period (Figure 34). Figure 35 on the next page shows that respondents' expectations for the economy were related to their households' experience with lay-offs in the two months prior to the interview, with those optimistic about the economy being the least likely to report that they and/or someone in their household had by laid-off.

Question 21 *Have you or anyone in your household been laid-off from your job in past two months?*

FIGURE 34 HSLD MEMBER LAID-OFF FROM JOB IN PAST 2 MONTHS

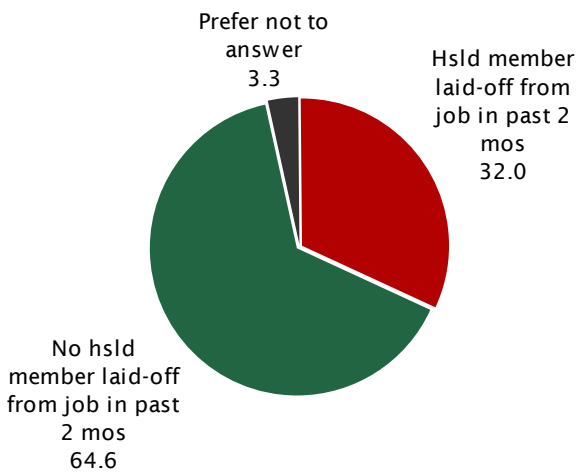


FIGURE 35 HSLD MEMBER LAID-OFF FROM JOB IN PAST 2 MONTHS BY COVID-19 CONCERN & OPINION OF ECONOMY IN SIX MONTHS

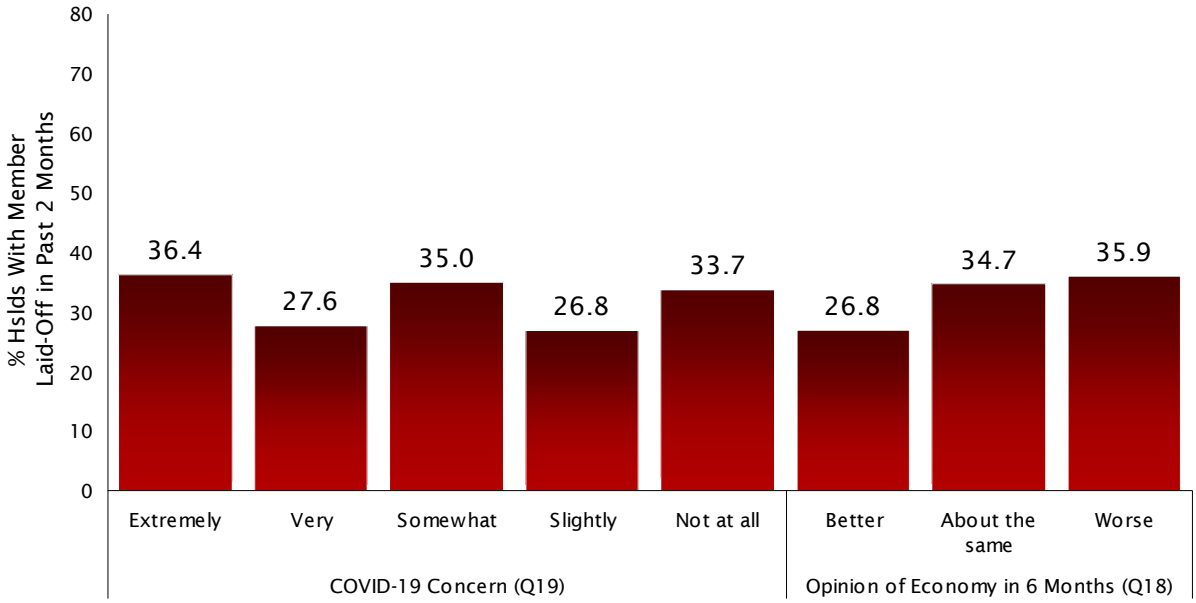
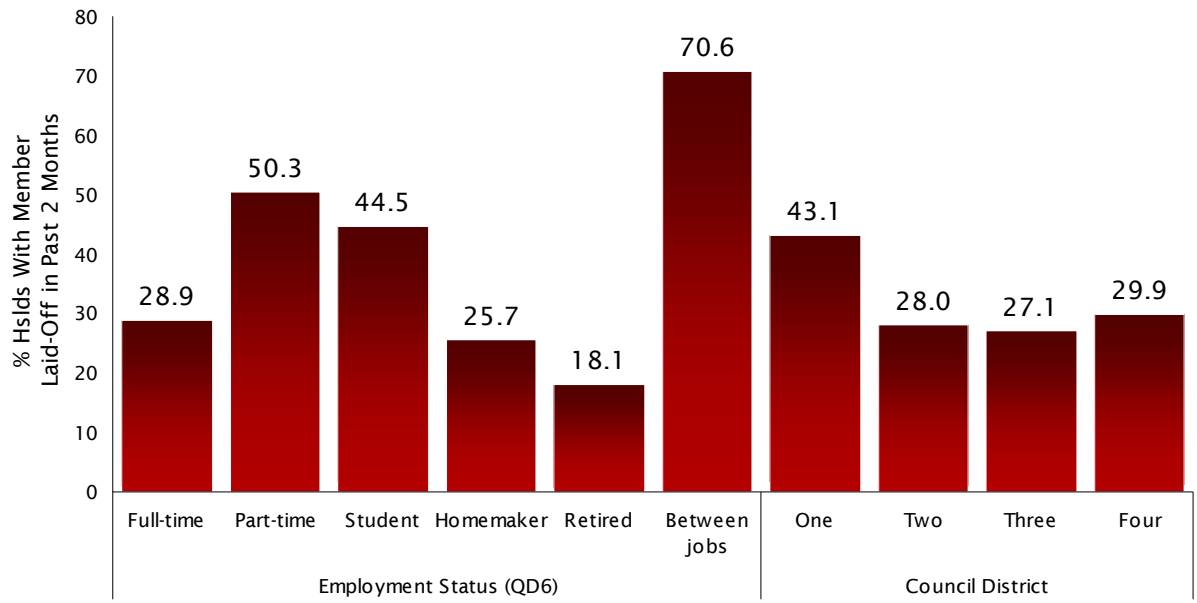


FIGURE 36 HSLD MEMBER LAID-OFF FROM JOB IN PAST 2 MONTHS BY EMPLOYMENT STATUS & COUNCIL DISTRICT



COVID-19 CONCERNS & EXPERIENCES Having measured respondents' recent economic experiences and outlook, the survey transitioned to the topic of COVID-19. As shown in Figure 37, residents in Escondido expressed considerable concern when it comes to the coronavirus, with a majority indicating they are either extremely (27%) or somewhat (30%) concerned about COVID-19. The remainder were either somewhat (21%), slightly (12%), or not at all concerned (10%). Concerns about COVID-19 were highest among seniors, residents of Council District 1, those who completed the survey in Spanish, and students, retirees, and those in-between jobs (see figures 38 & 39).

Question 19 *How concerned are you about the coronavirus known as COVID-19? Would you say you are extremely concerned, very concerned, somewhat concerned, slightly concerned, or not concerned?*

FIGURE 37 CONCERNED ABOUT COVID-19

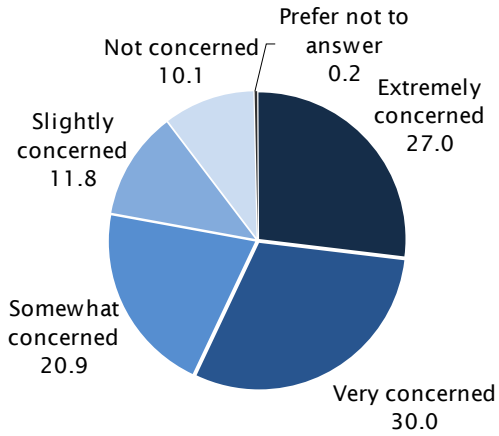


FIGURE 38 CONCERNED ABOUT COVID-19 BY AGE & COUNCIL DISTRICT

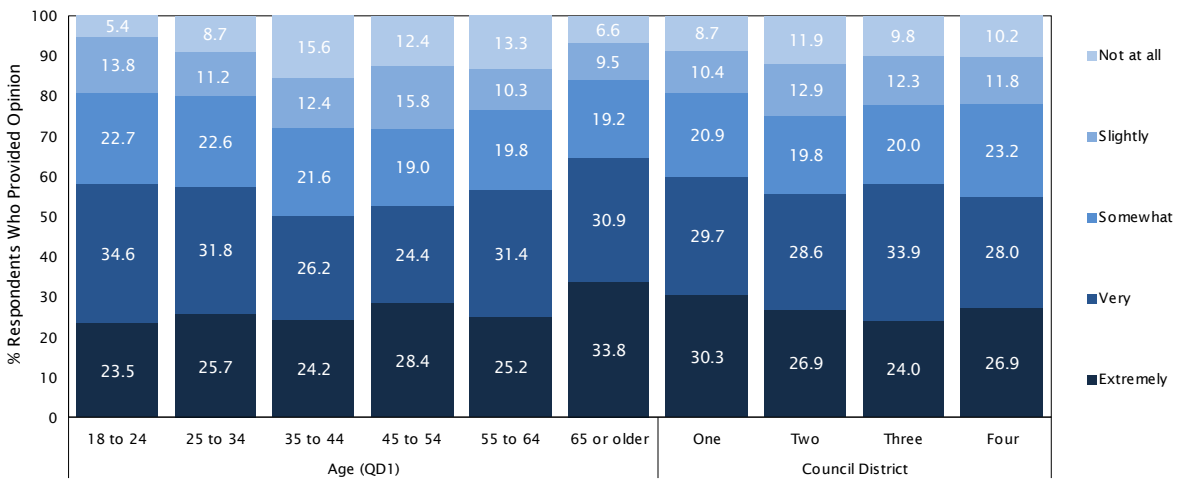
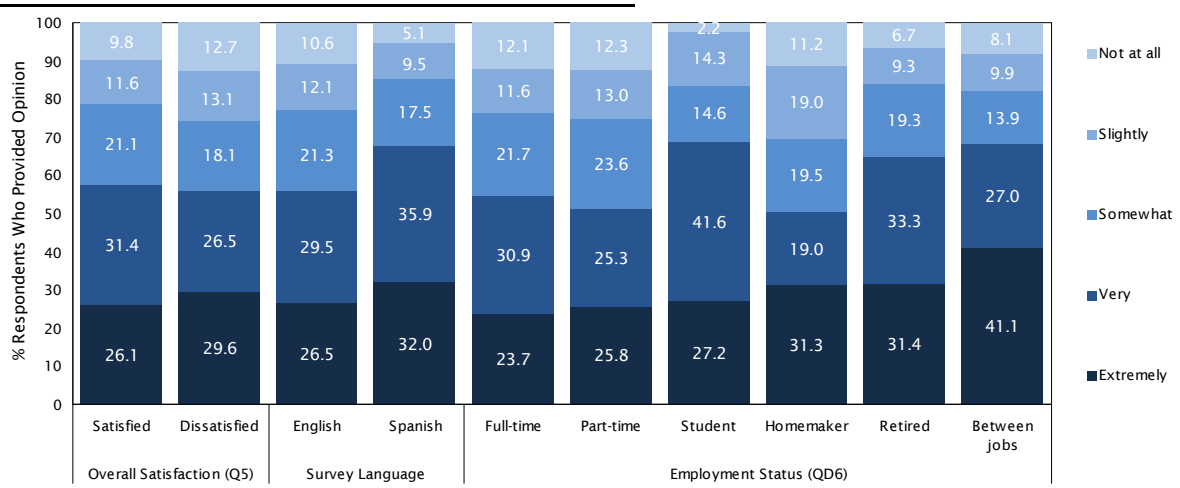


FIGURE 39 CONCERNED ABOUT COVID-19 BY OVERALL SATISFACTION, SURVEY LANGUAGE & EMPLOYMENT STATUS



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The final question in this series asked respondents whether they or anyone they know has been hospitalized due to COVID-19. Overall, approximately one-in-five respondents (18%) indicated they or someone they know has been hospitalized due to COVID-19 (Figure 40). As one might expect, the level of concern expressed about COVID-19 is shaped by a respondents' personal experiences, with those who were extremely concerned about COVID-19 being the most likely to also report knowing someone who has been hospitalized with the disease (see Figure 41).

Question 20 *Have you or anyone you know been hospitalized due to COVID-19?*

FIGURE 40 RESPONDENT/SOMEONE THEY KNOW HOSPITALIZED DUE TO COVID-19

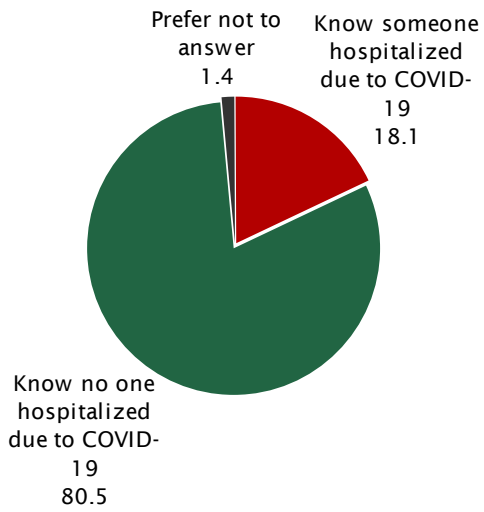


FIGURE 41 RESPONDENT/SOMEONE THEY KNOW HOSPITALIZED DUE TO COVID-19 BY COVID-19 CONCERN, ADULT OVER 65 IN HSLD & HOME OWNERSHIP STATUS

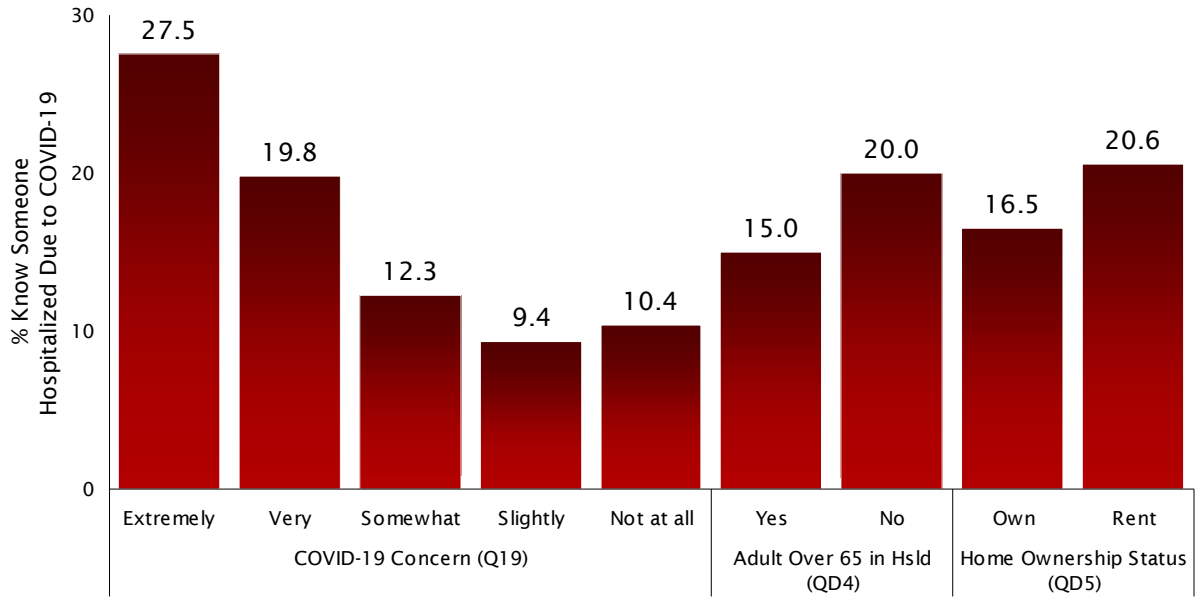
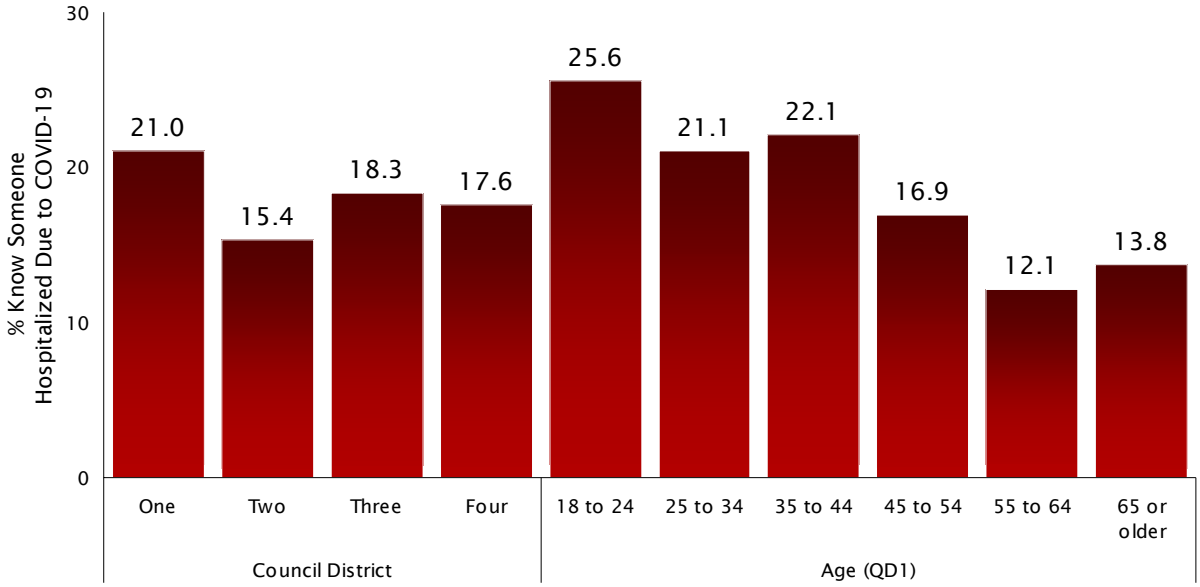


FIGURE 42 RESPONDENT/SOMEONE THEY KNOW HOSPITALIZED DUE TO COVID-19 BY COUNCIL DISTRICT & AGE



BACKGROUND & DEMOGRAPHICS

TABLE 12 DEMOGRAPHICS OF SAMPLE

Total Respondents	*2,000*
Years in Escondido (Q1)	
Less than 5	18.3
5 to 9	14.3
10 to 14	9.9
15 or more	57.0
Prefer not to answer	0.4
Child in Hsld (QD3)	
Yes	33.7
No	63.3
Prefer not to answer	3.0
Gender (QD2)	
Male	45.4
Female	51.4
Prefer not to answer	3.2
Age (QD1)	
18 to 24	12.9
25 to 34	22.6
35 to 44	15.2
45 to 54	13.6
55 to 64	15.6
65 or older	16.7
Prefer not to answer	3.4
Adult Over 65 in Hsld (QD4)	
Yes	32.5
No	64.7
Prefer not to answer	2.8
Home Ownership Status (QD5)	
Own	55.2
Rent	41.9
Prefer not to answer	2.9
Employment Status (QD6)	
Full-time	52.1
Part-time	10.2
Student	4.3
Homemaker	3.5
Retired	20.3
Between jobs	4.5
Prefer not to answer	5.0
Council District	
One	25.0
Two	25.0
Three	25.0
Four	25.0
Survey Language	
English	90.7
Spanish	9.3

Table 12 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.

