



# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

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**WEDNESDAY, MARCH 08, 2023**

**4:00 PM - Closed Session (Parkview Conference Room)**

**5:00 PM - Regular Session**

**Escondido City Council Chambers, 201 North Broadway, Escondido, CA 92025**

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### WELCOME TO YOUR CITY COUNCIL MEETING

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

#### MAYOR

Dane White

#### DEPUTY MAYOR

Joe Garcia (District 2)

#### COUNCILMEMBERS

Consuelo Martinez (District 1)

Christian Garcia (District 3)

Michael Morasco (District 4)

#### CITY MANAGER

Sean McGlynn

#### CITY ATTORNEY

Michael McGuinness

#### CITY CLERK

Zack Beck

#### HOW TO WATCH

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

##### In Person



201 N. Broadway

##### On TV



Cox Cable Channel 19 and U-verse Channel 99

##### Online



[www.escondido.org](http://www.escondido.org)



# CITY of ESCONDIDO

COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

## HOW TO PARTICIPATE

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

### In Person



Fill out Speaker Slip and Submit to City Clerk

### In Writing



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

## ASSISTANCE PROVIDED

If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 760-839-4869. 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.





# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

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### CLOSED SESSION

4:00 PM

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#### CALL TO ORDER

1. Roll Call: C. Garcia, J. Garcia, Martinez, Morasco, White

#### ORAL COMMUNICATIONS

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

#### CLOSED SESSION

- I. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Government Code § 54956.9(d)(2))**
  - a. February 15, 2023 correspondence from the San Luis Rey Indian Water Authority
  - b. Claims relating to damages to private property at the Casa Grande Estates Mobile Home Park associated with sinkholes
- II. CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION (Government Code § 54956.9(d)(1))**
  - a. *Karina Sandoval, et. al. v. Austin, et. al*  
San Diego Superior Court Case No. 37-2021-00027288-CU-PA-NC
- III. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code § 54957(b)(1))**
  - a. Title: City Attorney

#### ADJOURNMENT



# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

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### REGULAR SESSION

5:00 PM Regular Session

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#### MOMENT OF REFLECTION

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

#### FLAG SALUTE

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

#### CALL TO ORDER

Roll Call: C. Garcia, J. Garcia, Martinez, Morasco, White

#### PRESENTATIONS

Gina Lopez, Executive Director of the CCAE

#### CLOSED SESSION REPORT

#### ORAL COMMUNICATIONS

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#### 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) -**



# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

**2. APPROVAL OF WARRANT REGISTER (COUNCIL) -**

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

- 370756 – 370958 dated February 8, 2023
- 370959 – 371193 dated February 15, 2023
- 371194 – 371294 dated February 22, 2023

Staff Recommendation: Approval (Finance Department: Christina Holmes)

**3. APPROVAL OF MINUTES: Regular Meetings of February 8, 2023 and February 15, 2023**

**4. WAIVER OF READING OF ORDINANCES AND RESOLUTIONS –**

**5. WASTEWATER SERVICE AGREEMENT WITH THE COUNTY OF SAN DIEGO FOR FELICITA PARK**

Request the City Council adopt Resolution 2023-10, authorizing the Mayor to execute an out-of-agency service agreement for wastewater service with the County of San Diego for Felicita Park.

Staff Recommendation: Approval (Utilities Department: Christopher W. McKinney, Deputy City Manager/Director of Utilities)

Presenter: Kyle Morgan, Deputy Director of Utilities/Wastewater

a) Resolution No. 2023-10

**6. NOTICE OF COMPLETION FOR THE LINDLEY RESERVOIR REPLACEMENT PROJECT**

Request the City Council adopt Resolution No. 2023-21, authorizing the Deputy City Manager/Director of Utilities to file a Notice of Completion for the Lindley Reservoir Replacement Project.

Staff Recommendation: Approval (Utilities Department: Christopher W. McKinney, Deputy City Manager/ Director of Utilities)

Presenter: Angela Morrow, Deputy Director of Utilities/ Construction and Engineering

a) Resolution No. 2023-21



# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

**7. CONSTRUCTION CONTRACT AWARD FOR THE STORM DRAIN REHABILITATION PROJECT, PHASE III**

Request the City Council adopt Resolution No. 2023-22, awarding the construction contract to Sancon Technologies, Inc., determined to be the lowest responsible and responsive bidder, and authorizing the Mayor to execute, on behalf of the City, a Public Improvement Agreement in the amount of \$906,142 for the Storm Drain Lining and Rehabilitation Project, Phase III ("Project").

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Development Services Director, and Julie Procopio, City Engineer)

Presenter: Allen Yun, Management Analyst II

a) Resolution No. 2023-22

**8. FINAL MAPS UNDER CONSIDERATION FOR APPROVAL**

Request the City Council approve the following Final Maps that have been filed for approval by the City Engineer in accordance with Ordinance 2022-02: Tract SUB15-0023 at South Centre City Parkway and Brotherton Road: Del Prado South Condominium Project

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Julie Procopio, City Engineer

**9. CLEAN CALIFORNIA STATE BEAUTIFICATION PROGRAM COOPERATIVE AGREEMENT FOR CONSTRUCTION OF LANDSCAPE IMPROVEMENTS AND MONUMENT SIGNAGE ON CA-78 NEAR ESCONDIDO BOULEVARD**

Request the City Council adopt Resolution No. 2023-24, authorizing the Mayor to execute the Cooperative Agreement with the California Department of Transportation (Caltrans) for construction of landscape improvements and an Escondido monument sign on State Route-78 near Escondido Boulevard, and related budget adjustment.

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Development Services Director and Julie Procopio, City Engineer)

Presenter: Jonathan Schauble, Principal Engineer

a) Resolution No. 2023-24



# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

**10. AUTHORIZATION AND ACCEPTANCE OF THE COUNTY OF SAN DIEGO'S CAPITAL EMERGENCY SOLUTIONS GRANT, EXECUTION OF GRANT AGREEMENT TO ADDRESS FAMILY HOMELESSNESS, AND EXECUTION OF SUBCONTRACT WITH INTERFAITH COMMUNITY SERVICES, INC.**

Request the City Council adopt Resolution No. 2023-02 accepting \$736,066.68 for the Interfaith Community Services Family Shelter Capital Project (the "Project") and execute the Capital Emergency Housing Solutions Grant Agreement (the "Grant Agreement") with the County of San Diego; Execute a Public Services Agreement (the "PSA") with Interfaith Community Services, Inc. for the operation of a low-barrier, emergency shelter in Escondido for families experiencing homelessness

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Holly Nelson, Housing and Neighborhood Services Manager

a) Resolution No. 2023-02

### **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.)

**11. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING AN AMENDMENT TO THE NORTHEAST GATEWAY SPECIFIC PLAN AND DEVELOPMENT AGREEMENT FOR THE 64-LOT NORTHEAST GATEWAY PROJECT**

Approved on February 15, 2023 with a vote of 5/0

a) Ordinance No. 2023-05 (Second Reading and Adoption)

**12. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING THE 2022 OMNIBUS THAT AMENDS VARIOUS ARTICLES OF THE ESCONDIDO ZONING CODE; CASE NO.: PL22-0645**

Approved on February 15, 2023 with a vote of 5/0

a) Ordinance No. 2023-06 (Second Reading and Adoption)



# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

**13. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING THE BUSINESS RECOVERY ORDINANCE MODIFICATIONS THAT AMEND VARIOUS ARTICLES OF THE ESCONDIDO ZONING CODE; CASE NO.: PL23-0005**

Approved on February 15, 2023 with a vote of 5/0

a) Ordinance No. 2023-07 (Second Reading and Adoption)

### CURRENT BUSINESS

**14. USE OF COMMUNITY FACILITIES DISTRICT POLICY (CFD) TO FINANCE DEVELOPMENT IMPACT FEES FOR NUTMEG 134, LLC**

Request the City Council provide direction to staff, as appropriate, to either: 1) support the creation of a CFD for the purpose of financing development impact fees for Nutmeg 134, LLC; or 2) decline to support the creation of this CFD.

Staff Recommendation: Provide Direction (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Andrew Firestine

**15. FINANCIAL REPORT FOR THE QUARTER ENDED DECEMBER 31, 2022 AND BUDGET ADJUSTMENT REQUEST**

Request the City Council receive and file the second quarter financial report, approve a budget adjustment to amend the fiscal year 2022/23 operating budget, and adopt Resolution No. 2023-26, authorizing a services agreement with Avolve Software Corporation in an amount not to exceed \$579,000 to provide SaaS (Software as a Service) and the implementation of ProjectDox for plan review processes.

Staff Recommendation: Approval (Finance Department: Christina Holmes, Director of Finance)

Presenter: Christina Holmes

a) Resolution No. 2023-26

**16. APPOINTMENT OF COUNCIL AD-HOC SUBCOMMITTEE ON HOMELESSNESS**

Request the City Council appoint a council Ad-Hoc Subcommittee on homelessness.

Staff Recommendation: Discussion (City Council: Dane White, Mayor)

Presenter: Mayor Dane White





# CITY of ESCONDIDO

## COUNCIL MEETING AGENDA

WEDNESDAY, MARCH 08, 2023

### FUTURE AGENDA

#### **17. FUTURE AGENDA**

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

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

### COUNCILMEMBERS SUBCOMMITTEE REPORTS AND OTHER REPORTS

#### CITY MANAGER'S WEEKLY ACTIVITY REPORT

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

#### ORAL COMMUNICATIONS

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#### ADJOURNMENT

#### UPCOMING MEETING SCHEDULE

Wednesday, March 15, 2023 4:00 & 5:00 PM Regular Meeting, *Council Chambers (B&C Interviews)*  
Wednesday, March 22, 2023 4:00 & 5:00 PM Regular Meeting, *Council Chambers*

#### SUCCESSOR AGENCY

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



**AFFIDAVITS**  
**OF**  
**ITEM**  
**POSTING-**



# STAFF REPORT

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March 8, 2023  
File Number 0400-40

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## **SUBJECT**

APPROVAL OF WARRANT REGISTER (COUNCIL)

## **DEPARTMENT**

Finance

## **RECOMMENDATION**

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

370756 – 370958 dated February 8, 2023  
370959 – 371193 dated February 15, 2023  
371194 – 371294 dated February 22, 2023

Staff Recommendation: Approval (Finance Department: Christina Holmes)

## **FISCAL ANALYSIS**

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

February 2 – February 8, 2023, is \$2,188,155.85  
February 9 – February 15, 2023, is \$5,246,059.95  
February 16 – February 22, 2023, is \$615,384.18

## **BACKGROUND**

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



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

### CLOSED SESSION

4:00 PM Regular Session

### CALL TO ORDER

Roll Call: Garcia, Garcia, Martinez, Morasco, White

### ORAL COMMUNICATIONS

Robroy Fawcett – Expressed concern regarding the federal funds rate.