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 11 they had interacted with city staff in the 12 months prior to the interview were asked to rate staff's performance in Question 12. The questionnaire included with this report (see *Questionnaire & Toplines* on page 46) 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.

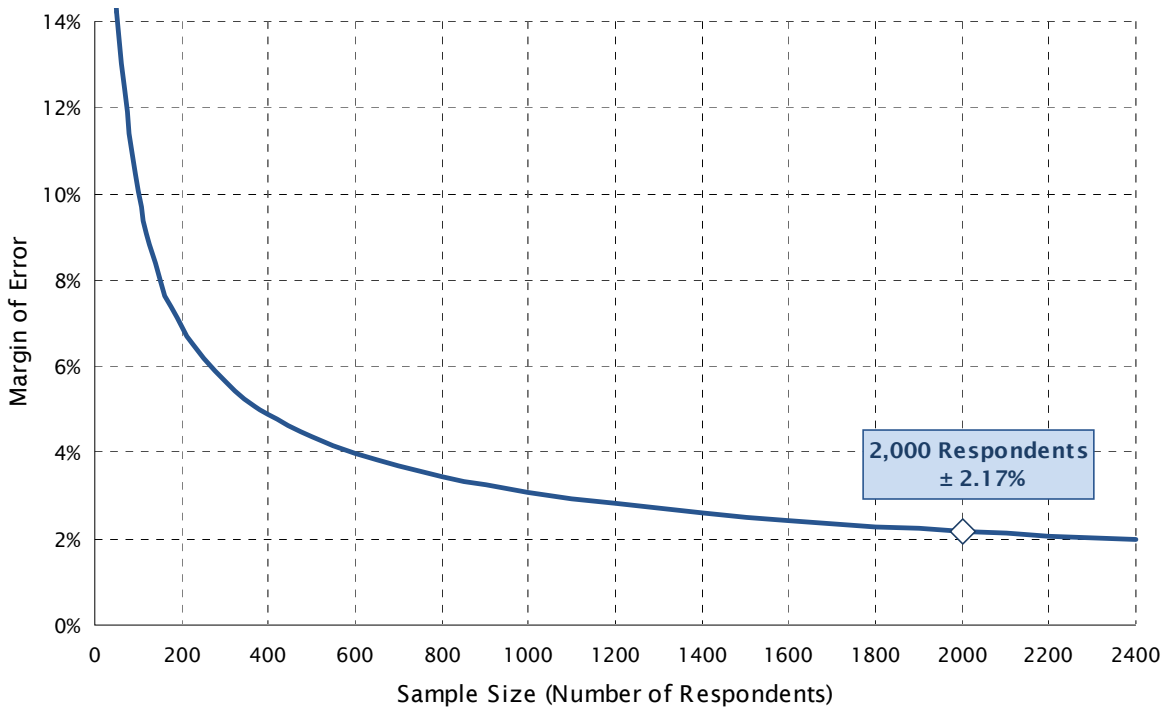
SAMPLE, RECRUITING & DATA COLLECTION A comprehensive database of Escondido households was utilized for this study, ensuring that all households in Escondido had the opportunity to participate in the survey. Households were recruited to participate in the survey through multiple recruiting methods. Using a combination of mailed and emailed invitations, a random selection of households was initially invited to participate in the survey online at a secure, passcode-protected website designed and hosted by True North. Each household 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 began placing telephone calls to land lines and cell phone numbers of households throughout the City that had yet to participate in the online survey as a result of the emailed or mailed invitation.

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 2,000 interviews were gathered online and by telephone between June 3 and June 9, 2020.

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 2,000 adult residents for a particular question and what would have been found if all of the estimated 114,022 adult residents[3] had been interviewed.

Figure 43 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 ± 2.17% for questions answered by all 2,000 respondents.

FIGURE 43 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 43 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

3. Source: U.S. Census Bureau, 2018 American Community Survey (ACS) estimate.

margin of error grows exponentially as the sample size decreases, the reader should use caution when generalizing and interpreting the results for small subgroups.

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.

TRUE NORTH RESEARCH

City of Escondido
Community Opinion Survey
Final Toplines (n=2,000)
June 2020

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	1%
	2	1 to 4 years	17%
	3	5 to 9 years	14%
	4	10 to 14 years	10%
	5	15 years or longer	57%
	99	Prefer not to answer	0%

Q2 How would you rate: _____? Would you say it is excellent, good, fair, poor or very poor?

	Always ask A first, then randomize remaining items	Excellent	Good	Fair	Poor	Very Poor	Not sure	Prefer not to answer
A	The overall quality of life in the City	9%	56%	29%	5%	1%	0%	0%
B	Escondido as a place to raise a family	9%	37%	34%	10%	3%	5%	1%
C	Escondido as a place to work	7%	30%	27%	13%	4%	16%	2%
D	Escondido as a place to retire	10%	33%	27%	12%	8%	10%	1%
E	Escondido as a place to shop and dine	10%	42%	34%	10%	3%	0%	0%
F	Escondido as a place to play and recreate	9%	36%	35%	14%	5%	2%	0%

True North Research, Inc. © 2020

Q3	What do you like **most** about the City of Escondido that should be preserved in the future? Verbatim responses recorded and later grouped into categories shown below.	
	Not sure, cannot think of anything specific	18%
	Parks, recreation facilities, opportunities	15%
	Downtown, Grand Ave	13%
	Diversity of business, cultures, activities	10%
	Small town feeling	10%
	Shopping, dining opportunities	10%
	Open space, green spaces	10%
	Cruisin' Grand	6%
	Historical places	5%
	Hiking, walking trails	4%
	Friendly people, neighbors	4%
	Sense of community	3%
	Public safety	3%
	Center for the Arts	3%
	Daley Ranch	3%
	Location, easy access	3%
	Dixon Lake	2%
	Kit Carson Park	2%
	Clean, well-maintained	2%
	Access to lakes, beaches	2%
	Quiet, peaceful	2%
	Well maintained infrastructure	1%
	Public library	1%
	Lake Hodges	1%
	Affordable houses	1%
	Grape Day Park	1%
	Good city services in general	1%
	Low cost of living	1%
	Mountains, hills	1%
	Agricultural, farmland areas	1%
	Relatively low traffic	1%
	Good schools	1%
	San Diego Zoo Safari Park	1%

	Plenty of parking	1%
	Weather, climate	1%
Q4	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.	
	Improve public safety, more police presence	17%
	Address homeless issues	15%
	Improve infrastructure, streets, sidewalks	11%
	Not sure, cannot think of anything	11%
	Clean-up, beautify City, landscape, graffiti	9%
	Improve parks, recreation	7%
	Improve schools, education	7%
	Provide more affordable housing	6%
	Improve business environment, attract new businesses	6%
	Provide more high-end restaurants	4%
	Provide more community events, activities for all ages	4%
	No changes / Everything is fine	4%
	Improve, maintain downtown area	3%
	Improve old empty buildings, houses	3%
	Address racial issues, inequality	3%
	Less residential density, high rise apartments, condos	3%
	Reduce traffic congestion	2%
	Address parking issues	2%
	Address Illegal immigration issues	2%
	Improve local economy, job opportunities	2%
	Provide more shopping opportunities	2%
	Reduce taxes, fees	1%
	Enforce traffic laws	1%
	Add, improve street lighting	1%
	Improve government, leadership	1%
	Limit growth, development	1%
	Provide more entertainment, nightlife	1%
	Enforce city codes	1%
	Improve public transportation	1%
	Improve planning, city development	1%
	Add more bike lanes	1%

	Improve library	1%
	Improve City-resident communication	1%
	Synchronize traffic lights	1%
	Address police reform issues	1%
	Improve environmental efforts	1%
	Improve cost of living	1%
	Improve budgeting, fiscal responsibility	1%

Section 3: City Services

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

Q5 Generally speaking, are you satisfied or dissatisfied with the job the City of Escondido is doing to provide city services? *Get answer, then ask:* Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?

1	Very satisfied	18%
2	Somewhat satisfied	54%
3	Somewhat dissatisfied	15%
4	Very dissatisfied	5%
98	Not sure	7%
99	Prefer not to answer	0%

Q6 For each of the services I read, please tell me whether the service is extremely important to you, very important, somewhat important, or not at all important.

	Randomize	Extremely Important	Very Important	Somewhat Important	Not at all Important	Not sure	Prefer not to answer
A	Providing police services	61%	24%	9%	5%	0%	1%
B	Reducing crime and gang activity	74%	19%	6%	1%	0%	0%
C	Providing fire protection and prevention services	68%	26%	6%	0%	0%	0%
D	Providing paramedic and emergency medical services	68%	26%	5%	0%	0%	0%
E	Preparing the City for emergencies and natural disasters	56%	34%	9%	1%	1%	0%
F	Preserving natural open space and parkland	58%	30%	11%	1%	0%	0%
G	Maintaining and repairing local streets and roads	60%	34%	5%	0%	0%	0%
H	Maintaining sewer and storm drain systems	54%	38%	7%	0%	0%	0%
I	Keeping public areas clean and free of graffiti	56%	32%	10%	1%	0%	0%
J	Maintaining parks, sports fields, and recreation facilities	47%	40%	12%	1%	0%	0%

K	Providing special events such as concerts in the park and holiday festivals	23%	31%	37%	8%	1%	0%
L	Addressing homelessness	62%	27%	10%	1%	0%	0%
M	Providing a variety of recreation programs for all ages	31%	38%	27%	4%	1%	0%
N	Providing services and programs for seniors	28%	39%	28%	3%	1%	0%
O	Managing traffic congestion	39%	41%	19%	1%	0%	0%
P	Attracting businesses and good paying jobs to the City	52%	34%	13%	1%	0%	0%
Q	Providing arts and cultural activities	27%	37%	30%	5%	1%	0%
R	Providing library services	35%	34%	24%	7%	1%	0%

Q7	For the same list of services I just 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? *Get answer. If 'satisfied' or 'dissatisfied', then ask*: Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?						
	Randomize	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Not sure	Prefer not to answer
A	Provide police services	30%	46%	9%	7%	6%	2%
B	Reduce crime and gang activity	11%	34%	30%	15%	9%	1%
C	Provide fire protection and prevention services	37%	45%	5%	1%	11%	1%
D	Provide paramedic and emergency medical services	38%	43%	5%	2%	12%	1%
E	Prepare the City for emergencies and natural disasters	14%	42%	13%	4%	25%	1%
F	Preserve natural open space and parkland	23%	50%	15%	5%	7%	1%
G	Maintain and repair local streets and roads	11%	36%	31%	20%	2%	1%
H	Maintain sewer and storm drain systems	23%	49%	11%	3%	13%	1%
I	Keep public areas clean and free of graffiti	16%	45%	25%	10%	3%	1%
J	Maintain parks, sports fields, and recreation facilities	22%	56%	12%	4%	6%	1%
K	Provide special events such as concerts in the park and holiday festivals	19%	48%	15%	5%	11%	2%
L	Address homelessness	5%	23%	33%	31%	7%	1%
M	Provide a variety of recreation programs for all ages	15%	47%	16%	5%	16%	2%
N	Provide services and programs for seniors	11%	41%	12%	3%	31%	2%
O	Manage traffic congestion	12%	49%	24%	10%	4%	1%
P	Attract businesses and good paying jobs to the City	8%	33%	29%	14%	15%	1%
Q	Provide arts and cultural activities	19%	49%	15%	4%	12%	1%
R	Provide library services	21%	46%	13%	6%	12%	1%

Section 4: Spending Priorities							
The City of Escondido has limited financial resources to provide the services and projects desired by residents. Because it can't fund *every* service and project, the City must set priorities.							
Q8	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. 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?						
	Randomize	High Priority	Medium Priority	Low Priority	Should not spend money	Not sure	Prefer not to answer
A	Expand and improve Grape Day Park	12%	32%	40%	14%	3%	0%
B	Upgrade parks and recreation facilities throughout the City	23%	46%	26%	4%	1%	0%
C	Build an Aquatics Center/competitive swimming complex	8%	18%	40%	30%	4%	0%
D	Make street, intersection, and signal improvements to reduce traffic congestion	44%	36%	17%	3%	1%	0%
E	Improve the City's library facilities and services	19%	35%	33%	10%	3%	0%
F	Build an indoor soccer facility	4%	12%	39%	41%	3%	0%
G	Improve the maintenance and repair of city streets and sidewalks	60%	32%	6%	1%	0%	0%
H	Repair aging sewer pipes and storm drains	55%	37%	5%	0%	2%	0%
I	Address homelessness	63%	26%	7%	2%	1%	0%
J	Support the development of affordable housing for **low-income** families	40%	27%	18%	14%	1%	1%
K	Support the development of affordable housing for **middle-income** families	37%	38%	16%	8%	2%	0%

Section 5: Local Governance & Customer Service							
Q9	Next, I'm going to read you a series of statements about the City of Escondido. For each, I'd like you to tell me whether you agree or disagree with the statement. Here is the (first/next) one: _____. Do you agree or disagree, or do you not have an opinion? *If agree or disagree, ask*: Would that be strongly (agree/disagree) or somewhat (agree/disagree)?						
	Randomize	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Not sure	Prefer not to answer
A	The City is **responsive** to residents' needs	8%	41%	24%	9%	18%	1%
B	The City manages its **finances** well	6%	31%	18%	8%	36%	1%
C	The City **listens** to residents when making important decisions	6%	36%	23%	11%	23%	1%
D	I **trust** the City of Escondido	11%	48%	19%	8%	13%	1%

Q10	How much attention do you pay to the issues, decisions and activities of <u>your</u> City government? Would you say that you are very attentive, somewhat attentive, slightly attentive, or not at all attentive?		
	1	Very attentive	18%
	2	Somewhat attentive	48%
	3	Slightly attentive	29%
	4	Not at all attentive	5%
	98	Not sure	1%
	99	Prefer not to answer	1%

Q11	In the past 12 months, have you been in contact with staff from the City of Escondido?			
	1	Yes	34%	*Ask Q12*
	2	No	60%	*Skip to Q13*
	98	Not sure	3%	*Skip to Q13*
	99	Prefer not to answer	3%	*Skip to Q13*

Q12	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
A	Helpful	50%	36%	13%	1%	1%
B	Professional	63%	29%	5%	2%	2%
C	Accessible	47%	42%	9%	1%	1%

Section 6: Sales Tax			
Later this year, voters in Escondido may be asked to vote on a local ballot measure. Let me read you a summary of the measure.			
Q13	To provide funding for general city services in the City of Escondido, including: • Police patrols, gang, drug and crime prevention • Fire protection, paramedic, and 9-1-1 emergency response • Street maintenance, pothole repair • Addressing homelessness • Graffiti removal, park maintenance, library and other city services shall an ordinance establishing a one-cent sales tax be adopted, providing approximately 25 million dollars annually for city services until ended by voters, with independent audits, citizen oversight, and all money locally controlled? If the election were held today, would you vote yes or no on this measure? *Get answer, then ask*: Would that be definitely (yes/no) or probably (yes/no)?		
	1	Definitely yes	39%
	2	Probably yes	33%
	3	Probably no	9%
	4	Definitely no	11%
	98	Not sure	7%
	99	Prefer not to answer	2%

Section 7: Cannabis			
The City is also interested in your attitudes about cannabis.			
Q14	Under California law, it is legal for adults to use cannabis for medical and recreational purposes. The law also allows local cities like Escondido to decide whether to allow **cannabis businesses** to operate within their boundaries, as well as the types of restrictions and regulations to place on cannabis businesses. Currently, Escondido does not allow any cannabis related businesses. In general, do you think the City of Escondido should allow cannabis businesses to operate in the city – or are you not sure?		
	1	Yes, should allow	49%
	2	No, should not allow	35%
	98	Not sure	15%
	99	Prefer not to answer	1%

Q15	There are different types of cannabis businesses. In your opinion, should the City allow: _____ within the city?				
	Randomize	Yes, allow	No, don't allow	Not sure	Prefer not to answer
A	**Recreational** retail cannabis dispensaries	44%	41%	14%	1%
B	**Medicinal** retail cannabis dispensaries	66%	24%	9%	1%
C	Indoor commercial **cultivation** of cannabis	42%	39%	18%	1%
D	The **manufacture** of cannabis products including edibles	46%	37%	16%	1%
E	Businesses that **deliver** cannabis to private residences	51%	35%	13%	1%
F	**Research** and **testing** of cannabis products	58%	26%	14%	1%

Section 8: Communications			
Q16	Overall, are you satisfied or dissatisfied with the City's efforts to communicate with residents through newsletters, the Internet, social media, and other means? *Get answer, then ask:* Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?		
	1	Very satisfied	12%
	2	Somewhat satisfied	46%
	3	Somewhat dissatisfied	23%
	4	Very dissatisfied	9%
	98	Not sure	9%
	99	Prefer not to answer	1%

Q17	As I read the following ways that the City of Escondido can communicate with residents, I'd like to know if you think they would be very effective, somewhat effective, or not an effective way for the City to communicate with you.					
	Randomize	Very Effective	Somewhat Effective	Not Effective	Not sure	Prefer not to answer
A	E-mail/E-Newsletters	48%	39%	9%	4%	0%
B	Postcards, letters and newsletters mailed to your home	29%	41%	25%	4%	0%
C	City's Website	29%	48%	18%	5%	0%
D	Social media like Facebook, Twitter and Next Door	38%	38%	17%	6%	1%
E	Townhall meetings	19%	49%	24%	7%	0%
F	Text Messages	36%	35%	19%	9%	1%
G	Smart Phone App	37%	31%	20%	11%	1%

Section 9: Background & Demographics			
Thank you so much for your participation. I have just a few background questions for statistical purposes.			
Q18	Looking ahead **six months** from now, do you think the economy will be better than today, be about the same as today, or will it be worse than today?		
	1	Better	37%
	2	About the same	27%
	3	Worse	33%
	99	Prefer not to answer	2%
Q19	How concerned are you about the coronavirus known as COVID-19? Would you say you are extremely concerned, very concerned, somewhat concerned, slightly concerned, or not concerned?		
	1	Extremely concerned	27%
	2	Very concerned	30%
	3	Somewhat concerned	21%
	4	Slightly concerned	12%
	5	Not concerned	10%
	99	Prefer not to answer	0%
Q20	Have you or anyone you know been hospitalized due to COVID-19?		
	1	Yes	18%
	2	No	80%
	99	Prefer not to answer	1%
Q21	Have you or anyone in your household been laid-off from your job in past two months?		
	1	Yes	32%
	2	No	65%
	99	Prefer not to answer	3%
D1	In what year were you born? Year recorded and grouped into age categories shown below.		
	18 to 24		13%
	25 to 34		23%
	35 to 44		15%
	45 to 54		14%
	55 to 64		16%
	65 or older		17%
	Prefer not to answer		3%

D2	What is your gender?		
	1	Male	45%
	2	Female	51%
	3	Not listed	0%
	99	Prefer not to answer	3%
D3	Do you have one or more children under the age of **18** living in your household?		
	1	Yes	34%
	2	No	63%
	99	Prefer not to answer	3%
D4	Do you have one or more adults **65** years of age or older in your household?		
	1	Yes	32%
	2	No	65%
	99	Prefer not to answer	3%
D5	Do you own or rent your residence in Escondido?		
	1	Own	55%
	2	Rent	42%
	99	Prefer not to answer	3%
D6	Which of the following best describes your employment status? Would you say you are employed full-time, part-time, a student, a homemaker, retired, or are you in-between jobs right now?		
	1	Employed full-time	52%
	2	Employed part-time	10%
	3	Student	4%
	4	Homemaker	3%
	5	Retired	20%
	6	In-between jobs	4%
	99	Prefer not to answer	5%
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			
S1	Council District		
	1	One	25%
	2	Two	25%
	3	Three	25%
	4	Four	25%
S2	Survey Language		
	1	English	91%
	2	Spanish	9%

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Current Business Item No. 24 **July 15, 2020** **File No. 0650-20**

SUBJECT: Consideration of Resolution and Ordinance Placing the *Escondido Public Safety and Essential Services Revenue Measure* Before Voters at the Municipal General Election on November 3, 2020

DEPARTMENT: City Manager's Office

RECOMMENDATION:

It is recommended that the City Council: (a) adopt Resolution No. 2020-97 calling for an election submitting a proposed one percent general transactions and use (sales) tax increase to the voters; and (b) introduce Ordinance No. 2020-19 amending the Escondido Municipal Code to establish a one percent sales tax to be administered by the California Department of Tax and Fee Administration, including provisions for citizens' oversign and accountability.

While the introduction of additional taxes on people, especially at this time, should never be done casually, staff recommends placing this item on the November 2020 ballot to allow the voters the opportunity to consider an issue which will address the fiscal health of the City for years to come.

FISCAL ANALYSIS:

The Registrar of Voters estimates that the cost of placing the Essential Services Revenue Measure on the citywide ballot will be approximately $110,000, which include printing and distributing the ballot question, impartial analysis, opposing view, and rebuttal. If the measure passes, preparatory costs and ongoing administration costs charged by the California Department of Tax and Fee Administration will be paid from the revenues received.

The City of Escondido would receive an additional one percent of sales tax collected within the City. The increase is projected to generate an estimated $25 million in annual revenue. State law requires that the ballot measure question include the amount of money to be raised annually and the rate and duration of the tax to be levied, which is included in the proposed ballot question.

BACKGROUND:

Over the past decade, the City of Escondido's revenues have not kept pace with the growing costs associated with providing municipal services and facilities. It is becoming increasingly challenging to maintain the quality of City Services such as crime and gang prevention, 911 response, pothole repair, street and park maintenance, graffiti eradication, homelessness issues, and other core services.

During the past 10 years, the City has been proactive in reducing costs in a variety of ways. Measures include instituting pension reform, increasing employees' share of benefit packages, reducing the City's workforce by 126 full-time employees below pre-recession levels (while Escondido grew by 8,000 residents during this time), updating City fees, installing cost-saving technology, establishing a citywide Community Facilities District, deferring maintenance on projects, and more.

Even after instituting deep budget cuts and enhanced efficiencies, however, Escondido is facing a structural deficit exceeding $176+ million over the next 18 years. Effects from the COVID-19 pandemic economic shutdown further impact the City's budget with reduced spending in the community translating to fewer revenue collections, which directly impacts the General Fund.

During the development of the FY 2019-2020 budget, the City Manager recommended evaluating a potential one percent sales tax measure that would annually generate $25 million to structurally increase revenues for maintaining essential city services. Local jurisdictions can obtain voter approval for local transactions and use taxes (sales tax) at a general election; the City's next scheduled municipal election is November 3, 2020. A general tax measure requires approval of 50 percent of voters, plus one. The deadline to place a measure on the November 2020 ballot is August 7, 2020, and requires approval by two-thirds of the City Council (four affirmative votes).

Within California, 235 of the state's 482 cities (49 percent), and 33 of the state's 58 counties (57 percent), have approved transaction and use taxes, (Attachment 1). San Diego County cities are depicted below:

City	*Total Sales Tax Rate*	*Local Rate*	*Election Date*	*Voter Approval*
Chula Vista	8.75%	1.0%	June 2018	52.56%
Del Mar	8.75%	1.0%	November 2016	67.30%
El Cajon	8.25%	0.5%	November 2008	51.77%
La Mesa	8.50%	0.75%	November 2008	55.51%
National City	8.75%	1.0%	June 2006	58.10%
Oceanside	8.25%	0.5%	November 2018	55.68%
Vista	8.25%	0.5%	November 2006	53.97%

Other Southern California cities with local sales taxes include Temecula (8.75%), Pasadena (10.25%) Long Beach (10.25%) Santa Barbara (8.75%).

Feasibility Survey and Public Outreach

The City Council approved evaluating the merits of a revenue measure, which included contracting True North Research, Inc. to conduct a survey in the fall of 2019 gauging voter sentiment for the sales tax increase. The revenue measure survey involved a sample size of 1,084 registered voters and was conducted between October 14-25, 2019. The results were presented to the City Council on November 20, 2019, which indicated 65 percent support for such a measure with a +/-2.95 percent margin of error. The survey is online at:
https://www.escondido.org/Data/Sites/1/media/PDFs/11.20.19SRAttachment1-EscondidoRevenueMeasureSurvey19.pdf

The City Council commissioned a community opinion survey that was conducted between June 2-12, 2020, by True North Research, Inc. to gauge residents' opinions with the level and type of municipal services provided in the community. The economic downturn of the local economy caused by the COVID-19 pandemic raised concern of potentially shifting voter sentiment regarding a proposed revenue measure. The June survey included a question to gauge whether or not voter support for a revenue measure remained strong.

Collectively, 71 percent of respondents comprising registered voters, as well as adults not registered to vote, responded “Definitely Yes” or “Probably Yes” regarding their support for the measure. Those responding “No” or “Not Sure” totaled 20 percent and seven percent respectively. The consultant isolated the responses from registered voters and calculated the same level of support. The scientific opinion satisfaction survey was administered by phone and online in English and Spanish to a random sample of 2,000 registered voters and non-voting adults equally distributed amongst all four City Council districts in the City of Escondido. The margin of error for this sample size is +/-2.17 percent. The survey is online at:
https://www.escondido.org/Data/Sites/1/media/PDFs/11.20.19SRAttachment1-EscondidoRevenueMeasureSurvey20.pdf

In order to expand outreach efforts, gather input, and educate the public on the City’s current and projected financial condition, staff developed a website: https://www.escondido.org/2020-revenue-ballot-measure.aspx that includes Frequently Asked Questions, Responsible Spending Pledge, and other pertinent information. Staff has presented details about the City’s budget and potential sales tax measure to neighborhood groups and service organizations. The COVID-19 pandemic has limited staff’s ability to personally meet with groups. A video presentation was also prepared allowing individuals and organizations to remotely access information about the revenue measure available online at: https://www.escondido.org/Data/Sites/1/media/video/revmes.mp4

ANALYSIS:

The sales tax rate currently applied in the City of Escondido is 7.75 percent, which is the base rate for San Diego County. This includes a combined statewide rate of 7.25 percent and a San Diego county district tax of 0.50 percent for the TransNet program. Of the total 7.75 percent collected, Escondido receives only one percent. California Revenue and Taxation Code Section 7251.1 requires that the combined taxes in any county (above the statewide tax rate) cannot exceed two percent. A general-purpose tax increase of one-percent is recommended, which would generate an estimated $25 million in annual revenues.

California Revenue and Taxation Code also mandates that food items (groceries), prescriptions, certain medical devices, and other “Necessities of Life” are exempt from sales tax. Staff received information from MuniServices (a consultant for the City which provides analytics on revenue and collections) who analyzed Escondido’s current sales tax revenue and demographics and estimated that 67 percent of sales tax revenues come from residents and the remaining 33 percent payed by non-residents, tourists, and businesses.

In order to enact a local sales tax, the City Council must first approve an ordinance amending the Escondido Municipal Code to add Chapter 25, Article 2, Division 2, Sections 25-33.1 through 25-33.17 establishing a one-cent general transactions and use tax to be administered by the California Department of Tax and Fee Administration including provisions for citizens’ oversight and accountability.

The next step is adoption of a resolution calling and giving notice of a consolidated general election to be held on November 3, 2020, and ordering submission of a measure at said election for voters to consider approval of the ordinance. The City Council must approve the ordinance and resolution with a two-thirds majority, which requires four affirmative votes. Majority voter approval is required to approve the local sales tax (50 percent of voters, plus one).

The ballot language to be presented to the voters is as follows:

> **ESCONDIDO PUBLIC SAFETY AND ESSENTIAL SERVICES MEASURE.** To provide funding for public safety; gang and crime prevention; fire protection, paramedic services, and 911 emergency response; street maintenance; pothole repair; addressing homelessness; graffiti removal; park maintenance, library and other city services, shall an ordinance establishing a one percent sales tax be adopted, providing approximately 25 million dollars annually for general city services until ended by voters, with independent audits, citizen oversight, and all money locally controlled?

The revenue from the measure would be paid in addition to the existing sales tax and would be collected at the same time and in the same manner as the existing sales tax. An exception to this would be for vehicle sales, which are taxed based on where the vehicle will be registered by the owner, rather than where the vehicle is sold. This avoids creating a competitive disadvantage for automotive and other vehicle dealers in cities with local sales taxes.

As with the existing tax, the new revenue would be collected by the California Department of Tax and Fee Administration (formerly part of the State Board of Equalization), however all revenue generated would be dedicated to the City of Escondido and could not be diverted to the state, county, or other agencies. Because the measure is a proposed "general tax," the revenues would go into the City's general fund and could be use for any legal municipal purpose.

The ordinance provides that the tax would go into effect on the first day of the first calendar quarter commencing more than more than 110 days after approval of the ordinance by the electorate. Staff anticipates an effective date of April 1, 2021, if voters approve the revenue measure in November 2020.

<u>Citizen Oversight and Accountability</u>
The ordinance contains the following provisions to provide oversight, transparency and accountability for the funds received from the sales tax:

- *Separate Fund Accounting*. All revenue generated by the tax shall be accounted in the General Fund as a separate line item entitled with the name of the measure. Any and all expenditures of the measure will be tracked and accounted for by the City Finance Department staff in accordance with General Accepted Accounting Principles (GAAP), and presented annually in a report (the "Finance Department Report") to the Citizens' Oversight Committee (COC).
- *Citizens' Oversight Committee*. The City Council shall create a Citizens' Oversight Committee (COC) not later than April 1, 2021. The Committee members shall include those with a range of expertise including accounting, finance and engineering. The COC shall operate under the Brown Act, which includes requirements that meetings be noticed in advance and held in public. The COC will be responsible for review and comment on the Finance Department Report, Spending Plan and Annual Audit. Additionally, the COC will prepare and annually report regarding compliance with the Spending Plan and work with staff to identify and apply 'best practices' for tracking and reporting.

- *Spending Plan*. The City Manager shall prepare an annual Spending Plan for review and recommendation by the COC prior to City Council consideration of the annual budget. The Spending Plan shall include specific proposals for near-term expenditures and a plan for expenditures while the tax is in effect.
- *Annual Independent Audit*. Beginning with the fiscal year that ends June 30, 2021, a review of the collection and expenditure of the tax revenues generated by the measure shall be included in the annual audit by the City's independent auditors. The audit shall be presented each year to the COC for its review for compliance with the terms of the revenue measure ordinance, and transmitted to the City Council for its consideration at a public meeting.

Impartial Analysis

Pursuant to Elections Code section 9280, the proposed resolution directs the City Attorney to prepare an impartial analysis of the measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of the measure.

Ballot Arguments

Election Code Section 9282 allows the legislative body, any member or members of the legislative body authorized by the body, any individual voter who is eligible to vote on the measure, bona fide association of citizens, or any combination of voters and associations, to submit an argument for or against a measure placed on the ballot by the legislative body. Arguments may not exceed 300 words in length, and must be submitted to the City Clerk by a deadline established by the Registrar of Voters.

Staff is recommending, and the resolution authorizes, that the Mayor submit arguments in favor of the measure, on behalf of the City Council. Pursuant to Elections Code 9285, the author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument or may authorize in writing another person or persons to prepare, submit, or sign the rebuttal argument. A rebuttal argument shall not exceed 250 words.

REVENUE MEASURE COMMITTEE

Government Code Section 54964(a) prevents City employees from expending public funds for, and/or being actively engaged in, promoting a ballot measure during their "on duty" working hours. All material produced by the City regarding the measure must be presented in an informational manner, without advocating for a particular outcome.

Members of the community representing economic, social, educational, spiritual, law enforcement, religious, health and legal organizations have formed a Revenue Measure Committee. This Committee will work independently of staff and City government to prepare information for distributing to the public.

The Committee held a 'kick-off' meeting on July 7, 2020, where they charted an agenda for the months leading up to the election outlining steps and efforts for promoting the revenue measure in the community.

CONCLUSION AND NEXT STEPS

Staff recommends that the City Council adopt Resolution No. 2020-97 calling for an election submitting a proposed one percent general transaction and use (sales) tax increase to the voters, and introduce Ordinance No. 2020-19 amending the Escondido Municipal Code to add a section establishing a one percent sales tax to be administered by the California Department of Tax and Fee Administration including provisions for citizens oversight committee.

Staff will work with the Mayor to develop the ballot arguments and provide necessary documentation to the Registrar of Voters for scheduling the revenue measure on the November 3, 2020, general municipal election ballot. If the measure is successful, staff will draft an application and procedures for consideration at a later date prescribing the City Council's selection of the future Citizens' Oversight Committee ("COC").

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Jay Petrek, Assitant City Manager
7/9/20 3:01 p.m.