### CLOSED SESSION

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

Property: 272 E. Via Rancho Pkwy, Escondido

City Negotiators: Sean McGlynn, City Manager, Michael McGuinness, City Attorney, or designees

Negotiating Parties: (i) Larry Green, L. Green Investment & Development, LLC; (ii) Kimberly Brewer, Unibail-Rodamco-Westfield; (iii) D. Scott Carr, Transformco; (iv) Maura Brancaccio, Costco Wholesale Corporation Under Negotiation: Terms of lease and REA

#### II. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Government Code § 54956(d)(1))

##### a. In re National Prescription Opiate Litigation

United States District Court, Northern District of Ohio, Eastern Div.

Case No. 1:17-MD-2804

##### b. *City of Escondido v. All Interested Persons in the Matter of the Issuance and Sale of Pension Obligation Bonds etc.* (Validation Action)

San Diego Superior Court Case No. 37-2022-00025425-CU-PT-NC

##### c. *Touchstone MF Fund I, LLC v. City of Escondido, et. al.*

San Diego Superior Court Case No. 37-2020-00020856-CU-BC-NC

### ADJOURNMENT

Mayor White adjourned the meeting at 4:50 p.m.

MAYOR

CITY CLERK



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

### REGULAR SESSION

5:00 PM Regular Session

### MOMENT OF REFLECTION

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### FLAG SALUTE

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

### CALL TO ORDER

Ceremonial Swearing In: Christian Garcia, City Council District 3

Roll Call: Garcia, Garcia, Martinez, Morasco, White

### PROCLAMATIONS

Black History Month

### CLOSED SESSION REPORT

### ORAL COMMUNICATIONS

Nancy Burian – Expressed concern regarding pop-up tent businesses in Escondido.

### CONSENT CALENDAR

Motion: J. Garcia; Second: Morasco; Approved: 5-0

1. **AFFIDAVITS OF PUBLICATION, MAILING, AND POSTING (COUNCIL/RRB) -**
2. **APPROVAL OF WARRANT REGISTER (COUNCIL) -**  
 Request the City Council approve the City Council and Housing Successor Agency warrant numbers:
  - 370143 – 370365 dated January 18, 2023



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

- 370366 – 370571 dated January 25, 2023

Staff Recommendation: Approval (Finance Department: Christina Holmes)

### 3. APPROVAL OF MINUTES: Special Meetings of January 25, 2023 and January 30, 2023

### 4. WAIVER OF READING OF ORDINANCES AND RESOLUTIONS –

### 5. APPROVAL TO ANNEX PROPERTY TO CITYWIDE SERVICES COMMUNITY FACILITIES DISTRICT (CFD) 2020-1, ZONE 8

Request the City Council adopt Resolution No. 2023-15 annexing seven (7) projects containing 16 units into the Citywide Services CFD 2020-1. Each property owner has provided a signed form consenting to annexation as a streamlined method for offsetting the cost of ongoing municipal services. (File Number 0850-20)

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Andrew Firestine

a) Resolution No. 2023-15

### 6. AMENDMENT AND READOPTION OF CITY COUNCIL RULES AND PROCEDURES

Request the City Council adopt Resolution No. 2023-19, amending the City Council Rules of Procedure for City Council meetings and City Council Policies to change Section A.7 to allow for a council member motion and second before further consideration of an agenda item. (File Number 0610-90)

Staff Recommendation: Approval (City Attorney's Office: Michael R. McGuinness, City Attorney)

Presenter: Michael R. McGuinness

a) Resolution No. 2023-19

### **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.)

### 7. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING A PREZONE TO PLANNED DEVELOPMENT-RESIDENTIAL AND MASTER AND PRECISE DEVELOPMENT PLAN FOR A 102-UNIT CONDOMINIUM DEVELOPMENT



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Approved on January 11, 2023 with a vote of 4/0

a) Ordinance No. 2023-03 (Second Reading and Adoption)

### PUBLIC HEARINGS

#### 8. CONWAY RESIDENTIAL SUBDIVISION (CONTINUED)

Request the City Council adopt Resolution No. 2023-06, approving a Tentative Subdivision Map, Annexation/Reorganization, and Grading Exemption, for a 56-unit residential subdivision located at 916, 942, and 943 Stanley Avenue, and 2005 – 2175 Conway Drive (odd-numbered addresses only) (“Project”). The request also includes the adoption of a Final Mitigated Negative Declaration prepared for the Project pursuant to the California Environmental Quality Act. (File Number 0800-10)

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Adam Finestone, City Planner

a) Resolution No. 2023-06

John Kay – Expressed support for this item.

David Ferguson – Expressed support for this item.

David Drake – Expressed opposition to this item.

Tom Kennedy – Expressed opposition to this item.

Greg Quist – Expressed opposition to this item.

Kelsey Quist – Expressed opposition to this item.

Brigdget Keefer – Expressed opposition to this item.

Carla Romo – Expressed opposition to this item.

Armando Romo – Expressed opposition to this item.

Karen Begin – Expressed support for this item.

Barry Baker – Expressed support for this item.



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Paul Krupka – Expressed opposition to this item.

Cindy Quist – Expressed opposition to this item.

Pamela Stahl – Expressed opposition to this item.

Motion to approve the project with the condition that the moving costs be increased to \$5,000 and the tenant vacation to 90-days: Martinez; Second: J. Garcia; Approved: 4-1 (White – No)

### CURRENT BUSINESS

**9. TRUNK SEWER REPLACEMENT PROJECT: BID AWARD, CONSULTING AGREEMENTS, AND BUDGET ADJUSTMENT**

Request the City Council take the following actions: Adopt Resolution No. 2023-12, authorizing the Mayor to execute a Public Improvement Agreement in the amount of \$8,482,904.64 with Southland Paving, Inc., the lowest responsive and responsible bidder, for construction of the Trunk Sewer Replacement Project (“Project”); Adopt Resolution No. 2023-13, authorizing the Mayor to execute a Consulting Agreement in the amount of \$1,402,240 with Arcadis U.S., Inc. for construction management services for the Project; Adopt Resolution No. 2023-14, authorizing the City Manager to execute a Consulting Agreement in the amount of \$155,560 with Infrastructure Engineering Corporation for engineering services during construction of the Project; and approve a Budget Adjustment in the amount of \$9,400,000. (File Number 0600-10; A-3441-a, A-3441-b, A-3441-c)

Staff Recommendation: Approval (Utilities Department: Christopher W. McKinney, Deputy City Manager/Director of Utilities)

Presenter: Angela Morrow, Deputy Director of Utilities/Construction and Engineering

- a) Resolution No. 2023-12
- b) Resolution No. 2023-13
- c) Resolution No. 2023-14

Bob Wise – Expressed support for this item.

Motion: Martinez; Second: J. Garcia; Approved: 5-0

### FUTURE AGENDA

**10. FUTURE AGENDA**

The purpose of this item is to identify issues presently known to staff or which members of the





# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

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)

Councilmember Morasco – Overview of street Vendors business licenses, tax collection and grocery carts.

### **COUNCILMEMBERS SUBCOMMITTEE REPORTS AND OTHER REPORTS**

Councilmember Martinez – Attended a San Diego County Water Authority Board Meeting.

Councilmember Morasco – Attended the Building Industry Association Installation Ceremony.

Deputy Mayor Joe Garcia – Attended a Clean Energy Alliance Board Meeting. Attended the New Mayor and Councilmember League of California Cities Conference.

Councilmember Christian Garcia – Thanked the community for the opportunity to serve.

Mayor White - Attended the New Mayor and Councilmember League of California Cities Conference.

### **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](http://www.escondido.org).

### **ORAL COMMUNICATIONS**

Yusef Miller – Requested more affordable, inclusionary housing be built and that pesticides not be used in Escondido.

Naeem Miller – Expressed concern regarding pesticides, toxins and secondhand smoke in the community.

Suzanne Hume – Thanked the City for permitting a Clean Earth 4 Kids event at Kit Carson Park. Requested the City Council not permit the use of gas-powered leaf blowers and pesticides in Escondido.

John Bottorff – Requested the City Council adopt a Building Electrification Ordinance.

### **ADJOURNMENT**



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Mayor White adjourned the meeting at 7:30 p.m.

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MAYOR

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CITY CLERK



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

### REGULAR SESSION

5:00 PM Regular Session

### MOMENT OF REFLECTION

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### FLAG SALUTE

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### CALL TO ORDER

Roll Call: Garcia, Garcia, Martinez, Morasco, White

### PRESENTATIONS

Library Board of Trustees Annual Presentation

### ORAL COMMUNICATIONS

None.

### CONSENT CALENDAR

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

1. **AFFIDAVITS OF PUBLICATION, MAILING, AND POSTING (COUNCIL/RRB) -**
2. **APPROVAL OF WARRANT REGISTER (COUNCIL) -**  
Request the City Council approve the City Council and Housing Successor Agency warrant numbers:
  - 370572 – 370755 dated February 1, 2023.