ATTACHMENTS:

1. Attachment 1: California Sales and Use Tax Rates by County and City
2. Resolution No. 2020-97
3. Ordinance No. 2020-19

ATTACHMENT 1 (1 of 2)
California Sales and use Tax Rages by County and City

CDTFA-95 (FRONT) REV. 19 (7-20)
SALES AND USE TAX RATES

STATE OF CALIFORNIA
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

California Sales and Use Tax Rates by County and City*

Operative July 1, 2020 (includes state, county, local, and district taxes)

ALAMEDA
COUNTY 9.25%
City of Alameda 9.75%
City of Albany 9.75%
City of Emeryville 9.50%
City of Hayward 9.75%
City of Newark 9.75%
City of San Leandro 9.75%
City of Union City 9.75%

ALPINE
COUNTY 7.25%

AMADOR
COUNTY 7.75%

BUTTE
COUNTY 7.25%
City of Oroville 8.25%
Town of Paradise 7.75%

CALAVERAS
COUNTY 7.25%
City of Angels Camp 7.75%

COLUSA
COUNTY 7.25%
City of Williams 7.75%

CONTRA COSTA
COUNTY 8.25%
City of Antioch 9.25%
City of Concord 8.75%
City of El Cerrito 9.75%
City of Hercules 8.75%
City of Martinez 9.25%
Town of Moraga 9.25%
City of Orinda 8.75%
City of Pinole 9.25%
City of Pittsburg 8.75%
City of Pleasant Hill 8.75%
City of Richmond 9.25%
City of San Pablo 8.75%

DEL NORTE
COUNTY 7.50%

EL DORADO
COUNTY 7.25%
City of Placerville 8.25%
City of South Lake Tahoe 7.75%

FRESNO
COUNTY 7.975%
City of Coalinga 8.975%
City of Fowler 8.975%
City of Huron 8.975%
City of Kerman 8.975%
City of Kingsburg 8.975%
City of Parlier 8.975%
City of Reedley 9.225%
City of Sanger 8.725%
City of Selma 8.475%

GLENN
COUNTY 7.25%
City of Orland 7.75%

HUMBOLDT
COUNTY 7.75%
City of Arcata 8.50%
City of Eureka 8.50%
City of Fortuna 8.50%
City of Rio Dell 8.75%
City of Trinidad 8.50%

IMPERIAL
COUNTY 7.75%
City of Calexico 8.25%
City of El Centro 8.25%

INYO
COUNTY 7.75%

KERN
COUNTY 7.25%
City of Arvin 8.25%
City of Bakersfield 8.25%
City of Delano 8.25%
City of Ridgecrest 8.25%
City of Wasco 8.25%

KINGS
COUNTY 7.25%
City of Corcoran 8.25%

LAKE
COUNTY 7.25%
City of Clearlake 8.75%
City of Lakeport 8.75%

LASSEN
COUNTY 7.25%

LOS ANGELES
COUNTY 9.50%
City of Alhambra 10.25%
City of Arcadia 10.25%
City of Avalon 10.00%
City of Azusa 10.25%
City of Burbank 10.25%
City of Commerce 10.00%
City of Compton 10.25%
City of Covina 10.25%
City of Cudahy 10.25%
City of Culver City 10.25%
City of Downey 10.00%
City of Duarte 10.25%
City of El Monte 10.00%
City of Gardena 10.25%
City of Glendale 10.25%
City of Glendora 10.25%
City of Hawthorne 10.25%
City of Huntington Park 10.25%
City of Inglewood 10.00%
City of Irwindale 10.25%
City of La Puente 10.00%
City of La Verne 10.25%
City of Lakewood 10.25%
City of Lawndale 10.25%
City of Long Beach 10.25%
City of Lynwood 10.25%
City of Monrovia 10.25%
City of Montebello 10.25%
City of Norwalk 10.25%
City of Paramount 10.25%
City of Pasadena 10.25%
City of Pico Rivera 10.25%
City of Pomona 10.25%
City of San Fernando 10.00%
City of San Gabriel 10.25%
City of Santa Fe Springs 10.50%
City of Santa Monica 10.25%
City of Sierra Madre 10.25%
City of South El Monte 10.00%
City of South Gate 10.25%
City of South Pasadena 10.25%
City of Whittier 10.25%

MADERA
COUNTY 7.75%
City of Chowchilla 8.75%
City of Madera 8.25%

MARIN
COUNTY 8.25%
Town of Corte Madera 9.00%
Town of Fairfax 9.00%
City of Larkspur 9.00%
City of Novato 8.50%
Town of San Anselmo 8.75%
City of San Rafael 9.00%
City of Sausalito 8.75%

MARIPOSA
COUNTY 7.75%

MENDOCINO
COUNTY 7.875%
City of Fort Bragg 8.875%
City of Point Arena 8.375%
City of Ukiah 8.875%
City of Willits 8.375%

MERCED
COUNTY 7.75%
City of Atwater 8.25%
City of Gustine 8.25%
City of Los Banos 8.75%
City of Merced 8.25%

MODOC
COUNTY 7.25%

MONO
COUNTY 7.25%
Town of Mammoth Lakes 7.75%

MONTEREY
COUNTY 7.75%
City of Carmel-by-the-Sea 9.25%
City of Del Rey Oaks 9.25%
City of Gonzales 8.25%
City of Greenfield 9.50%
City of King City 8.75%
City of Marina 9.25%
City of Monterey 9.25%
City of Pacific Grove 8.75%
City of Salinas 9.25%
City of Sand City 8.75%
City of Seaside 9.25%
City of Soledad 8.75%

*(For more details, refer to *www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm*.)

Note: Some communities located within a county or a city may not be listed. If you are in doubt about the correct rate or if you cannot find a community, please call our toll-free number at 1-800-400-7115 (CRS:711), or call the local California Department of Tax and Fee Administration office nearest you for assistance.

ATTACHMENT 1 (2 of 2)
California Sales and use Tax Rages by County and City

CDTFA-95 (BACK) REV. 19 (7-20)
SALES AND USE TAX RATES

NAPA
COUNTY 7.75%
City of St. Helena 8.25%

NEVADA
COUNTY 7.50%
City of Grass Valley 8.50%
City of Nevada City 8.375%
Town of Truckee 8.25%

ORANGE
COUNTY 7.75%
City of Fountain Valley 8.75%
City of Garden Grove 8.75%
City of La Habra 8.25%
City of La Palma 8.75%
City of Placentia 8.75%
City of Santa Ana 9.25%
City of Seal Beach 8.75%
City of Stanton 8.75%
City of Westminster 8.75%

PLACER
COUNTY 7.25%
Town of Loomis 7.50%
City of Roseville 7.75%

PLUMAS
COUNTY 7.25%

RIVERSIDE
COUNTY 7.75%
City of Cathedral City 8.75%
City of Coachella 8.75%
City of Hemet 8.75%
City of Indio 8.75%
City of La Quinta 8.75%
City of Menifee 8.75%
City of Murrieta 8.75%
City of Norco 8.75%
City of Palm Springs 9.25%
City of Riverside 8.75%
City of Temecula 8.75%
City of Wildomar 8.75%

SACRAMENTO
COUNTY 7.75%
City of Galt 8.25%
City of Isleton 8.75%
City of Rancho Cordova 8.25%
City of Sacramento 8.75%

SAN BENITO
COUNTY 8.25%
City of Hollister 9.25%
City of San Juan Bautista 9.00%

SAN BERNARDINO
COUNTY 7.75%
City of Barstow 8.75%
City of Montclair 8.00%
City of San Bernardino 8.00%
Town of Yucca Valley 8.75%

SAN DIEGO
COUNTY 7.75%
City of Chula Vista 8.75%
City of Del Mar 8.75%
City of El Cajon 8.25%
City of La Mesa 8.50%
City of National City 8.75%
City of Oceanside 8.25%
City of Vista 8.25%

SAN FRANCISCO
COUNTY 8.50%

SAN JOAQUIN
COUNTY 7.75%
City of Lathrop 8.75%
City of Lodi 8.25%
City of Manteca 8.25%
City of Stockton 9.00%
City of Tracy 8.25%

SAN LUIS OBISPO
COUNTY 7.25%
City of Arroyo Grande 7.75%
City of Atascadero 7.75%
City of Grover Beach 7.75%
City of Morro Bay 7.75%
City of Paso Robles 7.75%
City of Pismo Beach 7.75%
City of San Luis Obispo 7.75%

SAN MATEO
COUNTY 9.25%
City of Belmont 9.75%
City of Burlingame 9.50%
City of East Palo Alto 9.75%
City of Redwood City 9.75%
City of San Bruno 9.75%
City of San Mateo 9.50%
City of South San Francisco 9.75%

SANTA BARBARA
COUNTY 7.75%
City of Carpinteria 9.00%
City of Guadalupe 8.00%
City of Lompoc 8.75%
City of Santa Barbara 8.75%
City of Santa Maria 8.75%

SANTA CLARA
COUNTY 9.00%
City of Campbell 9.25%
City of Los Gatos 9.125%
City of San Jose 9.25%

SANTA CRUZ
COUNTY[1] 8.50%
City of Capitola 9.00%
City of Santa Cruz 9.25%
City of Scotts Valley 9.75%
City of Watsonville 9.25%
Santa Cruz (Unincorporated Area)[2] 9.00%

SHASTA
COUNTY 7.25%
City of Anderson 7.75%

SIERRA
COUNTY 7.25%

SISKIYOU
COUNTY 7.25%
City of Dunsmuir 7.75%
City of Mount Shasta 7.50%
City of Weed 7.50%
City of Yreka 7.75%

SOLANO
COUNTY 7.375%
City of Benicia 8.375%
City of Fairfield 8.375%
City of Rio Vista 8.125%
City of Suisun City 8.375%
City of Vacaville 8.125%
City of Vallejo 8.375%

SONOMA
COUNTY 8.25%
City of Cotati 9.25%
City of Healdsburg 8.75%
City of Rohnert Park 8.75%
City of Santa Rosa 9.00%
City of Sebastopol 9.00%
City of Sonoma 8.75%

STANISLAUS
COUNTY 7.875%
City of Ceres 8.375%
City of Oakdale 8.375%

SUTTER
COUNTY 7.25%

TEHAMA
COUNTY 7.25%
City of Corning 7.75%
City of Red Bluff 7.50%

TRINITY
COUNTY 7.25%

TULARE
COUNTY 7.75%
City of Dinuba 8.50%
City of Farmersville 8.75%
City of Lindsay 8.75%
City of Porterville 9.25%
City of Tulare 8.25%
City of Visalia 8.50%
City of Woodlake 8.75%

TUOLUMNE
COUNTY 7.25%
City of Sonora 7.75%

VENTURA
COUNTY 7.25%
City of Oxnard 7.75%
City of Port Hueneme 8.75%
City of Santa Paula 8.25%
City of Ventura 7.75%

YOLO
COUNTY 7.25%
City of Davis 8.25%
City of West Sacramento 8.25%
City of Woodland 8.00%

YUBA
COUNTY[3] 7.25%
City of Marysville 8.25%
City of Wheatland 7.75%
Yuba (Unincorporated Area)[4] 8.25%

[1] This county tax rate applies to areas that are within the boundaries of any incorporated cities within the Santa Cruz county.
[2] This county tax rate applies to areas that are not within the boundaries of any incorporated cities within the Santa Cruz county.
[3] This county tax rate applies to areas that are within the boundaries of any incorporated cities within the Yuba county.
[4] This county tax rate applies to areas that are not within the boundaries of any incorporated cities within the Yuba county.

RESOLUTION NO. 2020-97

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION ON TUESDAY, NOVEMBER 3, 2020, FOR THE SUBMISSION OF A PROPOSED ORDINANCE FOR A ONE PERCENT GENERAL TRANSACTIONS AND USE (SALES) TAX INCREASE; CONSOLIDATING THE ELECTION WITH THE STATEWIDE ELECTION, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO PERMIT THE REGISTRAR OF VOTERS TO CONDUCT THE ELECTION; AUTHORIZING THE MAYOR AND DESIGNATED COUNCIL MEMBERS TO SUBMIT BALLOT ARGUMENTS IN FAVOR OF THE MEASURE; AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS

WHEREAS the City of Escondido may impose a local transactions and use tax increase for general governmental purposes with the approval of the majority of voters in the City; and

WHEREAS, the City Council of the City of Escondido wishes to submit to the electorate for their adoption and enactment an ordinance, Ordinance No. 2020-19, adding Article 2, Division 2, sections 25-33.1 through 25-33.17 to Chapter 25 the Escondido Municipal Code to establish a one percent general transactions and use (sales) tax to be administered by the California Department of Tax and Fee Administration including provisions for citizen's oversight and accountability ("the Ordinance"); and

WHEREAS, the City Council is authorized by statute to submit the proposed ordinance to the voters and hereby intends this Resolution to conform to the California Elections Code and California law in all respects; and

WHEREAS, the City Council of the City of Escondido has called a General Municipal Election to be held in the City of Escondido, California, on Tuesday, November 3, 2020; and

WHEREAS, it is desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date; that the City precincts, polling places and election officers of the two elections be the same; that the Registrar of Voters canvass the returns of the General Municipal Election; and that the election be held in all respects as if there were only one election; and

WHEREAS, this action is in compliance with the California Environmental Quality Act ("CEQA") as it relates to this matter because it is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it is a government financing decision without commitment to any specific project which may result in a potentially significant physical impact on the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the actions proposed are not subject to CEQA.

NOW, THEREFORE, the City Council of the City of Escondido DOES RESOLVE as follows:

SECTION 1. All of the foregoing recitals are true and correct.

SECTION 2. That pursuant to the requirements of the laws of the State of California there is called and ordered to be held in the City of Escondido, California, on Tuesday, November 3, 2020, a General Municipal Election for the purpose of submitting the following proposed ordinance imposing a general transactions and use (sales) tax to the qualified electors of the City of Escondido:

ESCONDIDO PUBLIC SAFETY AND ESSENTIAL SERVICES MEASURE. To provide funding for public safety; gang and crime prevention; fire protection, paramedic services, and 911 emergency response; street maintenance; pothole repair; addressing homelessness; graffiti removal; park maintenance; library and other city services, shall an ordinance establishing a one percent sales tax be adopted, providing approximately 25 million dollars annually for general city services until ended by voters, with independent audits, citizen oversight, and all money locally controlled?	YES NO

SECTION 3. That the text of the ordinance submitted to the voters is attached as Exhibit A.

SECTION 4. That the vote requirement for the measure to pass is a majority (50%+1) of the votes cast.

SECTION 5. That the ballots to be used at the election shall be in form and content as required by law.

SECTION 6. That the San Diego County Registrar of Voters is authorized, instructed and directed to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the consolidated election.

SECTION 7. That the polls shall be open at seven o'clock a.m. of the day of the election and shall remain open continuously from that time until eight o'clock p.m. of the same day when the polls shall be closed, pursuant to California Elections Code Section

10242, except as provided in Sections 14212 and 14401 of the Elections Code, or as otherwise required or allowed under California law.

SECTION 8. That pursuant to the provisions of California Elections Code Section 10403, the Board of Supervisors of San Diego County is hereby requested to consent and agree to the consolidation of the General Municipal Election with the Statewide General Election on Tuesday, November 3, 2020, for the purpose of the ballot measure authorized by the City Council.

SECTION 9. That the election shall be held in all respects as if there were only one election and only one form of ballot shall be used, and that the Registrar of Voters is authorized to canvass the returns of the General Municipal Election at the proper time.

SECTION 10. That the Board of Supervisors is requested to issue instructions to the Registrar of Voters to take any and all steps necessary for the holding of the consolidated election.

SECTION 11. That the City of Escondido recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for its reasonable share of these costs, upon a proper invoice.

SECTION 12. That the City of Escondido agrees to indemnify and save free and harmless the County, its officers, agents and employees from expense or liability, including reasonable attorneys' fees, as a result of an election contest arising after conduct of this election.

SECTION 13. That the City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the Registrar of Voters in San Diego County.

SECTION 14. That in all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 15. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 16. Pursuant to California Elections Code Section 9282(b), the City Council authorizes the Mayor to submit a written argument, not to exceed 300 words in favor of the measure on behalf of the City Council. Arguments must be submitted to the City Clerk and may be changed until and including the date fixed by the Clerk by 5:00 p.m. after which no arguments for or against the measure may be submitted, withdrawn or changed.

The arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument. The arguments shall be accompanied by the Form of Statement To Be Filed By Author(s) of Argument supplied by the City Clerk.

SECTION 17. That pursuant to California Elections Code Section 9285, when the elections official has selected the arguments for and against the measure, which will be printed and distributed to the voters, the Elections Official shall send a copy of an argument in favor of the proposition to the authors of any argument against the measure and a copy of an argument against the measure to the authors of any argument in favor of the measure immediately upon receiving the arguments.

The author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument.

A rebuttal argument may not be signed by more than five individuals.

The rebuttal arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, not more than 10 days after the final date for filing direct arguments. The rebuttal arguments shall be accompanied by the Form of Statement To be Filed by Author(s) of Argument as supplied by the City Clerk.

Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

SECTION 18. That the City Council directs the City Clerk to transmit a copy of the measure to the City Attorney. Pursuant to California Elections Code Section 9280, the City Attorney shall prepare an impartial analysis of the measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of the measure.

ORDINANCE NO. 2020-19

AN ORDINANCE OF THE CITY OF ESCONDIDO ADDING ARTICLE 2, DIVISION 2, SECTIONS 25-33.1 THROUGH 25-33.17 TO CHAPTER 25 OF THE ESCONDIDO MUNICIPAL CODE TO ESTABLISH A ONE PERCENT GENERAL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION INCLUDING PROVISIONS FOR CITIZENS' OVERSIGHT AND ACCOUNTABILITY

WHEREAS, City of Escondido's ("City") sources of revenue have not kept pace with the costs of providing municipal services and maintaining City facilities and infrastructure; and

WHEREAS, the City has aggressively responded to this financial challenge by reducing its workforce over the years below pre-recession levels; reducing pension obligations; deferring maintenance of City facilities and purchase of equipment; pursuing available grant funding; establishing Community Facilities Districts capturing the additional services costs associated with new developments; and regrettably, cutting back services despite serving a growing population; and

WHEREAS, projections for budget deficits over the next ten (10) years and beyond reflect dramatic increases in costs that far exceed anticipated revenues resulting in a growing structural budget gap; and

WHEREAS, the City needs additional resources to retain the City's current staffing levels of police and firefighters/paramedics and provide the needed upkeep of numerous City facilities, including streets, storm drains, sidewalks, curbs, gutters, park

and recreation facilities, library, and other infrastructure which are in need of repair, replacement, upgrading and/or maintenance; and

WHEREAS, the City has determined that the enactment of a one percent (1.0%) general local transactions and use tax (commonly known as a “sales tax”), raising one cent for every qualifying dollar spent, would allow the City to address the City public safety, infrastructure, facilities and equipment priorities without compromising the provision of existing City services; and

WHEREAS, an independent professional survey commissioned by the City determined that likely November 2020 Escondido voters supported a one percent sales tax increase; and

WHEREAS, pursuant to Article XIII C of the California Constitution, and California Revenue and Taxation Code Section 7285.9, the City has the authority to enact a local sales tax for General purposes with the approval of the majority of voters in the City voting in an election on the issue; and

WHEREAS, the City Council directed staff to prepare for submittal to the voters an ordinance enacting a one percent sales tax consistent with all applicable general purpose tax laws, including measures providing for citizens’ oversight, separate accounting and independent audits; and

WHEREAS, proposed Sections 25-33.1 through 25-33.17 of the Escondido Municipal Code, set forth below, establish a transactions and use tax to be administered by the California Department of Tax and Fee Administration consistent with City Council direction; and

NOW, THEREFORE, subject to approval by an affirmative, simple majority vote of the people as required by law, the People of the City of Escondido do ordain as follows:

SECTION 1. The Escondido Municipal Code is hereby revised to add the title "Division 1. General" to encompass existing Sections 25-17 through 25-50, and add Division 2, Sections 25-33.1 through 25-33.17, to Article 2 of Chapter 25 as set forth below, thereby enacting a local transactions and use tax within the City of Escondido to be administered by the California Department of Tax and Fee Administration:

CHAPTER 25, ARTICLE 2, DIVISION 2, SECTIONS 25-33.1 THROUGH 25-33.17 - ONE PERCENT SALES TAX

25-33.1 TITLE.

This Ordinance shall be known as the Escondido Public Safety and Essential Services Ordinance. The City of Escondido hereinafter shall be called "City." This Ordinance shall be applicable in the incorporated territory of the City.

25-33.2 PURPOSE.

This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax, in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority vote of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting California State Sales and Use Taxes.

D. To adopt a retail transaction and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of the Ordinance.

25-33.3 OPERATIVE DATE.

“Operative Date” means the first day of the first calendar quarter commencing more than 110 days after the approval of the voters of the City of a measure approving the imposition of the transactions and use tax set forth herein, unless a later Operative Date becomes effective under the provisions of Section 25-33.6.

25-33.4 TRANSACTIONS AND USE TAX IMPOSITION RATE.

A. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one percent (1.0%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the Operative Date of this Ordinance.

B. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the Operative Date of this Ordinance for storage, use or other consumption in said territory at the rate of one percent (1.0%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

25-33.5 TERMINATION DATE.

The authority to levy the tax imposed by this Ordinance shall expire upon a vote of a majority of the voters of this City.

25-33.6 CONTRACT WITH CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION.

Prior to the Operative Date, City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this Ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the Operative Date, it shall nevertheless so contract, and in such a case the Operative Date shall be the first day of the first calendar quarter following the effective date of such a contract.

25-33.7 PLACE OF SALE.

For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of tax and Fee Administration.

25-33.8 ADOPTION OF PROVISIONS OF STATE LAW.

Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

25-33.9 LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word “State” is used as part of the title of the State Controller, State Treasurer, Victim Compensation and Government Claims Board, California Department of Tax and Fee Administration, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action be taken by or against this City or any agency, office, or employee thereof, rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code; or

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word “City” shall be substituted for the word “state” in the phrase “retailer engaged in business in this state” in Section 6203 and in the definition of that phrase in Section 6203.

25-33.10 PERMIT NOT REQUIRED.

If a seller’s permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this Ordinance.

25-33.11 EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the

retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft license in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5. For the purposes of subsections (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has

the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise or any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has

the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this Ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumptions of which is subject to the tax.

25-33.12 AMENDMENTS TO REVENUE AND TAXATION CODE.

All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendment to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

25-33.13 ENJOINING COLLECTION FORBIDDEN.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the state or the City, or against any officer of the state or the City, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

25-33.14 AMENDMENTS BY CITY COUNCIL.

The following amendments to this Ordinance must be approved by the voters of the City: terminating the tax; increasing or decreasing the tax rate; revising the methodology for calculating the tax, such that a tax increase would result; or, imposing the tax on transactions and uses not previously subject to the tax (unless such amendment occurs automatically by operation of law). The City Council may otherwise amend this Ordinance without submitting the amendment to the voters for approval.

25-33.15 USE OF PROCEEDS.

The proceeds from the tax imposed by this Ordinance shall be for unrestricted general revenue purposes of the City and shall be received into the general fund of the City. Nothing in this Ordinance shall constitute the tax imposed under this Ordinance as a special tax, or bind the City to use the proceeds for any specific purpose or function; the City Council shall retain discretion to expend the proceeds of the tax for any lawful purpose of the City.

25-33.16 CITIZENS' OVERSIGHT AND ACCOUNTABILITY.

In order to provide for citizens' oversight, transparency and accountability in connection with expenditures of tax revenues generated under the terms of this Ordinance, the City shall do the following:

A. Separate Fund Accounting. All revenue generated by the tax shall be accounted in the General Fund as a separate line item entitled "Local Sales and Use Tax – Measure 'X' Revenues." These revenues will then be transferred to a General Fund subfund entitled "Measure 'X' Fund." Any and all expenditures of Measure 'X' Fund monies will be tracked and accounted for by City Finance Department staff in accordance with Generally Accepted Accounting Principles (GAAP), and presented annually in a report (the "Finance Department Report") to the Citizens' Oversight Committee ("COC") created pursuant to Subdivision D. below.

B. Initial and Annual Submittal of Measure X Spending Plan. If Measure 'X' is approved by the voters, the City Manager shall, prior to the City Council consideration of the City's annual budget, prepare and present to the COC for its review a spending plan for Measure 'X' Fund revenues. It is the intent that the Measure 'X' funds be used

to improve infrastructure, improve the delivery of public services and help solve the City's structural deficit and the plan (the "Measure 'X' Spending Plan") shall reflect these priorities and include specific proposals for near term expenditures as well as a plan for expenditures while the tax is in effect, and finance options for larger-scale projects that may require the pledge of Measure 'X' revenues. After review and recommendation by the COC, the Measure 'X' Spending Plan shall be presented to the City Council for its consideration and final decision in its discretion, as part of the City's annual budget process. The City Council must consider for approval the expenditure of projected Measure 'X' Fund revenues as a separate line item category in each year's budget.

C. Annual Independent Audit. Beginning with the fiscal year that ends June 30, 2021, the City's independent auditors shall, as part of their annual audit of the City's financial statements, review the collection and expenditure of revenue from the Measure 'X' tax. Along with the City's Finance Department Report provided in subsection A, above, the auditors' review of such revenues ("Auditor Report") shall be presented each year to the COC at a public meeting for its review for compliance with the terms of this Ordinance. The results of the COC review shall then be transmitted through the City's Manager's Office to the City Council for its consideration at a public meeting.

D. Citizens' Oversight Committee. Prior to the Operative Date, the City Council shall create and convene a Citizens' Oversight Committee ("COC"). The function of the COC shall be to review and report on City compliance with the terms of this Ordinance and the Measure X Spending Plan presented and approved by the City

Council thereafter. Specific COC responsibilities shall include: (1) public review and comment on each year's Finance Department Report, Measure 'X' Spending Plan and Auditor Report (as provided in subsections A-C, above); (2) preparation of an annual report regarding compliance with the City Council adopted Measure "X" Spending Plan for presentation to the City Council at a public meeting; (3) working with City staff to identify and apply "best practices" for tracking and reporting on Measure 'X' revenues and expenditures relative to other City revenues and expenditure; and (4) make a finding prior to renewal of the tax measure that, in the absence of extenuating economic conditions, funds have been expended on improved infrastructure, improved public services and reducing the City structural deficit consistent with the intent of the measure. Current elected City officials and employees are disqualified from membership. COC members shall be appointed by the City Council in accordance with existing City policies and will include individuals with a range of expertise, including accounting, finance and engineering. The COC shall operate in accordance with the Ralph M. Brown Act, which includes requirements that meetings be noticed in advance and held in public. The COC shall be created by City Council ordinance consistent with the terms of this Section adopted no later than April 1, 2021.

25-33.17 SEVERABILITY.

If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. This City Council hereby declares that it would have adopted this Ordinance irrespective of the

invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

SECTION 2. The City Clerk shall be authorized to replace the terms “Measure X” wherever they appear in this Ordinance with the respective ballot designations determined by the County Registrar before this Ordinance is codified.

SECTION 3. This Ordinance shall take effect immediately, upon approval by a simple majority of the voters voting on the question at the November 3, 2020 election.

ESCONDIDO
City of Choice

CITY COUNCIL STAFF REPORT

Current Business Item No. 25 **July 15, 2020** **File No. 0650-20**

SUBJECT: Consideration of Resolution and Ordinance Placing a Ballot Measure Establishing Term Limit for Mayor, Members of City Council and City Treasurer Before Voters at the General Municipal Election to be Held on November 3, 2020

DEPARTMENT: City Attorney's Office

RECOMMENDATION:

Take public input, discuss and consider the adoption of a resolution and ordinance to place a ballot measure establishing term limits for the Mayor, City Councilmembers and City Treasurer on the November 3, 2020, general municipal election.

If the City Council intends to place the matter on the ballot, it must adopt Resolution No. 2020-99 and introduce and adopt Ordinance No. 2020-20.

FISCAL ANALYSIS:

The San Diego County Registrar of Voters indicates that this ballot measure could exceed $110,000 for the November 3, 2020 election.

PREVIOUS ACTION:

None.

BACKGROUND:

Councilmember Morasco has requested an action item for the council agenda to take public input, consider and enact the necessary resolution and ordinance placing a measure on the November 3, 2020, general election ballot to amend the Escondido Municipal Code to place limits on the number of terms for the mayor, councilmember and city treasurer who may serve the City of Escondido. At this time, there are no limits on the number of terms an elected mayor, councilmember or city treasurer may serve under the Escondido Municipal Code or state or federal law.

1. Term Limits – In General.

The general concept behind the imposition of term limits on elected officials is that such positions should be of a defined and temporary duration.[1] Advocates for restrictions on the number of terms contend that such rules reduce the unfair political power, including a fundraising advantage, which may be created with long-term politicians. Further, the argument is made that "professional politicians" gain and secure an advantage over lesser known but equally qualified candidates through

[1] City staff do not endorse any particular view with respect to the debate over term limits.

name recognition, access to free publicity, and networking opportunities. More, term limit advocates believe that term limits allow for new ideas by a broader spectrum of members of the public by requiring a regular cyclical turnover of elected officials.

Those who may oppose term limits would argue that such rules create an artificial restriction on voters to elect the most qualified and experienced representatives. Further, the argument against term limits is that elections serve the same purpose by giving voters an opportunity to decide for themselves whether the incumbent is adequately representing their interests. One study in 2018 examining whether electoral incentives affect legislative behavior concluded that (1) legislators were more "productive" when they face re-election including matters such a sponsorship of bills, amount of committee service and absence rates for roll call votes; and (2) term-limited legislators are less fiscally responsible in their final term.[2]

2. Federal Term Limits.

Term limit debates preceded the United States Constitution and have been debated at the federal level since 1789. Following President Franklin D. Roosevelt's three terms in office, Congress passed, and the states ratified, the Twenty-Second Amendment to the United States Constitution. The Twenty-Second Amendment provides that a person can only be elected to be President of the United States of America two times for a total of eight years. At the time, President Dwight Eisenhower added, "What is good for the President might very well be good for the Congress." After an Arkansas effort to impose terms limits on its representatives, the United States Supreme Court found that states may not impose qualifications for offices of the United States representative or United States senator in addition to those set forth by the Constitution. *U.S. Term Limits, Inc. v. Thornton*, 514 U.S. 779 (1995). Placing term limits on members of Congress requires another amendment to the U.S. Constitution.

3. California Term Limits.

California voters established term limits for state legislative offices in 1990 with the passage of Proposition 140. The Proposition changed the State Constitution and persons elected or appointed after November 5, 1990, holding offices of Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, Board of Equalization members, and State Senators, were limited to two terms; members of the Assembly limited to three terms. The Governor and all other statewide officers, except the Insurance Commissioner, can serve two terms of four years, with a limit of two terms.

In June 2012, voters approved Proposition 28, which limits legislators to a maximum of 12 years, without regard to whether they serve those years in the State Assembly or the State Senate. Legislators first elected on or before June 5, 2012, are restricted by the previous term limits, approved in 1990.

[2] See, https://www.legbranch.org/2018-6-19-how-do-electoral-incentives-affect-legislator-behavior/

4. Municipal Term Limits**.**

State law establishes procedural steps to adopt local government term limits. First, the City Council may adopt or City residents may propose by initiative, limits or repeal limits on the number of terms a mayor or city council may serve. Second, regardless of the source, any proposal to limit or change the terms limits shall not become operative unless the electors of the city at a regularly scheduled election vote and a majority of the votes cast on the question favor the adoption of the proposal. Government Code Section 36502(b). The imposition of term limits must occur prospectively (it cannot impact the current term of elected officials).

5. Term Limits in San Diego County**.**

Twelve of the eighteen cities in San Diego County do not currently have any term limits. The County of San Diego and the two largest cities in the county, San Diego and Chula Vista, have adopted term limits. Voters in the City of Oceanside will have an opportunity to vote on the issue of term limits in November 2020. If approved, Oceanside would join the cities allowing three consecutive four-year terms for City Councilmembers and the Mayor.

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The following chart identifies agencies with term limits throughout the County of San Diego:

Term Limits	City / County
None	Carlsbad Del Mar El Cajon Encinitas Escondido Imperial Beach Lemon Grove Oceanside[3] Poway Santee Solana Beach Vista
Two, four-year terms	County of San Diego (Board of Supervisors)
Two consecutive, four-year terms	Chula Vista Coronado City of San Diego
Three consecutive, four-year terms	La Mesa National City San Marcos

[3] In December 2019, the Oceanside City Council adopted an ordinance to place on the November 2020 ballot a measure asking the voters to establish term limits of three four year terms for the offices of mayor and city councilmember.

ANALYSIS:

The process of amending a local code to allow for term limits is straightforward. In the November 2018 general statewide election, 84 local government agencies had ballot measures addressed term limits. Some ballots had separate measures for separate offices. Others elections saw competing ballot measures. In 2018, term limit ballot measures passed in 66 of the 84 jurisdictions, a 78 percent success rate. In San Diego County, the City of National City had competing ballot measures in June 2018. The measure preserving the status quo term limits succeeded.

Term limits typically vary in four basic areas: (1) Number of terms; (2) Offices subject to the term limit; (3) Consecutive terms or not; and (4) Life-time limits or not. Each of these decisions involve policy preferences best determined by the city council or through voter initiative.

Voters in the three largest population centers in the county (County of San Diego, City of San Diego, and Chula Vista) have placed two, four-year terms limits on their elected leaders. The limits in Chula Vista and the City of San Diego are placed on consecutive terms. La Mesa, National City, San Marcos and as proposed by Oceanside are three consecutive, four year terms.

Chula Vista and the City of San Diego have applied limits to their elected City Attorney office. The City of National City has placed a term limit on their Treasurer. Although a ballot measure could address different terms for different offices, for simplicity, the proposed ballot measure would apply to all elected offices.

As drafted, the proposed Escondido Ordinance would limit elected officer holders to a maximum of 2 terms as mayor, two terms as city councilmember, and 2 terms as city treasurer. The mayor, city councilmembers and city treasurer would have a lifetime cumulative cap of 4 terms in all offices combined. As for appointments or elections for terms less a than full four-year term, the ordinance provides that a partial term of more than two years would count as one term and a partial term of two years or less would not count as a term. So, for example, the individual elected to fill the vacant Council District 2 seat, which is for a term of two years, would not be precluded from running for two more full terms as a councilmember. As proposed, the city treasurer position is capped at two terms total with the same exception for partial terms as for the mayor and councilmember offices.

The ordinance, consistent with state law, provides that it shall apply prospectively only to those full terms of office that begin on or after the November 3, 2020 general municipal election. See, Government Code Section 36502(b).

CONCLUSION.

The City Council has the discretion to place the matter of imposing local terms limits on the City's elected officials on the ballot for voter approval. The limits can include the office, the number of terms, whether the limit includes consecutive terms only, and even the total time a person may hold an elected office in the City. The proposed measure (two, four-year terms) for each elected office offers a common approach to term limits.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Michael R. McGuinness, City Attorney
7/9/20 10:28 a.m.