Staff Recommendation: Approval (Finance Department: Christina Holmes)

3. **APPROVAL OF MINUTES: None**



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

#### 4. **WAIVER OF READING OF ORDINANCES AND RESOLUTIONS –**

#### 5. **ANNUAL STATE MANDATED INSPECTION COMPLIANCE REPORT**

Request the City Council adopt Resolution 2023-05 acknowledging the Fire Department’s report of compliance with annual State mandated inspections. The Report indicates the Escondido Fire Department has conducted 100% of Educational Group E occupancies and 100% of Residential Group R occupancies as required by state law. (File Number 0320-10)

Staff Recommendation: Approval (Fire Department: Rick Vogt, Fire Chief)

Presenter: La Vona Koretke, Deputy Fire Marshal

a) Resolution No. 2023-05

#### 6. **TREASURER’S INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2022**

Request the City Council approve the Quarterly Investment Report for the quarter ended December 31, 2022. (File Number 0490-55)

Staff Recommendation: Approval (Finance Department: Douglas Shultz, City Treasurer)

Presenter: Douglas Shultz

#### 7. **BID AWARD FOR ESCONDIDO CREEK TRAIL LIGHT FIXTURE PURCHASE**

Request the City Council adopt Resolution No. 2023-11, authorizing the Mayor to execute, on behalf of the City, a Purchase Agreement with Walters Wholesale Electric Co. in an amount not to exceed \$770,952.02 for the purchase of light poles and light pole materials for the Escondido Creek Trail Expansion Project. (File Number 0470-18)

Staff Recommendation: Approval (Public Works Department: Joseph Goulart, Director of Public Works)

Presenter: Nick Gilliland, Public Works Superintendent

a) Resolution No. 2023-11

#### 8. **RYAN PARK LED LIGHTING RETROFIT PROJECT**

Request the City Council adopt Resolution No. 2023-18, authorizing the Mayor to execute an agreement with MUSCO Sports Lighting, LLC (“MUSCO”) for equipment to retrofit five (5) existing soccer fields at Francis Ryan Park with light-emitting diode (“LED”) technology in an amount not to exceed \$440,500 utilizing American Rescue Plan Act of 2021 (“ARPA”) funds. (File Number 0600-10; A-3443)



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Staff Recommendation: Approval (Public Works Department: Joseph Goulart, Director of Public Works)

Presenter: Wayne Thames, Public Works Superintendent

a) Resolution No. 2023-18

### PUBLIC HEARINGS

#### 9. **2022 OMNIBUS ZONING CODE UPDATE (PL22-0645)**

Request the City Council adopt Ordinance No. 2023-06, amending the Escondido Zoning Code (Articles 1, 6, 16, 22, 26, 27, 39, 44, 47, 49, 56, 57, 61, 63, 64, 66, 67, 70, and 73) to address state laws, correct errors, and clarify or improve existing regulations. The proposed code amendments are categorically or statutorily exempt from further environmental review pursuant to Public Resources Code section 21080.17 and CEQA guidelines sections 5282(h), 15301, 15303, or does not qualify as a “project” under CEQA. (File Number 0810-20)

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Veronica Morones, Principal Planner

a) Ordinance No. 2023-06 (First Reading and Introduction)

Mark Skovorodko – Expressed support for this item and requested the City Council investigate parking options that could assist economic development.

Motion: J. Garcia; Second: Martinez; Approved: 5-0

#### 10. **BUSINESS RECOVERY ORDINANCE MODIFICATIONS (PL23-0005)**

Request the City Council conduct a public hearing on the proposed Business Recovery Ordinance Modifications and act on the recommendation of the Planning Commission, which recommends the City Council: Introduce Ordinance No. 2023-07, amending the Escondido Zoning Code (EZC) to make permanent a series of temporary business relief measures adopted previously as an uncodified ordinance by the Escondido City Council through Ordinance No. 2020-23, specifically including amendments to the following articles: Articles 26 (Industrial Zones), 39 (Off-Street Parking), 57 (Miscellaneous Use Restrictions), and 66 (Sign Ordinance). (File Number 0810-20)

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Presenter: Andrew Firestine

- a) Ordinance No. 2023-07 (First Reading and Introduction)

Motion: C. Garcia; Second: Morasco; Approved: 5-0

**11. NORTHEAST GATEWAY PROJECT - SPECIFIC PLAN AMENDMENT, DEVELOPMENT AGREEMENT, TENTATIVE SUBDIVISION MAP AND GRADING EXEMPTION FOR THE DEVELOPMENT OF 64 SINGLE-FAMILY RESIDENTIAL LOTS - PL22-0145, PL22-0146, PL22-0147 AND PL23-0032**

Request the City Council conduct a public hearing on the development proposal and take action on the recommendations of City staff and the Planning Commission, which recommends that the City Council: Adopt Resolution No. 2023-20 adopting an Addendum to the Northeast Gateway Final Environmental Impact Report (FEIR), Mitigation Monitoring and Reporting Program and making certain Findings of Fact in conformance with the California Environmental Quality Act (CEQA), and approving a Tentative Subdivision Map and Grading Exemption; and introduce Ordinance No. 2023-05 for a Specific Plan Amendment and Development Agreement. (File Number 0800-10)

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Jay Paul, Senior Planner

- a) Resolution No. 2023-20
- b) Ordinance No. 2023-05 (First Reading and Introduction)

Douglas Lockwood – Expressed concern regarding the street alignment of the project.

Troy Fredeck- – Expressed support for this item.

Roleen Smith – Expressed support for this item.

Motion: Morasco; Second: J. Garcia; Approved: 5-0

### CURRENT BUSINESS

**12. CITY OF ESCONDIDO’S RESPONSE TO THE IMPACTS OF HOMELESSNESS**

Request the City Council provide feedback and direction to the City's response regarding the impacts of homelessness. (File Number 0110-20)



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Staff Recommendation: Receive and File; Provide Feedback and Direction (City Manager's Office: Christopher McKinney, Deputy City Manager/Director of Utilities; Police Department: Edward Varso, Chief of Police)

Presenters: Christopher McKinney and Edward Varso

Alex Garvin – Requested the City do more to assist the unhoused population, including building more inclusionary housing.

Hannah Jarrell – Requested the City do more to assist the unhoused population.

Clay Scheller – Requested the City do more to assist the unhoused population.

Victoria Baron – Requested the City do more to assist the unhoused population.

Sean Pike – Requested reduce funding to the police department and adopt a housing first model to address homelessness.

Greg Anglea – Thanked the City for partnering with Interfaith Community Services to provide shelter to many members of the unhoused population.

Juliana Musheyev– Expressed concern regarding how the police interact with the unhoused population.

Cynthia Nambo – Thanked the City for partnering with Escondido COMPACT.

Huitzilopochtli Marron – Requested the City do more to assist the unhoused population.

Mustafa Al Ghanimi – Requested the City do more to assist the unhoused population.

Tyler Sieckman – Requested the City do more to assist the unhoused population.

Zachary Bowersock – Requested the City do more to assist the unhoused population.

Tyler Sieckman – Requested the City do more to assist the unhoused population.

Danny Colmenarez – Requested the City do more to assist the unhoused population.

Nova Birch – Requested the City do more to assist the unhoused population.

Nova Birch – Requested the City do more to assist the unhoused population.

Gloria Conejo – Requested the City include more community-based organizations for homeless services contracts in regards to the categories of "prevention" and "outreach."



# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Marissa Allen – Requested the City do more to assist the unhoused population.

Chris Nava – Requested the City do more to assist the unhoused population.

Emily Von Gerichten – Requested the City do more to assist the unhoused population.

Joanne Tenney – Requested the City do more to assist the unhoused population.

**13. AUTHORIZATION AND ACCEPTANCE OF THE COUNTY OF SAN DIEGO'S CAPITAL EMERGENCY SOLUTIONS GRANT AND EXECUTION OF GRANT AND REGIONAL SHELTER COLLABORATION AGREEMENTS TO ADDRESS FAMILY HOMELESSNESS AND SUBCONTRACT WITH INTERFAITH COMMUNITY SERVICES, INC.**

Request the City Council adopt Resolution No. 2023-02 accepting \$736,066.68 for the Interfaith Community Services: Family Shelter Capital Project (the "Project") and execute the Capital Emergency Housing Solutions Grant Agreement (the "Grant Agreement") with the County of San Diego; Execute a Public Services Agreement (the "PSA") with Interfaith Community Services, Inc. for the operation of a low-barrier, emergency shelter in Escondido for families experiencing homelessness in support of the Project and the Grant Agreement, and enter into a Regional Shelter Collaboration Agreement with the County of San Diego and its Health and Human Services Agency (HHSA) ("the HHSA Agreement"). (File Number 0480-70)

Staff Recommendation: Approval (Development Services Department: Andrew Firestine, Director of Development Services)

Presenter: Christopher McKinney, Deputy City Manager/Director of Utilities

a) Resolution No. 2023-02

Item moved to March 8, 2023.

### **FUTURE AGENDA**

**14. 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)

White – Formation of an Ad-Hoc Homelessness Subcommittee.





# CITY of ESCONDIDO

## COUNCIL MEETING MINUTES

Garcia – Building housing on vacant land.

### COUNCILMEMBERS SUBCOMMITTEE REPORTS AND OTHER REPORTS

### CITY MANAGER’S WEEKLY ACTIVITY REPORT

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety, and Community Development. This report is also available on the City’s website, [www.escondido.org](http://www.escondido.org).

### ORAL COMMUNICATIONS

None.

### ADJOURNMENT

Mayor White adjourned the meeting at 8:27 p.m.

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MAYOR

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CITY CLERK



# STAFF REPORT

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## ITEM NO. 4

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### SUBJECT

### WAIVER OF READING OF ORDINANCES AND RESOLUTIONS –

### ANALYSIS

The City Council/RRB has adopted a policy that is sufficient to read the title of ordinances at the time of introduction and adoption, and that reading of the full text of ordinances and the full text and title of resolutions may be waived.

Approval of this consent calendar item allows the City Council/RRB to waive the reading of the full text and title of all resolutions agendized in the Consent Calendar, as well as the full text of all ordinances agendized in either the Introduction and Adoption of Ordinances or General Items sections. **This particular consent calendar item requires unanimous approval of the City Council/RRB.**

Upon approval of this item as part of the Consent Calendar, all resolutions included in the motion and second to approve the Consent Calendar shall be approved. Those resolutions removed from the Consent Calendar and considered under separate action may also be approved without the reading of the full text and title of the resolutions.

Also, upon the approval of this item, the Mayor will read the titles of all ordinances included in the Introduction and Adoption of Ordinances section. After reading of the ordinance titles, the City Council/RRB may introduce and/or adopt all the ordinances in one motion and second.

### RECOMMENDATION

Staff recommends that the City Council/RRB approve the waiving of reading of the text of all ordinances and the text and title of all resolutions included in this agenda. Unanimous approval of the City Council/RRB is required.

Respectfully Submitted,

Zack Beck  
City Clerk



# STAFF REPORT

March 8, 2023

File Number 0600-10; A-3446

## SUBJECT

### WASTEWATER SERVICE AGREEMENT WITH THE COUNTY OF SAN DIEGO FOR FELICITA PARK

## DEPARTMENT

Utilities Department, Wastewater Division

## RECOMMENDATION

Request the City Council adopt Resolution 2023-10, authorizing the Mayor to execute an out-of-agency service agreement for wastewater service with the County of San Diego for Felicita Park.