ATTACHMENTS:

1. Resolution No. 2020-99
2. Ordinance No. 2020-20

RESOLUTION NO. 2020-99

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, CALLING FOR AND GIVING NOTICE OF THE HOLDING OF A GENERAL MUNICIPAL ELECTION ON TUESDAY, NOVEMBER 3, 2020, FOR THE SUBMISSION OF A PROPOSED ORDINANCE ESTABLISHING TERM LIMITS FOR ELECTED CITY OFFICIALS; CONSOLIDATING THE ELECTION WITH THE STATEWIDE ELECTION, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO PERMIT THE REGISTRAR OF VOTERS TO CONDUCT THE ELECTION; AUTHORIZING DESIGNATED COUNCILMEMBERS TO SUBMIT BALLOT ARGUMENTS IN FAVOR OF THE MEASURE; AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS

WHEREAS, under the provisions of the laws of the State of California and the provisions of the Escondido Municipal Code, a General Municipal Election will be held on Tuesday, November 3, 2020, to submit any authorized ballot measures to the voters; and

WHEREAS, the City Council of the City of Escondido has called a General Municipal Election to be held in the City of Escondido, California, on Tuesday, November 3, 2020, for the purpose of submitting ballot measures that may be authorized by the City Council; and

WHEREAS, it is desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date; that the City precincts, polling places and election officers of the two elections be the same; that the Registrar of Voters canvass the returns of the General Municipal Election; and that the election be held in all respects as if there were only one election; and

WHEREAS, the City Council is authorized by statute to submit the proposed ordinance to the voters and hereby intends this Resolution to conform to the California Elections Code and California law in all respects; and

WHEREAS, the City Council of the City of Escondido wishes to submit to the electorate for their adoption and enactment an ordinance, Ordinance No. 2020-20, adding Article 2, Section 2-38 to Chapter 2 the Escondido Municipal Code to establish term limits for the elected officials of the City of Escondido including the mayor, members of city council and the city treasurer.

NOW, THEREFORE, the City Council of the City of Escondido DOES RESOLVE as follows:

SECTION 1. All of the foregoing recitals are true and correct.

SECTION 2. That pursuant to the requirements of the laws of the State of California, there is called and ordered to be held in the City of Escondido, California, on Tuesday, November 3, 2020, a General Municipal Election for the purpose of submitting to the qualified voters the following ballot measure:

Shall the Ordinance adding Article 2, Section 2-38 to Chapter 2 of the Escondido Municipal Code establishing limits of two, four year full terms, whether consecutive or not, for the offices of mayor, city councilmembers and city treasurer, with a lifetime cap for all elective offices of four full terms, be adopted?	Yes
	No

SECTION 3. That the full text of the ordinance submitted to the voters is attached hereto as Exhibit A.

SECTION 4. That the vote requirement for the measure to pass is a majority (50%+1) of the votes cast.

SECTION 5. That the ballots to be used at the election shall be in the form and content as required by law.

SECTION 6. That the San Diego County Registrar of Voters is authorized, instructed and directed to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

SECTION 7. That the polls for the election shall be open at seven o'clock a.m. of the day of the election and shall remain open continuously from that time until eight o'clock p.m. of the same day when the polls shall be closed, except as provided in Sections 14212 and 14401 of the California Elections Code, or as otherwise provided, allowed or required by state law.

SECTION 8. That in all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 9. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 10. That pursuant to the provisions of California Elections Code Section 10403, the Board of Supervisors of San Diego County is hereby requested to consent and agree to the consolidation of the General Municipal Election with the Statewide General Election on Tuesday, November 3, 2020, for the purpose of the ballot measure authorized by the City Council.

SECTION 11. That the election shall be held in all respects as if there were only one election and only one form of ballot shall be used, and that the Registrar of Voters is authorized to canvass the returns of the General Municipal Election at the proper time.

SECTION 12. That the Board of Supervisors is requested to issue instructions to the Registrar of Voters to take any and all steps necessary for the holding of the consolidated election.

SECTION 13. That the City of Escondido recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for its reasonable share of these costs, upon a proper invoice.

SECTION 14. That the City of Escondido agrees to indemnify and save free and harmless the County, its officers, agents and employees from expense or liability, including reasonable attorneys' fees, as a result of an election contest arising after conduct of this election.

SECTION 15. That the City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the Registrar of Voters in San Diego County.

SECTION 16. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 17. Pursuant to California Elections Code Section 9282(b), the City Council authorizes the mayor, or his designee, to submit a written argument, not to exceed 300 words in favor of the measure on behalf of the City Council. Arguments must be submitted to the City Clerk and may be changed until and including the date fixed by

the Clerk by 5:00 p.m. after which no arguments for or against the measure may be submitted, withdrawn or changed.

The arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument. The arguments shall be accompanied by the Form of Statement To Be Filed By Author(s) of Argument supplied by the City Clerk.

SECTION 18. That pursuant to California Elections Code Section 9285, when the elections official has selected the arguments for and against the measure, which will be printed and distributed to the voters, the Elections Official shall send a copy of an argument in favor of the proposition to the authors of any argument against the measure and a copy of an argument against the measure to the authors of any argument in favor of the measure immediately upon receiving the arguments.

The author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument.

A rebuttal argument may not be signed by more than five individuals.

The rebuttal arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, not more than 10 days after the final date for filing direct

arguments. The rebuttal arguments shall be accompanied by the Form of Statement To be Filed by Author(s) of Argument as supplied by the City Clerk.

Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

SECTION 19. That the City Council directs the City Clerk to transmit a copy of the measure to the City Attorney. Pursuant to California Elections Code Section 9280, the City Attorney shall prepare an impartial analysis of the measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of the measure.

ORDINANCE NO. 2020-20

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, ADDING ARTICLE 2, SECTION 2-38 TO CHAPTER 2 OF THE ESCONDIDO MUNICIPAL CODE TO ESTABLISH TERM LIMITS FOR THE MAYOR, MEMBERS OF THE ESCONDIDO CITY COUNCIL AND THE CITY TREASURER

WHEREAS, at a duly noticed meeting held on July 15, 2020, the City Council directed the City Attorney to prepare a ballot measure for voter approval and related actions to establish term limits for the elected officials of the City of Escondido including the mayor, members of the city council and city treasurer.

NOW, THEREFORE, the City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. Article 2, Section 2-38, of Chapter 2 is hereby adopted as follows:

Sec. 2-38. Term limits for elected city offices.

(a) No person shall serve more than two terms as the mayor whether consecutive or not. A partial term of more than two years in that office shall count as one term. A partial term of two years or less shall not count as one term. This term limit applies to appointed terms and elected terms. Terms served as a councilmember shall not be counted towards the two term limit applicable to the mayor.

(b) No person shall serve more than two terms as a member of the city council whether consecutive or not. A partial term of more than two years in that

office shall count as one term. A partial term of two years of less shall not count as one term. This term limit applies to appointed terms and elected terms. Terms served as the mayor shall not be counted toward the two term limit applicable to councilmembers.

(c) No person shall serve more than two terms as the city treasurer whether consecutive or not. A partial term of more than two years shall count as one term. A partial term of two years or less shall not count as one term. This term limit applies to appointed terms and elected terms.

(d) The term limits set forth in this section shall apply prospectively only to those full terms of office that begin on or after the November 3, 2020 general municipal election.

(e) No person shall be eligible for nomination and election to serve in any elective city office, which shall include the offices of mayor, members of the city council, and city treasurer, for more than four terms in all elected offices combined. This limitation shall not apply to any unexpired term to which a person is elected or appointed to fill a vacancy in any elective city office, if the remainder of the term is two years or less.

SECTION 2. This Ordinance shall take effect immediately upon approval by a simple majority of the voters voting on the question at the November 3, 2020 election.

SECTION 3. SEVERABILITY. If any section, subsection, clause, sentence, phrase or portion of this Ordinance is held invalid or unconstitutional for any reason by

any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions. The City Council hereby declares that it would have passed and adopted this Ordinance and each and every section, subsection, clause, sentence, phrase or portion of this ordinance thereof irrespective of the fact that any one or more section, subsection, clause, sentence, phrase or portion of this Ordinance be declared invalid or unconstitutional.

SECTION 4. That as of the effective date of this Ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 5. That the City Clerk is hereby directed to certify to the passage of this Ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the County and circulated in the City of Escondido.

FUTURE CITY COUNCIL AGENDA ITEMS

Updated July 9, 2020

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

July 22, 2020
NO MEETING (Summer Break)

July 29, 2020
NO MEETING (5th Wednesday)

August 5, 2020
NO MEETING (Summer Break)

August 12, 2020
6:00 p.m.

CONSENT CALENDAR

Second Quarter 2020 Treasurer's Report
(D. Shultz)

In accordance with the City's Investment Policy, the City Treasurer is required to submit an investment report to the City Council for review on a quarterly basis. The report will include the type of investment, issuer, date of maturity, par value, book value, and market value for each security held by the City.

Resolution Establishing the Property Tax Rate and Fixed Charge Assessments for Bonded Indebtedness for Fiscal Year 2020-21
(Finance Department)

Each year, a property tax rate is established to generate an amount of revenue from the property tax base that is sufficient to pay the General Obligation Bond debt service (principal and interest) for the current tax year.

PUBLIC HEARINGS

CURRENT BUSINESS

Public Safety Reform
(J. Epp)

On June 24, 2020, City Councilmember Olga Diaz requested an item be placed on the Future Agenda to discuss Public Safety Reform.

Review of Boards and Commissions
(J. Epp)

On June 24, 2020, Deputy Mayor Consuelo Martinez requested that an item be placed on the Future Agenda to review Boards and Commissions in the City of Escondido.

Review and Consideration of Campaign Contribution Limits
(M. McGuinness)

It is requested that the City Council review and consider potential amendments to the Escondido Municipal Election Campaign Control Ordinance to lower the maximum personal contributions from $4,300 for city council candidates and mayoral candidates. It is further requested that the City Council discuss, consider and give staff direction on additional campaign control amendments, if any.

Second Amendment to Design Build Agreement for the Membrane Filtration Reverse Osmosis (MFRO) Facility Project
(C. McKinney)

The Second Amendment to the Design Build Agreement provides for: final design and construction of the recycled water pipeline in Washington Avenue; and design services for the MFRO Facility site and the intermediate booster pump station downstream of the MFRO Facility.

FUTURE AGENDA ITEMS

Weekly Activity Report

July 9, 2020

COVID-19 UPDATES

Small Business Grants from County of San Diego

The County Board of Supervisors voted to approve a small business/non-profit stimulus grant fund. The purpose of this fund is to provide economic assistance to help small businesses and nonprofit entities experiencing financial hardship due to the COVID-19 response. Click here to find out more and to apply.

If you have questions about this grant program, Escondido small businesses or non-profits may contact *Corrine Busta*: (619) 531-5533 or at corrine.busta@sdcounty.ca.gov.

San Diego County Water Authority features Escondido Employee

This week, Escondido's Wastewater Treatment Plant Operator, Carrie Selby was featured as the Water Utility Hero of the Week by the SDCWA. Carrie was interviewed for the Water News Network and talked about her career and work life during the pandemic. You can read the article here.

City of Escondido Wastewater Treatment Plant Operator Carrie Selby is the Water Utility Hero of the Week. Photo: City of Escondido

Water Utility Hero of the Week: Carrie Selby, City of Escondido

El Caballo Arena Completed

The Equestrian Arena at El Caballo Park is finally completed after almost 9 years in the making! This is part of the larger park that has an open play area, additional planned structures and other equipment; and this park connects to the Mayflower Dog Park. The irrigation and dust control equipment needed for this element of the park was generously donated by Hunter Industries.

Long List of Projects Completed at Lake Dixon
Over the past couple months, a lot of work has been completed at Lake Dixon. These projects were made possible by the Lake Division in collaboration with many different departments and organizations:

- A playground donated by the Hidden Valley Kiwanis Club was installed at Dixon Lake.
- The Dixon Lake road from the entrance to the ranger station was repaved.
- New roofing was installed by Building Maintenance on the camping cabin and picnic shelters.
- The Daley Ranch parking lot got a new ranch style fence to help delineate parking and several hazardous trees were removed at both Lake Dixon and Lake Wohlford.
- Security cameras were installed at Lake Dixon by Information Systems.
- Almost 11 miles of trail (about 44% of our overall trail system) were made safer and more sustainable at Daley Ranch by Lakes and Public Works staff.
- A future park host site was added at Daley Ranch as per the master plan; the pad was graded & electricity, sewer, and water were connected and work has started to convert campsite 9 into a full-hookup campsite or future host site.

COVID-19 Updates:
You can get up to date information about the City's response to COVID-19 at:
www.escondido.org/covid-19.aspx

POLICE DEPARTMENT UPDATES:

Burglary Suspect Found Hiding in Trashcan
On June 28, officers responded to the 600 block of E. Valley Pkwy regarding a burglary alarm at a business. Upon arrival, officers discovered that someone had broken into the business and they located a trail of evidence leading away from the scene. With the assistance of the Sheriff's helicopter, the suspect was found hiding in a trashcan at a nearby residence. Video surveillance from the business confirmed that it was the suspect found hiding in the trashcan. He was arrested for commercial burglary.

Armed Robbery Suspects Take Victim's Purse
On June 30, at 2:30 a.m., a woman was walking home from work in the 1200 block of Ash St. Two male suspects drove up to her in a white sedan and demanded that she give them her purse. When she refused, the passenger exited the vehicle, pointed a gun at her, and then forcefully took her purse. The suspects fled in the vehicle, but fortunately the woman was unharmed.

Armed Suspect Flees on Motorcycle
On July 2, an officer attempted to make a traffic stop on a motorcycle for vehicle code violations. The rider fled on the motorcycle leading officers on a traffic pursuit. The rider lost control of the motorcycle in the area of Bear Valley Pkwy and Grand Ave and fled on foot. He was apprehended a short time later and officers located a bullet in his pocket. They traced his path of travel and located a loaded firearm that he had dumped when running from the officers. He was arrested for firearms and evading charges.

Community Policing:

Know What's Happening in Your Neighborhood
In case you missed last week's report, there are two great ways to find out information about crimes and police activity in your neighborhood. The San Diego Association of Governments (SANDAG) established the Automated Regional Justice Information System (ARJIS), which offers tools to the public regarding crime data and other information in the county. You can search by city and there are crime mapping tools, access to Megan's Law inquiries, and other information. Go to www.arjis.org to find out more. The other great tool for finding out what type of police activity is occurring in your neighborhood is My Neighborhood Update. Many different law enforcement agencies, including the Escondido Police, share data with the website on police calls for service and proactive stops. Ever wonder why the police were in the neighborhood, visit www.myneighborhoodupdate.net and search for Escondido, CA.

Tip of the Week:
As we enter the hot summer months, remember that parked cars can heat up to extreme temperatures in minutes. Please do not leave pets or children inside of unattended parked vehicles.

FIRE DEPARTMENT UPDATES:

Escondido Fire Chief Rick Vogt has been elected as the 2020-2021 President of the San Diego County Fire Chiefs Association. The Fire Chiefs Association includes all Local, State, Tribal and Federal Fire Chiefs within San Diego County and is dedicated to maximize our similarities and minimize our differences through the highest level of communication, collaboration and cooperation.

On Sunday, June 28 at 8:45 PM, the Escondido Police and Fire Communication Center received a report of a vegetation fire in the area of Harmony Grove Road and Pacific Oaks Place. The first arriving Engine Captain reported an active fire approximately one-half acre burning in light flashy fuels at a slow rate of spread with no immediate threat to structures. The fire was contained and controlled within 20 minutes by the first alarm response. In all, 3 Engines, 1 Utility Truck, 1 Chief Officer and a Fire Investigator responded. Escondido Police assisted with traffic control. There were no injuries to civilians or firefighters. The cause of the fire is under investigation.

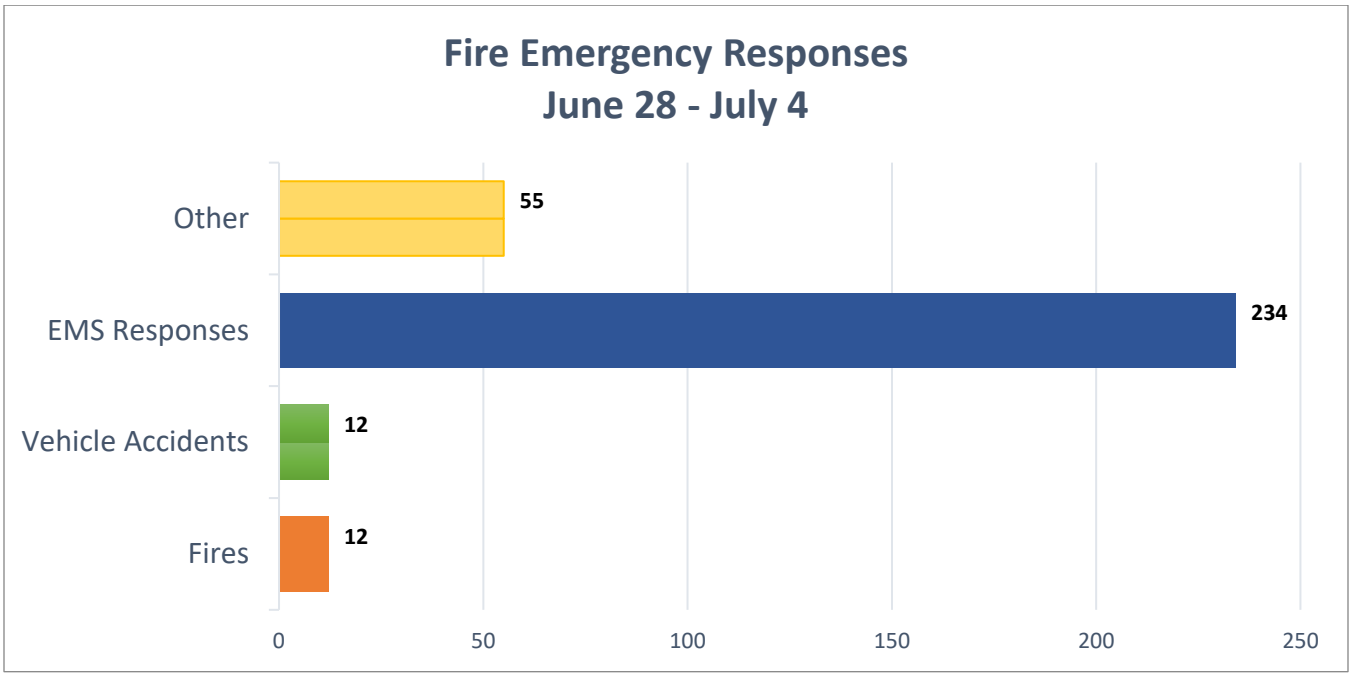
On Wednesday, July 1 at approximately 12:55 p.m., the Escondido Police and Fire Communication Center received a report of a motorhome near fuel storage tanks on fire at 635 W. 3rd Avenue at a commercial fuel yard. A Chief Officer in the area could see smoke while en-route to the fire and requested a structure fire response upgrade. Upon arrival, the Chief Officer reported a well-involved motorhome and requested a second alarm due to the proximity of the fuel storage tanks. Aggressive action by the firefighters contained and controlled the fire in approximately 25 minutes. The motorhome was a complete loss and one of the fuel storage tanks was damaged, however, no fuel leaked from the storage tanks. San Diego Fire and Rescue Department Hazardous Incident Response Team (HIRT), San Diego County Environmental Health/Haz-Mat and the Escondido City Environmental Department were advised. In all, nine fire engines, three trucks, one rescue ambulance, a Fire Investigator, a Public Information Officer and three Chief Officers responded to the fire. There were no injuries to firefighters or civilians and the cause of the fire is under investigation.