Staff Recommendation: Approval (Utilities: Christopher W. McKinney, Deputy City Manager/Director of Utilities)

Presenter: Kyle Morgan, Deputy Director of Utilities/Wastewater

## FISCAL ANALYSIS

The out-of-agency service agreement provides an economical means of providing wastewater services to Felicita County Park through the City of Escondido ("City"). The County of San Diego ("County"), as the property owner, will be required to pay initial connection and on-going fees outlined in the Out-of-Agency Service Agreement for Felicita Park ("Exhibit A"), including: administrative costs; capacity fees; and wastewater service fees.

## PREVIOUS ACTION

The City requested approval from San Diego Land Agency Formation Commission ("LAFCO") in July 2022 to provide contract wastewater service through an out-of-agency service agreement to the unincorporated Felicita County Park located at 742 Clarence Lane, Escondido CA. At this time, the City also requested a waiver of LAFCO's usual requirement for an accompanying irrevocable offer of annexation. In October 2022, LAFCO approved the City's request to provide contract wastewater services and waive the policy that would otherwise require the City to file for annexation, allowing Felicita County Park to remain unincorporated.

## BACKGROUND

The County has requested wastewater service by the City to the Felicita County Park property located at 742 Clarence Lane. The City operates wastewater collection facilities largely within a service area that aligns with City limits, with a comparatively smaller portion falling beyond the City's incorporated



# CITY of ESCONDIDO

## STAFF REPORT

boundaries. These smaller areas served by public sewer are managed through out-of-agency service agreements. Felicita County Park does not lie within City limits, but is located immediately adjacent to the City's jurisdictional boundary and within the City's sphere of influence. The County park currently operates on an underground septic disposal system, which is unreliable and inadequate to support the County's current park programming, as well as planned improvements. The existing septic system would need to be replaced in order to reliably support current park programming and accommodate larger events. The purpose of the request for out-of-agency wastewater service is to accommodate current operation and planned improvements to Felicita County Park while retaining the County's land use control. The City has wastewater collection and treatment facilities in close proximity to the subject property and can accommodate flows generated by the park.

### RESOLUTIONS

- a. Resolution No. 2023-10
- b. Resolution No. 2023-10 Exhibit "A": Out-of-Agency Wastewater Service Agreement with the County of San Diego

RESOLUTION NO. 2023-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE AN OUT-OF-AGENCY WASTEWATER SERVICE AGREEMENT WITH THE COUNTY OF SAN DIEGO FOR FELICITA PARK LOCATED AT 742 CLARENCE LANE

WHEREAS, the City of Escondido (“City”) has received a request from the County of San Diego (“County”) to provide sewer service to Felicita County Park located at 742 Clarence Lane (“Property”); and

WHEREAS, the City Council of the City of Escondido has received approval from the San Diego County Local Agency Formation Commission (“LAFCO”) to execute an Out-of-Agency Service Agreement (“Agreement”) with the County of San Diego, for the provision of sewer service to the Property; and

WHEREAS, the Property is all that real property described in Exhibit “A” to the Agreement; and

WHEREAS, LAFCO has approved a waiver for an accompanying irrevocable offer of annexation, attached as Exhibit “B” to the Agreement, for the Property; and

WHEREAS, the Agreement would accommodate current operation and planned improvements to the Property while retaining the County’s land use control.

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

1. That the above recitations are true.
2. That the City Council authorizes the Mayor to execute, on behalf of the City, the Out of Agency Service Agreement with the County of San Diego, which is attached and incorporated to this Resolution as Exhibit “A” and subject to final approval as to form by the City Attorney.
3. That this Agreement is necessary in order for the area to receive urban services available from the City of Escondido.

4. That LAFCO is hereby requested to undertake proceedings related to the Agreement described in this resolution.

5. That this proposal is made pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the Government Code of the State of California.

6. That the City Clerk of the City of Escondido is hereby authorized and directed to file a certified copy of this resolution to the executive officer of LAFCO.

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

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Director of Utilities  
City of Escondido  
201 North Broadway  
Escondido, CA 92025-2798

*This Space for Recorder's Use Only*

APN: 238-380-06

**OUT-OF-AGENCY SERVICE AGREEMENT**

This OUT-OF-AGENCY SERVICE AGREEMENT (“**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between the City of Escondido, a California municipal corporation (“**City**”) and the County of San Diego, a political subdivision of the state of California (“**Owner**”). (The City and Owner may each be referred to herein as a “**Party**” and collectively as the “**Parties.**”)

**RECITALS**

A. Owner possesses and owns that certain real property located outside the jurisdictional boundary of the City, within the unincorporated County of San Diego, commonly known as Felicita County Park, consisting of 52.0 acres and located at 742 Clarence Lane, Escondido, California, as further described in Exhibit A to this Agreement, attached hereto and incorporated herein by this reference (“**Property**”).

B. The Property currently uses an onsite septic system, and Owner has requested the City to provide wastewater services to the Property through a connection of a six-inch sewer line to the City’s wastewater system at the “**Point of Transfer,**” as depicted in Exhibit B to this Agreement, attached hereto and incorporated herein by this reference (collectively, “**Improvements**”).

C. Pursuant to California Government Code section 56133(a), the City may provide new or extended services outside its jurisdictional boundary only if it first requests and receives written approval from the San Diego County Local Agency Formation Commission (“**LAFCO**”).

D. Pursuant to California Government Code section 56133(b), LAFCO may authorize the City to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

E. The Property is within the sphere of influence of the City and was included in the City’s sphere of influence in anticipation of a later change of organization.

F. In accordance with California Government Code section 56133 and LAFCO’s local

CAO: 3/10/2022

policies, in a letter dated October 3, 2022, which is attached hereto as Exhibit C and incorporated herein by this reference (“**Conditional Approval Letter**”), LAFCO provided a conditional approval for the City to establish contract wastewater service for the Property.

G. The City and Owner desire to enter into this Agreement so the City may provide wastewater service to the Property, subject to Owner meeting all of the conditions expressed in the Conditional Approval Letter and any conditions otherwise expressed in this Agreement.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, terms, and conditions set forth herein, the Parties hereby mutually agree as follows:

1. Recitals. The Recitals set forth above are included herein by reference as part of this Agreement and the Parties agree that said Recitals are essential facts to this Agreement.
2. Applicability of Government Code. This Agreement is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (California Government Code section 56000 et seq.) (“**Act**”) and is subject to all of the provisions of the Act, including but not limited to Government Code section 56133.
3. Authority to Connect. Upon the Parties’ execution of this Agreement and Owner’s recordation of this Agreement in the County Recorder’s Office for San Diego County, and subject to all other terms and conditions of this Agreement, Owner may connect to the City’s sewer system via construction of the Improvements. Owner agrees to construct the Improvements in conformance with all applicable federal, state, and local laws and regulations. No construction of the Improvements shall occur without first securing all required permits and approvals from the City, County, or any other local agency or regulatory authority, and without first completing environmental review pursuant to the California Environmental Quality Act, Public Resources Code § 21000, et seq. (“**CEQA**”).
4. No Consent to Annexation. The County does not by virtue of entering into this Agreement consent to the annexation of the Property to the City or waive any right to object to any proceedings to annex the Property into the City.
5. Conditions of Approval. This Agreement shall be subject to all of the following conditions:
  - a. Owner agrees to meet all conditions in the Conditional Approval Letter, including each of the following:
    - (i.) Owner shall provide LAFCO a completed contractual service agreement form along with the required application filing fee.
    - (ii.) Owner shall provide LAFCO a signed copy of this Agreement.
  - b. Within 10 days after execution of this Agreement by all Parties, Owner shall record this Agreement with the Office of the County Recorder for San Diego County.
  - c. This Agreement is limited to the provision of wastewater service to the



Property and shall not be construed to provide authority for the City's provision of any additional service in relation to the Property.

6. No Pre-Commitment; Final Action Subject to Environmental Review.

a. Notwithstanding any other provision of this Agreement, nothing herein shall commit or otherwise require the City, or be interpreted as requiring the City, to issue any permit, entitlement, or other approval in relation to the Improvements. Rather, the City and Owner acknowledge and agree that the City retains full discretionary authority with respect to the Improvements, and may approve, disapprove, modify, or condition the Improvements, or any portion thereof, as otherwise authorized by law. Owner acknowledges and agrees that it is proceeding at its own risk and expense until such time as all required permits, entitlements, or other approvals are approved and without assurance that any required permits, entitlements, or other approvals will be approved.

b. The City shall not enter into any agreement that will allow for the construction of the Improvements until there has been appropriate compliance with CEQA. The City, through the planning process with Owner as to the Improvements, will identify the actions and activities that would be necessary to construct the Improvements and thereby facilitate meaningful environmental review.

7. Term. This Agreement shall commence on the Effective Date and shall remain in effect until the earlier of any of the following: (i) sewer service is no longer provided to the Property by City; or (ii) the Agreement is terminated by the City if Owner fails to meet any condition stated herein.

8. Indemnification. Owner (including Owner's agents, employees, contractors, and subcontractors, if any) shall hold harmless, defend (with counsel reasonably acceptable to the City), and indemnify the City, its boards, commissions, departments, officials, officers, agents, employees, and volunteers from and against any and all claims, demands, actions, causes of action, proceedings (including but not limited to legal and administrative proceedings of any kind), suits, fines, penalties, judgments, orders, levies, costs, expenses, liabilities, losses, damages, or injuries, in law or equity, including without limitation the payment of all consequential damages and attorney's fees and other related litigation costs and expenses (collectively, "**Claims**"), and any attorney's, consultant, or expert fees and City staff costs for investigating or responding to any Claims, incurred in connection with or arising in whole or in part from this Agreement, the use of the Improvements by the Owner (including Owner's agents, employees, invitees, contractors, and subcontractors, if any), the condition of the Improvements, or any related construction or other work undertaken on the Property, including without limitation (i) any death or bodily injury to a person; (ii) any injury to, loss, or theft of tangible or intangible property, including economic loss; or (iii) any other loss, damage, or expense sustained by the Owner in connection with any work or obligations performed in connection with this Agreement, except for any liability resulting from the active negligence, sole negligence, or willful misconduct of the City. The duty to defend the City as described in this Paragraph 8 shall apply regardless of whether any Claims are groundless, fraudulent, or false. All obligations under this Paragraph 8 shall survive the termination of this Agreement.

9. Transfer of Sewage.

9.1 *Ownership.* All sewage transferred from Owner to the City shall become the

City's sewage at the Point of Transfer for all purposes, including but not limited to either non-potable or potable reuse, and Owner shall have no rights to income derived from the City's sale of non-potable or potable water derived from the Owner's sewage.

9.2 *Service Interruptions.* The Parties acknowledge and agree that the sewer services anticipated by this Agreement may at times be precluded or reduced for reasons beyond the reasonable or immediate control of the City. The City shall provide reasonable written notice to Owner of all scheduled and unscheduled sewer service interruptions. To the extent reasonably practicable, the City will cooperate with Owner in the scheduling of service interruptions in a manner that minimizes impacts on Owner's operations. The Parties agree that the City shall not be responsible or liable for any damage, harm, or economic loss suffered by Owner due to any interruption, reduction, or cessation in acceptance of sewage under this Agreement (1) due to a **Force Majeure Event**, which shall mean a cause or causes beyond a Party's reasonable control, including but not limited to acts of God, fires, floods, earthquakes, natural disasters, terrorism, strikes, blackouts, war, pandemics, restraints of government, or other like causes any one of which makes performance hereunder commercially impracticable, or (2) that is necessary, as determined in the sole, reasonable discretion of the City's Director of Utilities ("**Director**"), because of the City's maintenance or operational imperatives or needs.

10. Charges and Fees.

10.1 *Capacity Charges.* Owner shall pay the City capacity charges based on the most current resolution establishing capacity fees for the City at the time such charges are due pursuant to applicable City policies.

10.2 *Recurring Charges.* Owner shall pay the City all sewer charges based on the most current resolution establishing user fees for the City at the time such charges are due pursuant to applicable City policies. The Property will receive water service from the Rincon del Diablo Municipal Water District ("**Rincon**") or such other agency as Owner may from time to time utilize to obtain water service. Meter readings will be provided to the City by Rincon for water meters serving facilities on the Property that are connected to the City's sewer. If an alternative utility other than Rincon, including Owner, provides water service at the Property that is used in facilities connected to the City's sewer facilities, such alternative utility shall install and maintain water meters and provide water meter readings to the City in the same manner as Rincon. The readings for the Property will be provided via the same mechanism that all other meter readings are provided to the City, which is bi-monthly. The City will apply its applicable sewer rates to the water use for the Property's facilities connected to the City's sewer as described in the Utility Rates and Fees schedule in effect at the time of billing.

10.3 *Administrative Fees.* Additional expenditures, time, and support are required in order to coordinate billing and charges with Rincon (and any other water purveyor serving facilities connected to the City's sewer at the Property). Owner shall pay such reasonable additional administrative fees to the City in an amount as reasonably determined by the Director, but not to exceed \$1,000.00 per year.

10.4 *Payments.* Recurring charges and administrative fees shall be paid on an annual basis to the City, or at intervals as mutually agreed to by the Director and Owner's Director of Parks and Recreation. Any such payments shall be due within 30 days of receipt of an invoice

from the City. Any payment not received within 7 days of being due shall incur interest at the rate of 5% per annum, compounded on a daily basis until the late payment is received in full by the City.

11. Maintenance.

11.1 *Generally.* Owner shall have the sole responsibility to maintain the Improvements in a state of good repair that will prevent excessive infiltration and inflow from entering downstream sewers as determined by the City in its sole, reasonable discretion.

11.2 *Property Owners.* Owner shall ensure through necessary documents that any obligations for maintenance or discharges required by this Agreement are included as obligations for the operation of the Property. Owner shall ensure that any necessary documents that obligate any subsequent operator of the Property, or portion of the Property, to perform any obligations under this Agreement are recorded against the Property in the Official Records of San Diego County.

12. Discharge Standards.

12.1 *Generally.* All transferred sewage flows from Owner shall comply with the City's established standards and limitations, as may be changed from time to time, for the quality of the sewer flows. In addition, all transferred sewage flows shall meet all applicable federal, state, and local discharge requirements, including all applicable industrial waste discharge limitations.

12.2 *Rights of Inspection.* Owner agrees to provide the City, upon the City's reasonable notice, the right to enter the Property and Improvements for the purposes of providing sewer services under this Agreement, including for monitoring, sampling, analyzing, or observing the operation of the Improvements, as may be required to ensure compliance with this Agreement; by the Regional Water Quality Control Board, San Diego Region; or by any federal, state, or local health departments or agencies.

12.3 *Monitoring.* At Owner's expense, Owner shall install and operate such monitoring equipment as may reasonably be requested by the City in order to confirm the Improvements' compliance with standards and limitations.

13. Miscellaneous.

13.1 *Governing Law.* This Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California. Any litigation arising out of this Agreement shall be conducted only in the state or federal courts of San Diego County, California.

13.2 *Entire Agreement.* This Agreement, together with its attachments or other documents, if any, described or incorporated herein, contains the entire agreement and understanding concerning the subject of this Agreement and supersedes and replaces all prior negotiations, understandings, or proposed agreements, written or oral, except as otherwise provided herein. Each of the Parties hereto acknowledges that no other Party, nor the agents nor the attorneys for any Party, has made any promise, representation or warranty whatsoever, express or implied, not contained herein, to induce the execution of this Agreement and acknowledges that this Agreement has not been executed in reliance upon any promise, representation, or warranty not contained herein.

13.3 *Amendment.* This Agreement may not be amended except in a writing signed by all of the Parties hereto, and then only in the specific instance and for the specific purpose given.

Any such amendment shall be recorded with the Office of the County Recorder for the County of San Diego.

13.4 *Independent Investigation.* The Parties acknowledge that they have conducted an independent investigation of the facts concerning the subject matter of this Agreement. The Parties agree that the factual recitals are correct and expressly assume the risk that the true facts concerning the foregoing may differ from those currently understood by them.

13.5 *Advice of Counsel.* The Parties hereby acknowledge that they have executed this Agreement after having the opportunity to consult with, and receive the advice of, their own counsel.

13.6 *Capacity.* Each individual signing this Agreement represents and warrants that he or she has been authorized to do so by proper action of the Party on whose behalf he or she has signed.

13.7 *Headings.* Section headings are for reference purposes only and shall not be used for interpreting the meaning of any provisions of this Agreement.

13.8 *Attorney's Fees.* In any action to enforce the terms of this Agreement, the Parties agree that the prevailing party shall be entitled to its reasonable attorney's fees and all costs, fees, and expenses, including the fees of expert witnesses and consultants, whether or not such costs, fees, and expenses are recoverable or allowed as costs under section 1033.5 of the California Code of Civil Procedure. In addition to the foregoing award of attorney's fees and costs, the prevailing party shall be entitled to its attorney's fees and costs incurred in any post-judgment proceedings to collect or enforce any judgment. This provision is separate and shall survive the merger of this provision into any judgment on this Agreement.

13.9 *Counterparts and Electronic Signature.* This Agreement may be executed on separate counterparts that, upon completion, may be assembled into and shall be construed as one document. The Agreement may be executed using electronic signatures which are verifiable with a unique passcode or similar verification procedure.

13.10 *Severability.* This Agreement shall be performed and shall be enforceable to the full extent allowed by applicable law, and the illegality, invalidity, waiver, or unenforceability of any provision of this Agreement shall not affect the legality, validity, applicability, or enforceability of the remaining provisions of this Agreement.

13.11 *Notice.* All notices, demands, approvals, or consents provided for in this Agreement shall be in writing and delivered to the appropriate Party at its address as follows:

If to the City:

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

If to Owner:

Director of Parks and Recreation  
County of San Diego  
5500 Overland Avenue, Suite 410  
San Diego, CA 92123

Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other Party within five business days after the notice has been deposited in the U.S. Mail, duly registered or certified, with postage prepaid, and addressed as set forth above. Any Party may change the address information provided above by giving written notice to the other Party in the manner provided in this Agreement.

13.12 *Covenants Run with Land.* So long as this Agreement remains in effect, the obligations and benefits provided for in this Agreement shall run with the land obligated and benefited, respectively, and shall be binding on all parties having or acquiring any right, title, or interest in the Property or any part thereof. As such, it is the intent of the Parties that this Agreement and the promises, covenants, rights, and obligations set forth herein (i) shall be and are covenants running with the Property, encumbering the Property for the term of this Agreement, binding upon the Owner's successors in title and all subsequent owners and operators of the Property; (ii) are not merely personal covenants of the Owner; and (iii) shall bind the Owner and its respective successors and assigns during the term of this Agreement. Further, the Owner shall ensure that any future transfer of interest in the Property is made subject to the terms of this Agreement, such that any future successor in title or owner or operator of the Property shall be bound by the terms herein.

13.13 *Effective Date.* Unless a different date is provided in this Agreement, the effective date of this Agreement shall be the latest date of execution set forth by the names of the signatories below.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, this Agreement is executed by the Parties or their duly authorized representatives as of the Effective Date:

CITY OF ESCONDIDO

Date: \_\_\_\_\_ By \_\_\_\_\_  
Dane White, Mayor

COUNTY OF SAN DIEGO (OWNER)

Date: \_\_\_\_\_ By \_\_\_\_\_  
Jack Pellegrino, Director of Purchasing and Contracting

(ABOVE SIGNATURES MUST BE NOTARIZED; ACKNOWLEDGMENT PAGES FOLLOW)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY  
Michael R. McGuinness, City Attorney

\_\_\_\_\_  
Dare DeLano, Senior Deputy City Attorney

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Thomas L. Bosworth, Sr. Deputy County Counsel

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA ]

COUNTY OF \_\_\_\_\_ ]

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

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

City of Escondido

CAO: 3/10/2022

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA ]

COUNTY OF \_\_\_\_\_ ]

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

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

**Owner**

CAO: 3/10/2022



**Exhibit A**

Legal Description of Property

That certain real property located in the County of San Diego, State of California, described as follows: PUBLIC LAND BLOCK 9 \*LOTS 1&2\* CONTRACT #213009 IN MAP1205 IN ST CLSD^LOT 4 BLK7.