On Thursday, July 2, the Fire Department responded to a vegetation fire reported to be at the end of Tanglewood Court. Upon arrival, the first arriving Engine Captain reported a small fire behind an apartment building. Crews quickly contained the fire and kept it out of a number of large eucalyptus trees. Approximately a quarter acre of brush burned and no property was damaged. Fire Investigators discovered a glass-smoking device near the fire's point of origin.

On Saturday, July 4, the Fire Department was dispatched to a report of smoke coming from an apartment at 1160 N. Broadway. The first arriving Engine Company reported smoke from a second story apartment. Firefighters deployed hose lines and extinguished a fire in the kitchen in about 10 minutes. The fire damage was isolated to the kitchen with smoke damage throughout the involved unit. The residents were not home at the time of the fire and items on the cooktop ignited from a burner that had been unintentionally left on. Due to the damage to the apartment, the residents were provided with assistance from the Red Cross with lodging for four adults and one child. A California Fire Foundation Supplying Aid to Victims of Emergency (SAVE) Program gift card was also provided to the residents to assist with immediate needs.

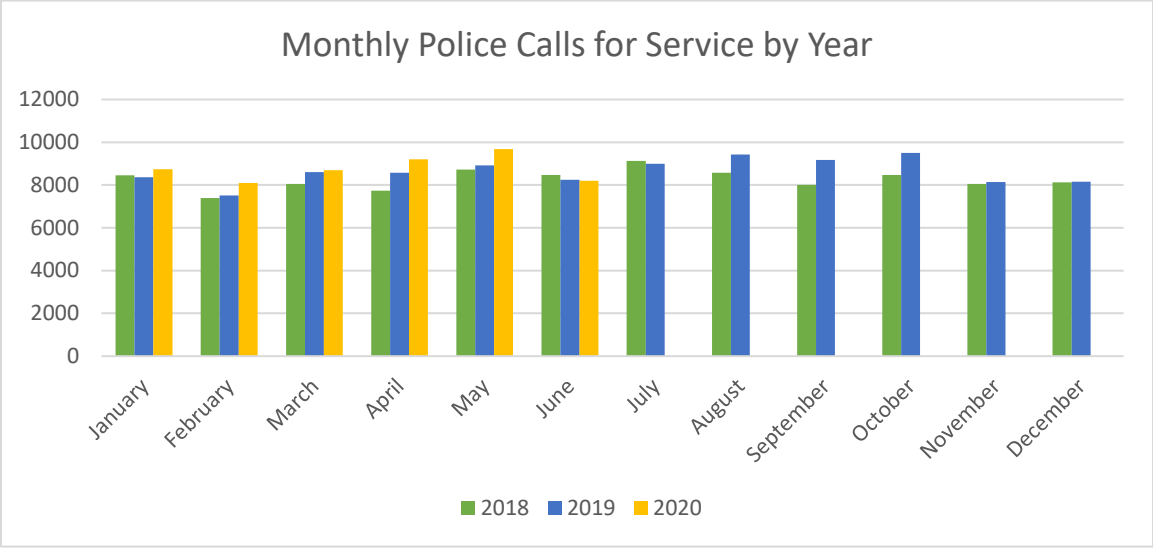
BY THE NUMBERS

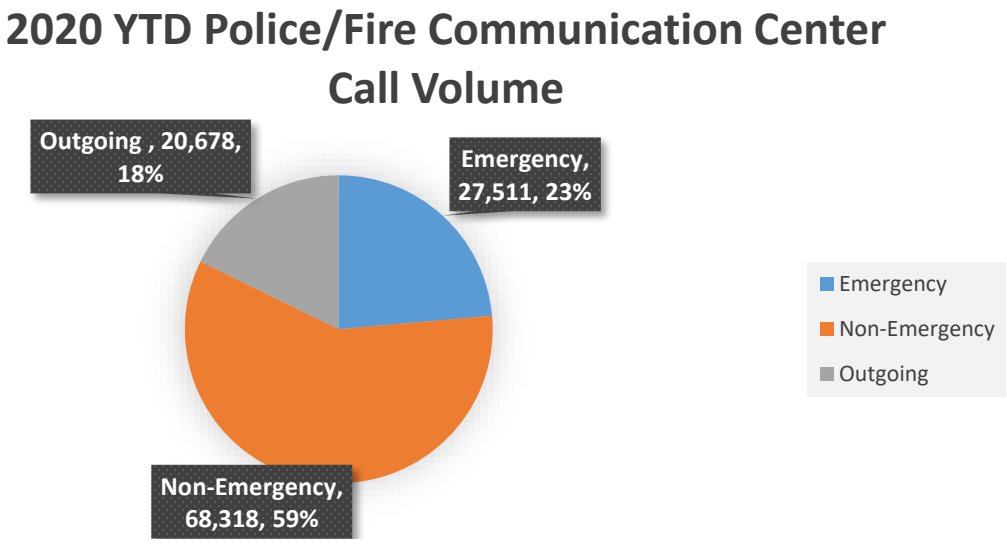
Fire:



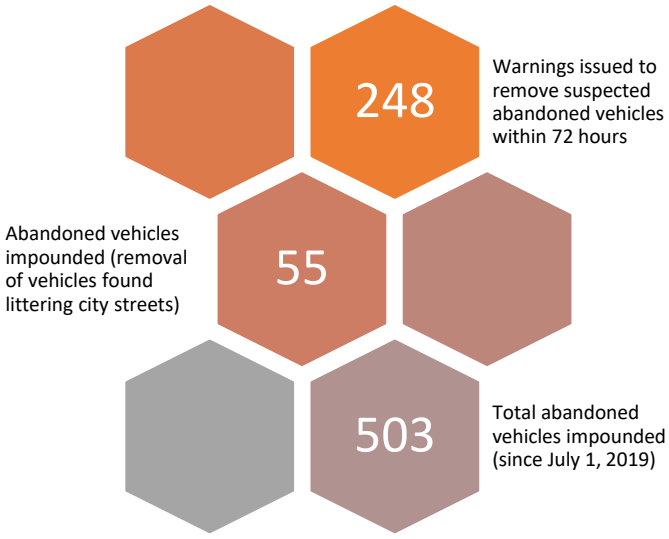
Total Emergency Responses (Year To Date)	7,468

Police:

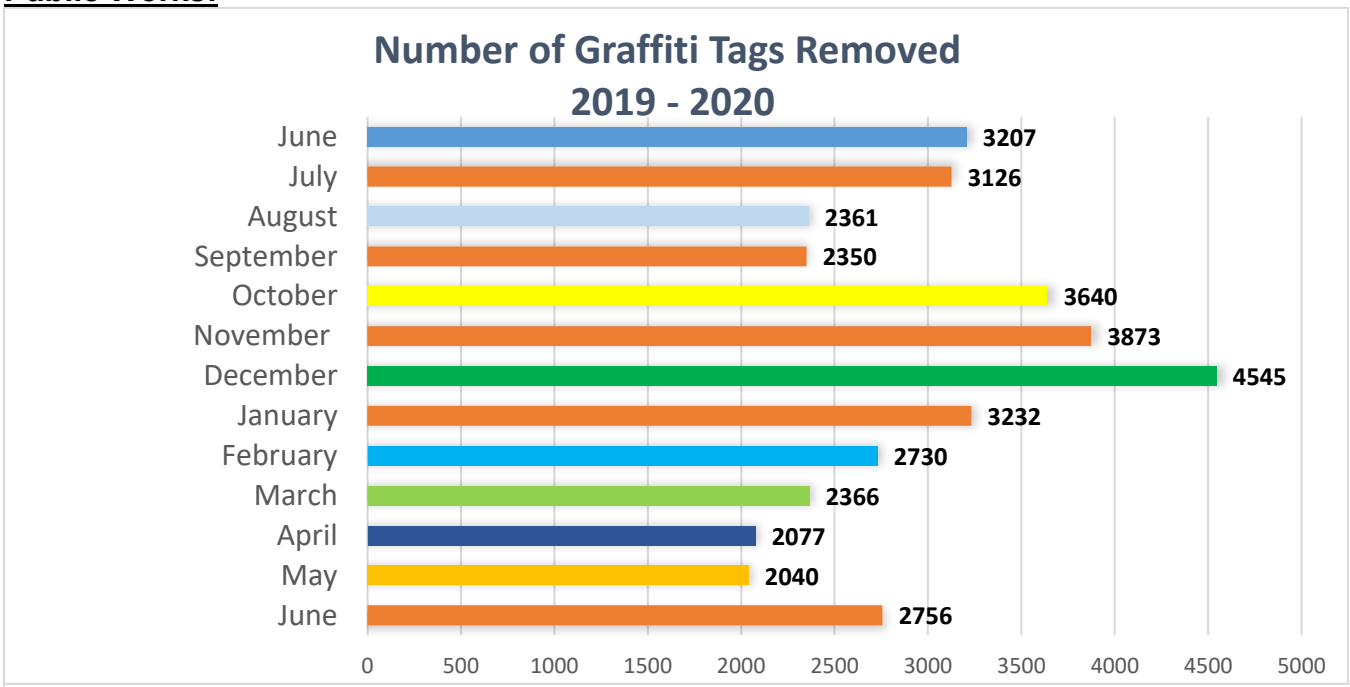


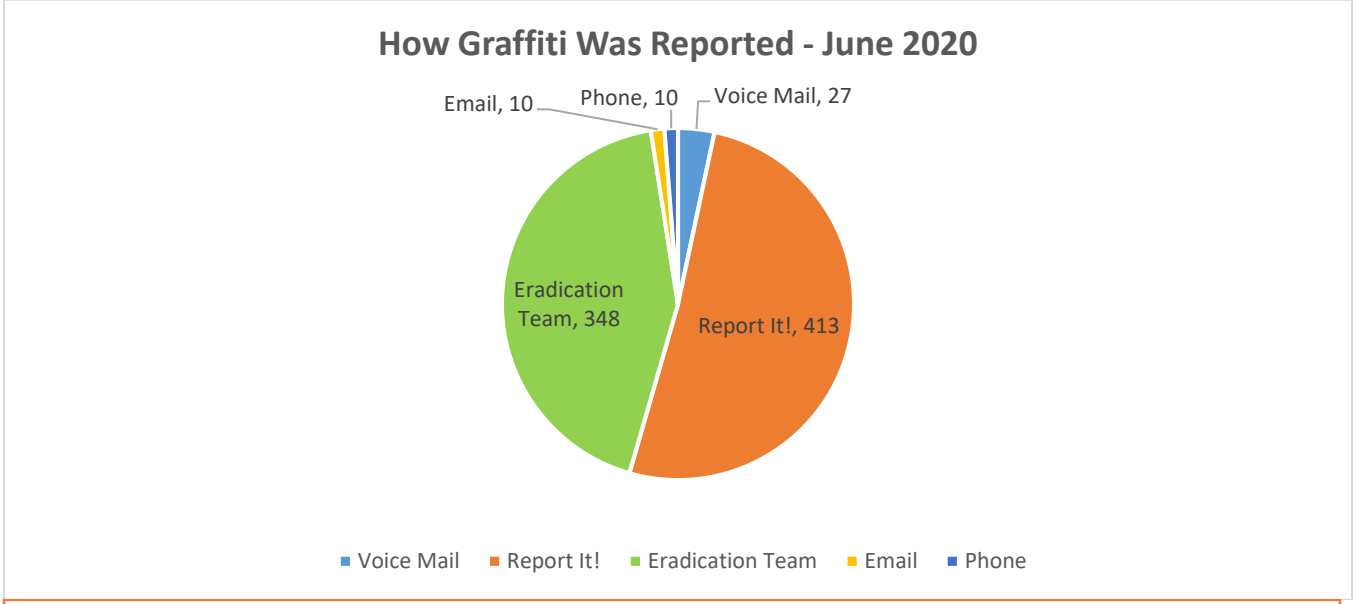


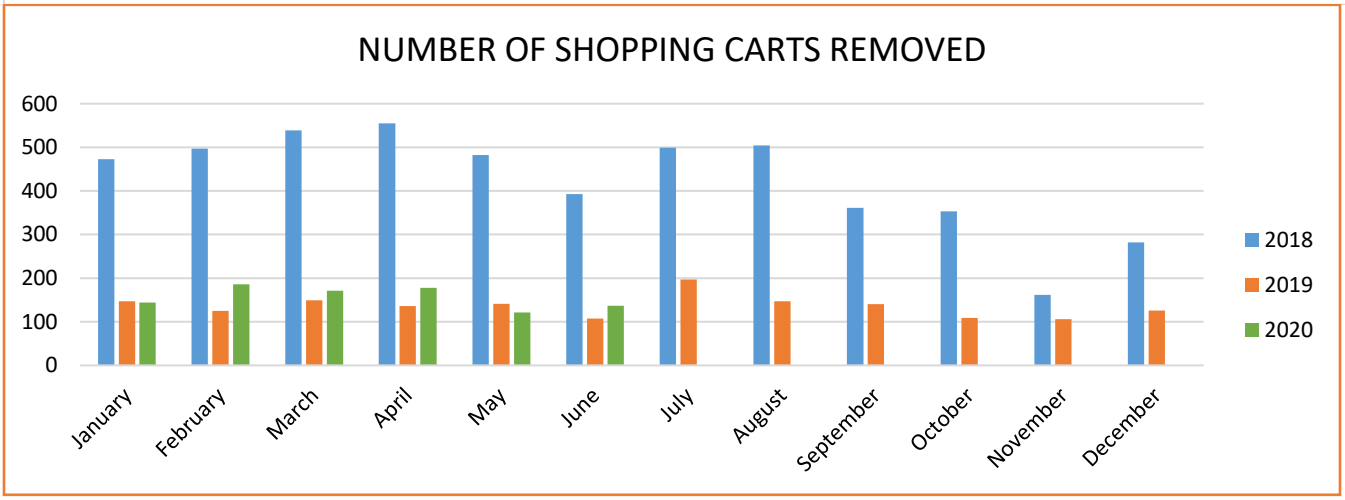
June Abandoned Vehicle Data



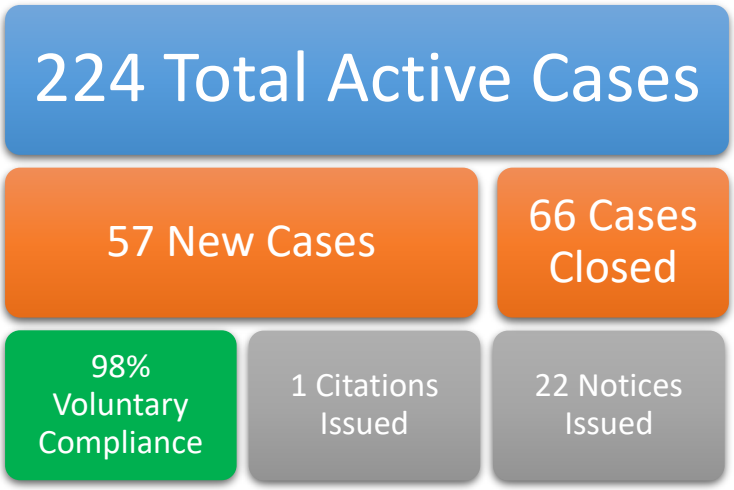
Public Works:





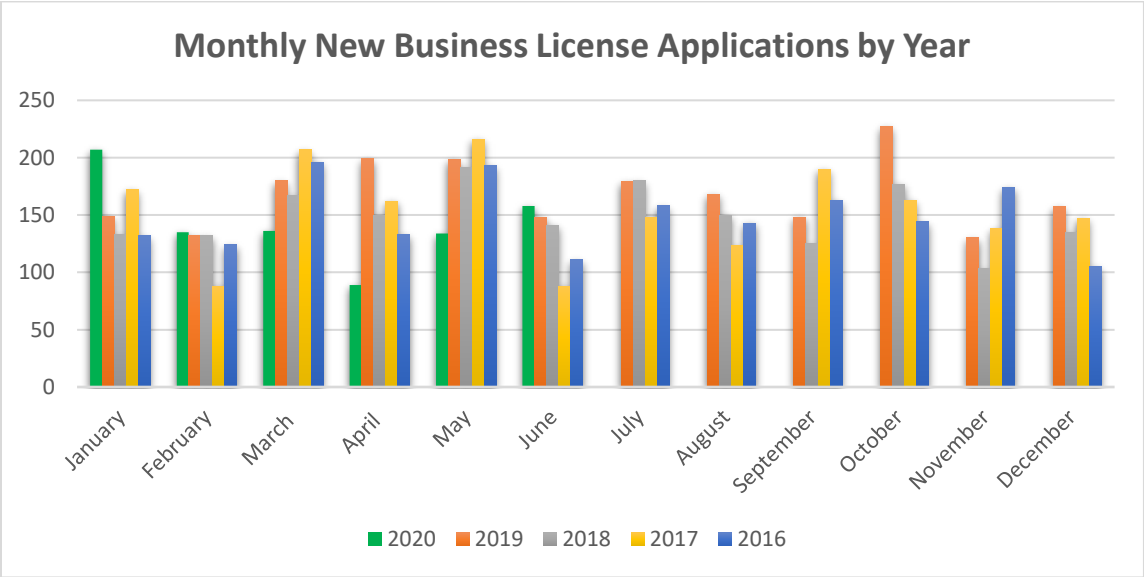


Code Enforcement:



Total Code Cases (Year To Date)	1,548

Business Licenses



Graffiti Restitution

Collected Past Week	Collected Year to Date
$0	$7,181.56

COMMUNITY DEVELOPMENT & ENGINEERING

Development Services:
The City of Escondido offers a variety of programs and services related to land development, neighborhood improvement, etc. Our development services team is committed to providing excellent customer service and meeting customer's needs during these difficult times to keep entitlement projects and construction moving forward.