ALL OF LOT 2 AND A PORTION OF LOT 1, IN BLOCK 9, TOGETHER WITH A PORTION OF LOT 4 BLOCK 7 OF HOME LAND ACRES ADDITION TO ESCONDIDO, ACCORDING TO MAP THEREOF NO. 1205; TOGETHER WITH A PORTION OF LOT 11, BLOCK 32, OF HOMELAND ACRES ADDITION TO ESCONDIDO NO. 2 ACCORDING TO MAP THEREOF NO. 1241; TOGETHER WITH PORTIONS OF THE SAN DIEGO BOULEVARD, VACATED ON OCTOBER 8, 1923, RECORDED IN BOOK 751, PAGE 336 OF DEEDS AND VACATED ON AUGUST 25, 1930, RECORDED IN BOOK 1802, PAGE 366 OF DEEDS AND THE PORTIONS OF PUBLIC ROADS AND PORTION OF ROAD SURVEY 461 VACATED BY DOCUMENT S.R. 207-522, RECORDED OCTOBER 11, 1957, IN BOOK 6788, PAGES 359 THROUGH 381 INCLUSIVE. SAID PROPERTY IS MORE PARTICULARLY DESCRIBED IN THE FOLLOWING DOCUMENTS: DEED RECORDED JANUARY 10, 1930 IN BOOK 1716, PAGES 360 THROUGH 361 INCLUSIVE; DEED RECORDED JULY 30, 1930 IN BOOK 1808, PAGES 86 THROUGH 87 INCLUSIVE; DOCUMENT RECORDED JUNE 14, 1956 IN BOOK 6139, PAGES 503 THROUGH 511 INCLUSIVE; DEED RECORDED JUNE 29, 1959 IN BOOK 7740 PAGES 424 THROUGH 426 INCLUSIVE, DOCUMENT RECORDED APRIL 16, 1954 IN BOOK 5207, PAGES 91 THROUGH 93 INCLUSIVE, EXCEPTING FROM THE PARCEL DESCRIBED IN THE DOCUMENT RECORDED APRIL 16, 1954 IN BOOK 5207, PAGES 91 THROUGH 93 INCLUSIVE, THE PORTION DESCRIBED IN DEED RECORDED JUNE 28, 1966 AS FILE NUMBER 105640, ALSO EXCEPTING THEREFROM THE RIGHT OF WAY FOR PUBLIC HIGHWAY AS SHOWN ON THE PLAT OF ROAD SURVEY 461 DATED JUNE 4, 1955.

**Exhibit B**

Conditional Approval Letter

October 13, 2022

**Delivered Electronically:**

Sean McGlynn  
City Manager  
City of Escondido  
[smcglynn@escondido.org](mailto:smcglynn@escondido.org)

**SUBJECT: Notice of Commission Approval:  
Contractual Wastewater Service Agreement for the City of Escondido to Serve  
Felicita County Park (Assessor Parcel Number 238-380-06)**

Mr. McGlynn:

This letter serves as confirmation the San Diego County Local Agency Formation Commission (LAFCO) conditionally approved the above-referenced proposal at a public hearing held on October 3, 2022. The approval authorizes the City of Escondido to establish contract wastewater service at 742 Clarence Lane. This conditional approval is authorized under Government Code Section 56133.

The approval is limited to authorizing the City of Escondido to enter into an outside wastewater service agreement with the landowner – County of San Diego – for only the existing 52.0-acre park comprising the affected territory. Approval conditions follow.

1. Receipt by San Diego LAFCO of a signed contractual wastewater service agreement between the City of Escondido and the landowner of the affected territory – County of San Diego. The agreement must specify service is limited to the existing 52.0-acre parcel comprising Felicita County Park.

San Diego LAFCO policy and practice directs the Commission to condition approval of the request on the City of Escondido filing for annexation of the affected territory within a prescribed timeframe. The Commission waived this policy and in doing so allows the affected territory to remain unincorporated for the foreseeable future. The policy waiver was deemed

CAO: 3/10/2022

appropriate given local conditions and specifically, the unique and tenured role of the affected territory as a regional recreational resource for North County residents.

Separate written confirmation of completion of the condition tied to this approval will be provided as appropriate and serve as official notice of your legal allowance to proceed with the contractual service.

Should you have any questions please call (619) 321-3380 or e-mail me at [priscilla.mumpower@sdcounty.ca.gov](mailto:priscilla.mumpower@sdcounty.ca.gov).

Respectfully,



Priscilla Mumpower  
Analyst II

cc: Kasia Trojanowska, San Diego County Parks and Recreation  
Christopher McKinney, City of Escondido  
Tammy Lockett, LAFCO Commission Clerk

CAO: 3/10/2022



# STAFF REPORT

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March 8, 2023  
File Number 0600-95

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## SUBJECT

### NOTICE OF COMPLETION FOR THE LINDLEY RESERVOIR REPLACEMENT PROJECT

## DEPARTMENT

Utilities Department, Construction and Engineering Division

## RECOMMENDATION

Request the City Council adopt Resolution No. 2023-21, authorizing the Deputy City Manager / Director of Utilities to file a Notice of Completion for the Lindley Reservoir Replacement Project.

Staff Recommendation: Approval (Utilities: Christopher W. McKinney, Deputy City Manager/ Director of Utilities)

Presenter: Angela Morrow, Deputy Director of Utilities / Construction and Engineering

## FISCAL ANALYSIS

The Lindley Reservoir Replacement Project was completed for \$14,011,319.77. This amount exceeded the originally approved contract amount by 8.9 percent, which is within the 10 percent contingency permitted for construction projects.

## PREVIOUS ACTION

On June 3, 2020, the City Council adopted Resolution No. 2020-49, authorizing the Mayor and City Clerk to execute a Public Improvement Agreement with Pacific Hydrotech Corporation, the lowest responsive and responsible bidder, in the amount of \$12,871,600 for construction of the Lindley Reservoir Replacement Project. The City Council also approved a budget adjustment, in the amount of \$100,000, to fund Capital Improvement Project No. 704201.

## BACKGROUND

The Project replaced an existing 2-million gallon, above-ground steel potable water reservoir that was originally constructed in the early 1950's. The site is southwest of the intersection of Hubbard Avenue and Ash Street. The existing reservoir was deteriorating and in need of urgent replacement. This Project constructed two new, partially-buried, 1.5 million-gallon, prestressed concrete reservoirs; a new valve vault structure; associated site piping; earthwork; landscaping; electrical instrumentation; and approximately 1,400 linear feet of 18-inch welded steel pipeline. The new reservoirs are in service and the original above ground steel potable water reservoir has been demolished.



# CITY of ESCONDIDO

STAFF REPORT



## RESOLUTIONS

- A. Resolution No. 2023-21

RESOLUTION NO. 2023-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE DEPUTY CITY MANAGER / DIRECTOR OF UTILITIES TO FILE A NOTICE OF COMPLETION FOR THE LINDLEY RESERVOIR REPLACEMENT PROJECT

WHEREAS, on June 3, 2020 the City Council adopted Resolution No. 2020-49, authorizing execution of the Public Improvement Agreement for the construction of the Lindley Reservoir Replacement Project in the amount of \$12,871,600; and

WHEREAS, on June 3, 2020 the City Council approved a budget adjustment in the amount of \$100,000 to the Capital Improvement Project No. 704201; and

WHEREAS, the construction of the Lindley Reservoir Replacement Project was completed by Pacific Hydrotech Corporation; and

WHEREAS, the City of Escondido staff and the Deputy City Manager / Director of Utilities deems the filing of the Notice of Completion to be valid at this time; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve the filing of the Notice of Completion.

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

1. That the above recitations are true.
2. That the City Council accepts the recommendation of the Deputy City Manager / Director of Utilities.

3. That the City Council hereby approves the request to file a Notice of Completion for the Lindley Reservoir Replacement Project.



# STAFF REPORT

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March 08, 2023

File Number 0600-10; A-3447

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## SUBJECT

### CONSTRUCTION CONTRACT AWARD FOR THE STORM DRAIN REHABILITATION PROJECT, PHASE III

## DEPARTMENT

Development Services, Engineering Services

## RECOMMENDATION

Request that the City Council adopt Resolution No. 2023-22, awarding the construction contract to Sancon Technologies, Inc., determined to be the lowest responsible and responsive bidder, and authorizing the Mayor to execute, on behalf of the City, a Public Improvement Agreement in the amount of \$906,142 for the Storm Drain Lining and Rehabilitation Project, Phase III ("Project").

Staff Recommendation: Approval (Andrew Firestine, Development Services Director, and Julie Procopio, City Engineer)

Presenter: Allen Yun, Management Analyst II

## FISCAL ANALYSIS

There are sufficient funds included in the adopted CIP budget for the Storm Drain Pipe Lining and Rehabilitation Project to complete Phase III of the project. The shortfall to complete rehabilitation of the highest-priority pipelines that were recommended to be repaired by 2019 is \$6.1-million.

## BACKGROUND

On August 1, 2017, the City Council approved a contract with Brown and Caldwell to televise and rate the condition of 20-miles of corrugated metal pipelines and rank their priority for rehabilitation.

On January 22, 2020, the City Council accepted the first phase of Storm Drain Pipe Lining and Rehabilitation as complete which included rehabilitation of eighteen of the City's most critical Red Flag storm drain facilities and encompassed approximately 2,294 lineal feet.

On July 21, 2021, the City Council accepted the second phase of Storm Drain Pipe Lining and Rehabilitation as complete which included rehabilitation of twenty-one of the City's most critical Red Flag storm drain facilities and encompassed approximately 2,929 lineal feet.





# CITY of ESCONDIDO

## STAFF REPORT

This Project is the third storm drain lining project that will rehabilitate eighteen of the City's most critical corrugated metal pipes (CMP). The project scope of work includes cleaning, replacing deformed or collapsed sections of pipe, and installing a new cured-in-place pipe liner.

Below is a table detailing the progress made to date for rehabilitation of the highest priority pipelines. A second table is provided showing the remaining pipelines to be rehabilitated, the recommended timing for their repair, and the projected cost.

### Completed/Budgeted Pipeline Repair

Project Phase	Timing	# of Pipes	Total Length	Estimated Cost
Phase 1	Completed FY 19/20	18	2,294	\$ 839,828.95
Phase 2	Completed FY 20/21	21	2,929	\$ 471,772.00
Phase 3	Current FY 22/23	18	3,329	\$ 906,142.00

### Remaining Pipeline Repair Needs

Condition Rating	Recommended Timing to Repair	# of Pipes	Approximate Total Length	Estimated Cost
5 - Highest Priority	Within 2 years	106	4057	\$ 7,795,747.00
4 - High Priority	Within 5 Years	90	10,504	\$ 9,057,721.00
3 - Low Priority	Rehab within 5-10 Years	356	47,077	\$ 32,992,064.00
2 - Lowest Priority	10 years or More	50	5,278	\$ 31,880.00
1 - Lowest Priority	-	84	5,108	n/a
0 - Unable to inspect	n/a	167		TBD
<b>Est. Remaining Costs</b>				<b>\$ 49,877,412.00</b>

While substantial progress has been made, there is not adequate budget to rehabilitate the highest priority pipelines (category 5). These pipelines were recommended to be repaired within two-years of the 2017 survey. Based on current revenue projections, it is anticipated that adequate funding to rehabilitate the highest priority pipelines will be available in FY27/28, eight years later than recommended. Based on the FY23/27 CIP budget, the projected funding to rehabilitate storm drain pipelines is \$1.15-million per year.

On February 23, 2023, five sealed bids were received in response to the advertised request for bids for the Project. The bid results are listed below:



# CITY of ESCONDIDO

## STAFF REPORT

Sancon Technologies, Inc.	\$ 906,142.00
Nuline Technologies, LLC.	\$ 975,239.00
Downstream Services, Inc.	\$ 1,183,989.00
Nor-Cal Pipeline Services	\$ 1,218,602.00
Instituform Technologies, LLC	\$ 1,530,424.00

Staff recommends that the bid submitted by Sancon Technologies, Inc. be considered the lowest responsive and responsible bid, and that the contract be awarded in the amount of \$ 906,142. The lowest responsive bid is 27 % lower than the Engineer’s estimate of \$1,245,000. Sancon Technologies, Inc. has successfully completed the first two phases of the project and staff has evaluated their bid and determined that it does not contain errors or omissions.

### RESOLUTIONS

- a. Resolution No. 2023-22
- b. Resolution No. 2023-22 – Exhibit “A” – Public Improvement Agreement

## RESOLUTION NO. 2023-22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AWARDING A CONSTRUCTION CONTRACT TO SANCON TECHNOLOGIES, INC., AND AUTHORIZING THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY, A PUBLIC IMPROVEMENT AGREEMENT FOR THE STORM DRAIN LINING AND REHABILITATION PROJECT PHASE III

WHEREAS, the City Council has allocated funding in the adopted Capital Improvement Program Budget for the Storm Drain Pipe Lining and Rehabilitation Project Phase III (“Project”); and

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

WHEREAS, pursuant to said notice, five (5) sealed bids for the Project were opened and evaluated on February 23, 2023; and

WHEREAS, Sancon Technologies, Inc., was determined to be the lowest responsive and responsible bidder; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to award this contract to Sancon Technologies, Inc., in the amount of \$906,142.

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

1. That the above recitations are true.
2. That the Mayor is authorized to execute, on behalf of the City, a Public Improvement Agreement with Sancon Technologies, Inc., in a substantially similar form to that which is attached and incorporated to this Resolution as Exhibit “A”, and subject to final approval as to form by the City Attorney.



CITY OF ESCONDIDO  
PUBLIC IMPROVEMENT AGREEMENT

This Public Improvement Agreement (“Agreement”) is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2023 (“Effective Date”),

Between: CITY OF ESCONDIDO  
a California municipal corporation  
201 N. Broadway  
Escondido, CA 92025  
Attn: Allen Yun  
760-839-4665  
("CITY")

And: SANCON TECHNOLOGIES, INC.  
“a California corporation”  
5841 Engineer Drive  
Huntington Beach, CA 92649  
Attn: Ryan Hellmuth  
714-891-2323  
("CONTRACTOR").

(The CITY and CONTRACTOR each may be referred to herein as a “Party” and collectively as the “Parties.”)

WHEREAS, the Parties desire to enter into this Agreement for the performance of work relating to the Storm Drain Pipe Lining and Rehabilitation Project Phase III (“Project”), occurring on property located within Escondido, CA and having various assessor’s parcel numbers (APN) (“Property”), as further described herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises, terms, and conditions set forth herein, and the mutual benefits derived therefrom, the Parties hereby agree as follows:

1. Project Documents. The Notice Inviting Sealed Bids/Notice to Contractors, Instructions to Bidders, Bid Form, Designation of Subcontractors, Workers' Compensation Certificate, Change Orders, Shop Drawing Transmittals, Information Required of CONTRACTOR, Non-collusion Affidavit, Insurance Certificates, Guarantees, General Conditions, Supplementary General Conditions, Special Conditions, Plans, Drawings, Specifications, the Agreement, and all modifications, addenda, and amendments thereto (“Project Documents”) are incorporated herein by this reference as if fully set forth herein. The Project Documents are complementary, and what is called for by any one shall be as binding as if called for by all.

2. Description and Performance of Work. CONTRACTOR shall furnish all work described in Attachment "A" to this Agreement, which is incorporated herein by this reference ("Work"). All Work to be performed and materials to be furnished shall be completed in a good workmanlike manner, free from defects, in strict accordance with the plans, drawings, specifications, and requirements set forth in the Project Documents and all provisions of this Agreement.
3. Compensation. In exchange for CONTRACTOR's completion of the Work, the CITY shall pay, and CONTRACTOR shall accept in full, an amount not to exceed the sum of \$906,142.00 ("Contract Price"). CONTRACTOR shall be compensated only for performance of the Work described in this Agreement. No compensation shall be provided for any other work or services without the CITY's prior written consent.
4. Term and Time of Performance. CONTRACTOR shall commence work within one week from the CITY's notice to proceed. CONTRACTOR shall diligently perform and complete the Work with professional quality and technical accuracy within ninety (90) working days after the City's Notice to Proceed ("Completion Date"). Extension of terms or time of performance shall be subject to the CITY's sole discretion.
5. Time Is of the Essence. If the Work is not completed by the Completion Date, it is understood that the CITY will suffer damage. It being impractical and infeasible to determine the amount of actual damage, in accordance with Government Code section 53069.85, the Parties agree that CONTRACTOR shall pay to the CITY as fixed and liquidated damages, and not as a penalty, the sum of \$250 per day for each calendar day of delay until the Work is completed and accepted ("Liquidated Damages Amount"). The Liquidated Damages Amount shall be deducted from any payments due to, or that become due to, CONTRACTOR. CONTRACTOR and CONTRACTOR'S surety shall be liable for the Liquidated Damages Amount.
6. Insurance Requirements.
  - a. CONTRACTOR shall procure and maintain, at its own cost, during the entire term of this Agreement, insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the Work, and the results of such Work, by CONTRACTOR, its agents, representatives, employees, or subcontractors. Insurance coverage shall be at least as broad as the following:
    - (1) *Commercial General Liability.* Insurance Services Office ("ISO") Form CG 0001 11188 covering Commercial General Liability on an "occurrence" basis, including products and completed operations, property damage, bodily injury (including emotional distress), sickness, disease, or death of any person other than the CONTRACTOR's employees, and personal and advertising injury, and damages because of injury or destruction of tangible property, including loss of use resulting there from, with limits no less than \$3,000,000 combined single limit coverage per occurrence for bodily injury and property damage; or, if a general aggregate limit is applicable, either: (i) the general aggregate limit shall specifically apply to the project identified in the bid specifications or to the location of such project which is the subject of these bid specifications with coverage to be no less than \$3,000,000, or (ii) the general aggregate shall be at least \$3,000,000 combined single limit coverage per occurrence for bodily injury and property damage.
    - (2) *Automobile Liability.* ISO Form CA 00 01 covering any auto (Code 1), or if CONTRACTOR has no owned autos, hired (Code 8) and non-owned autos (Code 9), including damages because of bodily injury, death of a person, or property damage arising out of the ownership, maintenance, or use of a motor vehicle, all mobile equipment, and vehicles

moving under CONTRACTOR's control and engaged in the Work, with limits no less than \$3,000,000 combined single limit per accident for bodily injury and property damage.

- (3) *Workers' Compensation.* Workers' Compensation as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease.
  - (4) *Builder's Risk/"All Risk" Insurance.* The CONTRACTOR, during the progress of the Work and until final acceptance of the Work by CITY, shall maintain Builder's Risk/"All Risk," course-of-construction insurance satisfactory to CITY issued on a completed value basis of all WORK pursuant to this Agreement. Coverage is to provide extended coverage and insurance against vandalism, theft, malicious mischief, perils of fire, sprinkler leakage, civil authority, sonic boom, earthquake, collapse, flood, wind, lightning, smoke, riot, debris removal (including demolition), and reasonable compensation for the Engineer's services and expenses required as a result of such insured loss upon the Work, including completed Work and Work in progress to the full insurable value thereof. Such insurance shall include the CITY and the City Engineer as an additional named insured and any other person with an insurable interest designated.
  - (5) If CONTRACTOR maintains broader coverage and/or higher limits than the minimums otherwise required by this Agreement, the CITY requires and shall be entitled to the broader coverage and/or the higher limits maintained by CONTRACTOR.
- b. Each insurance policy required by this Agreement must be acceptable to the City Attorney and shall meet the following requirements:
- (1) *Compliance with General Condition Requirements.* Insurance coverage shall comply with and meet all requirements set forth in Article 5.2 of General Conditions
  - (2) *Acceptability of Insurers.* Insurance coverage must be provided by an insurer authorized to conduct business in the state of California with a current A.M. Best's rating of no less than A-VII, or as approved by the CITY.
  - (3) *Additional Insured Status.* Both the Commercial General Liability and the Automobile Liability policies must name the CITY (including its officials, officers, agents, employees, and volunteers) specifically as an additional insured under the policy on a separate endorsement page. The Commercial General Liability additional insured endorsement shall be at least as broad as ISO Form CG 20 10 11 85, or if not available, through the addition of *both* CG 20 10, CG 20 26, CG 20 33, or CG 20 38, *and* CG 20 37 if a later edition is used. The Automobile Liability additional insured endorsement shall be at least as broad as ISO Form CA 20 01.
  - (4) *Primary Coverage.* CONTRACTOR's insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 with respect to the CITY, its officials, officers, agents, employees, and volunteers. Any insurance or self-insurance maintained by the CITY, its officials, officers, agents, employees, or volunteers shall be in excess of CONTRACTOR's insurance and shall not contribute with it.
  - (5) *Notice of Cancellation.* Each insurance policy shall provide that coverage shall not be canceled, except with prior written notice to the CITY.
  - (6) *Subcontractors.* If applicable, CONTRACTOR shall require and verify that all subcontractors maintain insurance meeting all the requirements stated within this

Agreement, and CONTRACTOR shall ensure that the CITY (including its officials, officers, agents, employees, and volunteers) is an additional insured on any insurance required from a subcontractor.