Building Activity Status Update:
The Building Department began the anticipated transition to the City's new permitting system. The counter staff conducted in person meetings with 72 applicants and staff was able to process 89 applications and issue 70 permits. The total permit valuation for the week was $1,373,206.00. The inspection staff completed 138 inspections including starting the final inspections for the Rowan "Building C."

Major Land Development and Capital Projects Update:
The following major projects are being reviewed and/or coordinated for completion by Planning, Engineering, Fire, Building and Utilities Divisions. The list of projects below encompasses recent project updates and/or milestones from last week.

Commercial / Office / Industrial:

1. Raising Cane's Restaurant – (Developer: Ada Fermin, PM Design Group) 1280 W. Valley Parkway – Demolition of vacant, former Coco's restaurant building and construction of new 3,744 SF drive-through restaurant for Raising Cane's. A CUP application was filed on October 30, 2019. Department comments on the traffic study were provided on January 10, 2020, and revised traffic info was received from the applicant on February 21, 2020. Most of the traffic issues have been resolved. The project has been scheduled for a public hearing with the Planning Commission on July 14, 2020.

2. Mercedes Benz Expansion – (Developer: Jody Stout, Integrity Design and Construction) 1101 W. 9th Avenue – A Master and Precise Plan modification to demo the existing dealership showroom and construct a new showroom, office, parts storage and service building. The application was submitted on November 20, 2019. The applicant informed Planning during the week of January 27, 2020 that they are pursuing a redesign to meet the most recent generation of Mercedes design specifications for dealerships. Staff is awaiting resubmittal of the plans.

3. 7-Eleven Gas and Convenience Store – (Developer: Golcheh Group) 900 W. Mission Ave. – A proposal to relocate a 7-Eleven from the northeastern corner of Mission/Rock Springs to the northwestern corner and add a gas station. The applicant submitted a traffic study on December 17, 2019, and the latest staff comments were returned on February 11, 2020. The comments identify anticipated traffic impacts as well as suggested mitigation. The applicant met with Engineering on February 19, 2020 to discuss traffic issues. Staff is awaiting resubmittal of the plans.

4. Interfaith Recuperative Care Facility – (Developer: Interfaith) 555 North Center City Parkway – Conversion of the existing lodging facility (i.e. America's Best Value in) and construction of new residential care facility designed to provide quality emergency

housing, services, and supervision to at-risk individuals, homeless, etc. A preliminary application meeting was conducted on June 16, 2020. As of this writing, a formal application has not been made. A CUP application would have to be filed for the City to learn more about the scope of services and to formally review the application request.

Residential Projects:

5. Harvest Hills (aka Safari Highlands Ranch) (Developer: Jeb Hall, Concordia Homes) 550 residential subdivision, east of Rancho San Pasqual – The Draft EIR and appendices have been posted on the City's website at the following link:

   https://www.escondido.org/safari-highlands-ranch-specific-plan.aspx

   A revised tentative map addressing previous staff comments was submitted on November 6, 2019. A second revision to the Draft Specific Plan was received on January 14, 2020. The most recent revised tentative map was received on February 24, 2020. Staff is awaiting submittal of a couple of items to complete the entitlement package and final environmental document and then will schedule the item for public hearings.

- The Villages at Escondido Country Club (Builder: Lennar Homes) 380 residences – Building permit applications for the model homes have been approved and a surety bond has been received. The Final Subdivision Map is scheduled for City Council approval on May 13, 2020. Most of the final engineering permit review for Village 1 is complete. A comment letter on a Plot Plan application for the neighborhood park was provided in April and the City is wrapping up its review of the commercial center. Comments on the commercial center were sent to the applicant on May 22, 2020. Comments on final engineering for Villages 2 and 3 were sent to the project applicant in January and April 2020. Country Club Drive improvement plans are nearing approval. The developer, Lennar, has started the construction of the model homes and first phase of development. In-track work is continuing for the storm drain, sewer, curb, gutter and sidewalk. Work has started on the sewer main located on Gary Lane. Gary Lane will be closed to vehicle traffic during working hours and will reopen at the end of each day. Detours signs and message boards have been placed.

  The approved tentative subdivision map, Final EIR and appendices, Specific Plan and other related information can be accessed on the City's website at the following link:

  https://www.escondido.org/ecc.aspx

6. North Avenue Estates (Developer: Casey Johnson) 34 lots at North Ave./Conway Dr. – The City Council approved the project on January 10, 2018. LAFCO approved the annexation application on October 1, 2018. and the annexation has recorded, which effectively incorporated the site into the City's jurisdiction. The applicant is working on storm water comments and a resubmittal of plans is expected this week. Engineering has provided comments on a proposed joint-use agreement with the County Water Authority.

7. Escondido Gateway, also called Rowan (Developer: Carolyn Hillgren, Lyon Living) 126 condo units at 700 W. Grand – This project is a mixed-use development involving 126 residential units within three, 4-5 story buildings with indoor and outdoor recreational areas and an opportunity for a small (1,000 sq. ft.) commercial/flex space on 2.6 acres (48 dwelling units/acre) located on the same premises as the former Police Station across the street from the Escondido Transit Center. The City Council approved the project on October 12, 2016. Much of the work has been completed. The contractor, Rockwood, has completed the work for the Grand Ave improvements including the pedestrian crosswalk, pedestrian ramp and the new alignment of the curb and gutter. The new Grand Avenue pedestrian crossing traffic signal is schedule to be activated this week.

8. Pradera (Developer: Moses Kim, Lennar Homes) – This project consists of a 70-unit single-family development located at the northeastern corner of Ash Street and Lehner Avenue. Much of the work has been completed. Final conflict crossing issues are being design and submitted for review. The water main work included the construction and installation of 779' of a 12" water main along Conway Drive, between Lehner Drive and Rincon Avenue. The installation is now complete. The contractor is tying the new line to the Cities potable water system.

9. Canyon Grove Estates Tract 932 (Developer: John Vance, Shea Homes) – This project is a 179-lot single-family residential development on the north side of Vista Avenue east of Conway Drive. The project is currently in the punch list phase. The contractor has completed final signage and striping for the development. The roadway connection between Vista Avenue and Vista Verde Way is scheduled to be opened to all traffic. This opening will connect El Norte Parkway to the south and Ash Street to the west.

10. Sager Ranch/Daley Ranch Resort Specific Plan (Developer: J. Whalen Associates, Inc., Sager Ranch Partners) 203 housing units and 225-room resort hotel on 1,783-acres, just north and east of Daley Ranch – Fire, Planning, and Engineering staff met with the applicant team on May 29, 2019 to discuss the fire-related information. A financial feasibility study for the proposed resort was submitted on July 8, 2019. The project has not had any activity since then.

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

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

11. Nutmeg Condo General Plan Amendment (Developer: Jim Simmons, CCI) 137 townhome condo units on both sides of Nutmeg between I-15 and Centre City Parkway – The City Council approved the portion of the project on the northern side of Nutmeg on November 20, 2019. Submittal of the southern portion of the project site was received on June 8, 2020. The project is currently under review.

12. Oak Creek (Builder: KB Homes) 65 single-family residential lots on approximately 44 acres at Felicita Road and Hamilton Lane – KB Homes has constructed model homes and is interested in filing the final map as soon as possible to continue construction. However, several items remain incomplete including revisions to improvement plans, final map and drainage study. In June 2019, the County of San Diego provided KB Homes a

checklist of items that should be submitted with a watercourse permit application required to construct a storm drain under Felicita extending onto County land. To date, KB Homes has not provided the application materials to the County. The City is working with the developer to allow the project to continue to move forward while the developer obtains the County watercourse permit and constructs all necessary drainage improvements.

13. Villa Portofino (Developer: Chris Post, ATC Design Group) 15 apartment units in a three-story building with parking garage at 2690 S. Escondido Blvd. – Revised elevations for staff design review were received on February 21, 2020. Staff has returned comments and is now awaiting resubmittal of the project.

14. Palomar Heights (Developer: Ninia Hammond, Integral Communities) Demolition and redevelopment of the old Palomar Hospital site with 510 multi-family units with 10,000 SF of commercial – Utilities met with the applicant on February 20 to discuss sewer and water issues. The applicant filed a resubmittal on May 28, 2020. The resubmittal is under review.

    An Environmental Impact Report (or EIR) was prepared to inform the public and decision-makers of significant environmental effects of the project, identify possible ways to minimize those effects, and describe reasonable alternatives to the project. Public review of the Draft EIR concluded on May 19, 2020. The City is currently reviewing and responding to public comments. Once the Final EIR has been prepared and published for public review, the item will be scheduled for a Planning Commission public hearing. The non-emergency demolition of historical resources onsite will be reviewed and considered by the Historic Preservation Commission on July 16, 2020.

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

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

15. Henry Ranch (Builder: Joe Martin, Trumark Homes) An approved development of 97 single-family residential homes on 74.35 acres at the eastern terminus of Lincoln Avenue – The developer, Trumark, is continuing to work on the onsite utilities as well as starting the vertical construction for the model homes. The Final Map was approved by City Council on June 24, 2020.

16. Del Prado (Developer: Kerry Garza, Touchstone Communities) – An approved 113-unit townhome-style Planned Development located at the southwestern corner of Brotherton Road and the Centre City Parkway frontage road - Staff comments on the grading and improvement plans were provided the week of February 3, 2020. Staff is aware of easement issues regarding the SDG&E access easement and are still working with the applicant on that driveway design.

17. Hacienda De Vega Redevelopment – (Developer: Tony Cassolato) A proposed residential condominium development consisting of 42 three-story attached townhomes on 1.75 acres – The project would demolish the vacant restaurant building and redevelop the entire site with residential townhomes. Fire is working with the applicant on fire flow and circulation issues through the site. A proposed Mitigated Negative Declaration (MND)

was prepared and the review and comment period began on March 16, 2020 and ended on April 6, 2020. City staff is working with the applicant and coordinating a response to comments. The non-emergency demolition of historical resources onsite will be reviewed and considered by the Historic Preservation Commission on July 16, 2020.

18. Casa Mercado Apartments - (Developer: Paul Mayer, Pemcor) A four-story, 120-unit apartment complex on 2.31 acres – Project design was submitted on January 21, 2020. Staff comments were provided back to the applicant on February 21, 2020. Intake of a resubmittal occurred April 14, 2020. City staff provided a review letter to the applicant on May 21, 2020.

19. Iwashita Apartments - (Developer: Iwashita Development) A seven-story, mixed-use project at 322 S. Escondido Boulevard for 172 units. An application for a Plot Plan was submitted on April 22, 2020 for new development on the north side of 4th Avenue between Escondido Boulevard and Maple Street. The project would provide approximately 7,000 SF of retail space on a portion of the ground floor, as well as 172 apartment units across all seven floors. Apartments will range in size from efficiency units (approximately 328 SF) to two-bedroom units (approximately 832 SF). A parking garage containing 317 spaces would also be provided. The proposal includes a density bonus in exchange for reserving 20 percent of the proposed units for low-income households. Waivers from some development standards (such as building height) will likely be requested as part of the density bonus request. City staff issued a city review letter on June 22, 2020. City staff is working with the applicant and coordinating a response to comments.

20. Fig Apartments – (Developer Claude Marengo) A 15-unit, three-story, multi-family residential apartment complex consisting of three stories on 0.59 acres. The site is located at 664 N. Fig Street, which is between Washington Avenue and East Mission Avenue. The proposal includes a density bonus. The project was submitted on June 26, 2020 and is currently under review.

21. East Valley Parkway Apartments – (Developer: John Wurster) A 50-unit mixed use affordable apartment complex consisting of four stories situated on a 21,000 SF vacant parcel in the historic District of the Downtown. The site is on the corner of Ivy and East Valley Parkway. The ground floor of the building will include office space, as well and common areas and uses appurtenant to the apartment complex, which are located on levels two through four. The site is located on the corner of Valley parkway and Ivy, and will provide 16 total parking spaces accessed from the rear alley. The proposed building will front on valley and Ivy and provide naturally interior courtyard for its residents. City staff issued a city review letter on April 17, 2020. City staff is working with the applicant and coordinating a response to comments.

22. Reed Road Assisted Living Facility - (2525 Reed LLC). A new residential care facility is proposed on a 4.2-acre site on 2525 Reed Road. The subject property is zoned Residential Estate (RE-20), and has an existing 8,597 SF residence. The existing home operates as a care facility with 15 beds. The applicant proposes to build a campus with three (3) new buildings totaling 21,190 SF. These will house 45 new residents and accommodate 12 to 15 employees. The project is currently under review.

23. Accessory Dwelling Units – Planning staff is currently working on eleven (11) applications for accessory dwelling units. Twenty-seven (27) accessory dwelling units have been approved so far this year. Thirty-even (37) accessory dwelling units were approved in 2019. Twenty-four (24) accessory dwelling units were approved in 2018. Three (3) accessory dwelling units were approved in 2017.

City Projects or Other Capital Improvement Projects:

1. Membrane-Filtration Reverse Osmosis/MFRO (Developer: City of Escondido Utilities Department) 901 W. Washington – A Plot Plan application was submitted for review on October 14, 2019. The second draft of the proposed Mitigated Negative Declaration (MND) is expected to be submitted this week. A 60 percent design meeting occurred on December 9, 2019, and a follow-up meeting to discuss architecture occurred on January 30, 2020. The Mitigated Negative Declaration (MND) was adopted by the Zoning Administrator on April 30, 2020.

2. Lake Wohlford Replacement Dam (Developer: City of Escondido Utilities Department) – Utilities and Planning staff met with the environmental consultant on February 24, 2020, to discuss biological mitigation and recirculation of the Draft EIR. A teleconference meeting with the wildlife agencies occurred in April to confirm the path forward. Revisions to the draft EIR are in development and a recirculation of the document for public comment is expected to occur in June.

3. SDG&E 16" Gas Main Replacement – In January 2019, the CPUC's Safety Enforcement Division approved SDG&E's test or replace plan for Line 1600, a 16-inch natural gas transmission pipeline which was not strength tested in 1949 when it was constructed. This next phase of PSEP projects will include 19 separate projects that will take place in the cities of San Diego, Escondido and Poway, as well as the County of San Diego. As part of these projects, approximately 37 miles of existing pipe in more populated areas will be replaced and approximately 13 miles of existing pipe in less populated areas will be strength tested. Approximately 5.4 miles of replacement and 2.7 miles of strength testing is expected to occur in Escondido from 2020-2024. Work is continuing with installation of the new 16-inch gas main along the Midway corridor. Construction activity is currently between Oak Hill Drive and Bear Valley Parkway. Potholing is taking place on Bear Valley Parkway, east of Glenridge.

4. El Norte Parkway Improvements – The project includes widening of El Norte Parkway at the flood control channel by the installation of a new bridge, construction of new median islands from Valley Parkway to Washington Avenue, landscaping and a drip irrigation system, a bike/pedestrian signal at the flood control channel, along with roadway resurfacing. The contractor has completed the final striping, signage, and landscaping on El Norte Parkway. The project has been completed.

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

   https://www.escondido.org/el-norte-parkway-bridge-and-median-improvements-1.aspx.

5. 2019 Street Rehabilitation and Maintenance Project Rebid – This year's project will resurface approximately 71-lane miles of pavement, replace 0.59- miles of sidewalk, and restripe 2.5- miles of bike lanes, install 51 pedestrian ramps, and replace 90 street trees that damaging concrete improvements. The contractor, Eagle Paving, has completed all of the surface treatment applications. Final striping and the installation of the vehicle detection loops will be ongoing for the next several weeks.

   This year's project is Maintenance Zone W. More information can be found at the following link:

   https://www.escondido.org/city-of-escondido-street-maintenance-program.aspx

6. Spruce Street/Transit Center Pedestrian Bridge Project – The contractor has placed concrete for the Grand Avenue ramp wall foundations, and is forming for the east side ramp wall. Planting of the channel slopes has started between Valley and Grand.

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