- (7) *Waiver of Subrogation.* CONTRACTOR hereby grants to the CITY a waiver of any right to subrogation that any insurer of CONTRACTOR may acquire against the CITY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this subsection shall apply regardless of whether or not the CITY has received a waiver of subrogation endorsement from the insurer. Any Workers' Compensation policy required by this Agreement shall be endorsed with a waiver of subrogation in favor of the CITY for all work performed by the CONTRACTOR, its agents, representatives, employees and subcontractors.
  - (8) *Self-Insurance.* CONTRACTOR may, with the CITY's prior written consent, fulfill some or all of the insurance requirements contained in this Agreement under a plan of self-insurance. CONTRACTOR shall only be permitted to utilize such self-insurance if, in the opinion of the CITY, CONTRACTOR's (i) net worth and (ii) reserves for payment of claims of liability against CONTRACTOR are sufficient to adequately compensate for the lack of other insurance coverage required by this Agreement. CONTRACTOR's utilization of self-insurance shall not in any way limit the liabilities assumed by CONTRACTOR pursuant to this Agreement.
  - (9) *Self-Insured Retentions.* Self-insured retentions must be declared to and approved by the CITY.
- c. *Verification of Coverage.* At the time CONTRACTOR executes this Agreement, CONTRACTOR shall provide the CITY with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting the insurance coverage required by this Agreement), which shall meet all requirements under this Agreement. The CITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by this Agreement, at any time.
  - d. *Special Risks or Circumstances.* The CITY reserves the right, at any point during the term of this Agreement, to modify the insurance requirements in this Agreement, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.
  - e. *No Limitation of Obligations.* The insurance requirements within this Agreement, including the types and limits of insurance coverage CONTRACTOR must maintain, and any approval of such insurance by the CITY, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONTRACTOR pursuant to this Agreement, including but not limited to any provisions within this Agreement concerning indemnification.
  - f. *Compliance.* Failure to comply with any of the insurance requirements in this Agreement, including but not limited to a lapse in any required insurance coverage during the term of this Agreement, shall be a material breach of this Agreement. Compliance by CONTRACTOR with the requirement to carry insurance and furnish certificates, policies, Additional Insured Endorsement and Declarations Page evidencing the same shall not relieve the CONTRACTOR from liability assumed under any provision of this Agreement, including, without limitation, the obligation to defend and indemnify the CITY and the City Engineer. In the event that CONTRACTOR fails to comply with any insurance requirement set forth in this Agreement, in addition to any other remedies the CITY may have, the CITY may, at its sole option, (i) immediately terminate this Agreement; or (ii) order CONTRACTOR to stop Work under this

Agreement and/or withhold any payment that becomes due to CONTRACTOR until CONTRACTOR demonstrates compliance with the insurance requirements in this Agreement.

7. Indemnification, Duty to Defend, and Hold Harmless.

- a. CONTRACTOR (including CONTRACTOR's agents, employees, and subcontractors, if any) shall indemnify, defend, and hold harmless the CITY, its officials, officers, agents, employees, and volunteers from and against any and all claims, demands, actions, causes of action, proceedings (including but not limited to legal and administrative proceedings of any kind), suits, fines, penalties, judgments, orders, levies, costs, expenses, liabilities, losses, damages, or injuries, in law or equity, including without limitation the payment of all consequential damages and attorney's fees and other related litigation costs and expenses (collectively, "Claims"), of every nature caused by, arising out of, or in connection with CONTRACTOR's (including CONTRACTOR's agents, employees, and subcontractors, if any) Work pursuant to this Agreement or its failure to comply with any of its obligations contained herein, except where caused by the active negligence, sole negligence, or willful misconduct of the CITY.
- b. CONTRACTOR (including CONTRACTOR's agents, employees, and subcontractors, if any) shall indemnify, defend, and hold harmless the CITY, its officials, officers, agents, employees, and volunteers from and against any and all Claims caused by, arising under, or resulting from any violation, or claim of violation, of the San Diego Municipal Storm Water Permit (Order No. R9-2013-0001, as amended) of the California Regional Water Quality Control Board, Region 9, San Diego, that the CITY might suffer, incur, or become subject to by reason of, or occurring as a result of, or allegedly caused by, any Work performed pursuant to this Agreement.
- c. All terms and provisions within this Section 7 shall survive the termination of this Agreement.

8. Bonds.

- a. CONTRACTOR shall furnish and deliver to the CITY, simultaneously with the execution of this Agreement, the following surety bonds:
  - (1) *Faithful Performance Bond.* CONTRACTOR shall furnish to the CITY a surety bond in an amount equal to the Contract Price as security for faithful performance of this Agreement.
  - (2) *Labor and Materials Bond.* CONTRACTOR shall furnish to the CITY a surety bond in an amount equal to the Contract Price as security for payment to persons performing labor and furnishing materials in connection with the Project.
- b. All bonds furnished to the CITY pursuant to this Agreement shall be in the form set forth herein and approved by the City Attorney.
- c. All bonds shall be executed by sureties that are named in the current list of "Companies Holding Certificates of Authority as Acceptable Sureties on Federal bonds and as Acceptable Reinsuring Companies" as published in Circular 570 (amended) by the Audit Staff, Bureau of Government Financial Operations, U.S. Treasury Department. All bonds signed by an agent must be accompanied by a certified copy of such agent's authority to act.
- d. If the surety on any bond furnished by the CONTRACTOR is declared bankrupt or becomes insolvent or its right to do business is terminated in any state where any part of the Work is located, the CONTRACTOR shall, within seven days thereafter, substitute another bond and surety, which must be acceptable to the CITY. No portion of the Work shall be performed without bonds, in a form and issued by a surety acceptable to the City. If one or more of such bonds



shall, at any time, not be in full force and effect, CONTRACTOR shall immediately cease performance of the Work until CONTRACTOR is in full compliance with the bonding requirements of this Agreement and California law. All delays and costs incurred or resulting from such occurrence shall be to the exclusive account of CONTRACTOR. Failure of the CONTRACTOR to promptly cure any failure to have the necessary bonds in full force and effect shall be grounds for immediate termination of this Agreement.

- e. All bonds shall be obtained from surety companies that are duly licensed or authorized in the State of California. Such surety companies shall also meet any additional requirements and qualifications as may be provided in the Supplementary General Conditions.
9. Substitution of Securities. This Agreement is subject to California Public Contract Code section 22300, which permits the substitution of securities for any monies withheld by the CITY to ensure performance of this Agreement. At the request and expense of the CONTRACTOR, securities equivalent to the amount withheld shall be deposited with the CITY, or with a state- or federally-chartered bank in this state as the escrow agent, who shall then pay those moneys to CONTRACTOR. Upon satisfactory completion and acceptance of the Work, such securities shall be returned to the CONTRACTOR.
10. Contractor Default. In the event CONTRACTOR, for a period of 10 calendar days after receipt of written demand from the CITY to do so ("Cure Period"), fails to furnish tools, equipment, or labor in the necessary quantity or quality required by this Agreement, or fails to prosecute the Work and all parts thereof in a diligent and workmanlike manner, or after commencing to do so within the Cure Period, fails to continue to do so, then the CITY in its sole discretion may exclude the CONTRACTOR from the Property, or any portion thereof, and take exclusive possession of the Property or any portion thereof, together with all material and equipment thereon, and may complete the Work or any portion of the Work, either by (i) furnishing the necessary tools, equipment, labor, or materials; or (ii) letting the unfinished portion of the work, or any portion thereof, to another contractor; or (iii) demanding the surety hire another contractor; or (iv) any combination of such methods. The CITY's procuring of the completion of the Work, or the portion of the Work taken over by the CITY, shall be a charge against the CONTRACTOR and may be deducted from any money due or to become due to CONTRACTOR from the CITY, or the CONTRACTOR shall pay the CITY the amount of such charge, or the portion thereof unsatisfied. The sureties provided for under this Agreement shall become liable for payment if CONTRACTOR fails to pay in full any such cost incurred by the CITY. The permissible charges for any such procurement of the completion of the Work include actual costs and fees incurred to third party individuals and entities (including but not limited to consultants, attorneys, inspectors, and designers) and actual costs incurred by the CITY for the increased dedication of time of the CITY's employees to the Project.
11. Other Legal Requirements Incorporated. Each and every provision of law and clause required by law to be inserted in this Agreement or its attachments shall be deemed to be inserted herein, and this Agreement shall be read and enforced as though such law or clause were included herein, and if through mistake or otherwise any such provision is not inserted, or is not currently inserted, then upon application of either Party, the Agreement shall forthwith be physically amended to make such insertion or correction, without further changes to the remainder of the Agreement.
12. Merger Clause. This Agreement, together with its attachments or other documents described or incorporated herein, if any, constitutes the entire agreement and understanding of the CITY and CONTRACTOR concerning the subject of this Agreement and supersedes and replaces all prior negotiations, understandings, or proposed agreements, written or oral, except as otherwise provided herein. In the event of any conflict between the provisions of this Agreement and any of its attachments or related documents, if any, the provisions of this Agreement shall prevail.

13. Attorney's Fees and Costs. In any action to enforce the terms and conditions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs.
14. Independent Contractor. CONTRACTOR is an independent contractor, and no agency or employment relationship is created by the execution of this Agreement.
15. Amendment. This Agreement shall not be amended except in a writing signed by the CITY and CONTRACTOR, and pursuant to action of the Escondido City Council.
16. Anti-Waiver Clause. None of the provisions of this Agreement shall be waived by the CITY because of previous failure to insist upon strict performance, nor shall any provision be waived because any other provision has been waived by the CITY, in whole or in part.
17. Severability. This Agreement shall be performed and shall be enforceable to the full extent allowed by applicable law, and the illegality, invalidity, waiver, or unenforceability of any provision of this Agreement shall not affect the legality, validity, applicability, or enforceability of the remaining provisions of this Agreement.
18. Governing Law. This Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California. Venue for any action arising from this Agreement shall be conducted only in the state or federal courts of San Diego County, California.
19. Counterparts. This Agreement may be executed on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page of this Agreement by electronic means, including an attachment to an email, shall be effective as delivery of an executed original. The Agreement on file with the City is the copy of the Agreement that shall take precedence if any differences exist between or among copies or counterparts of the Agreement.
20. Provisions Cumulative. The foregoing provisions are cumulative to, in addition to, and not in limitation of any other rights or remedies available to the CITY.
21. Business License. CONTRACTOR shall obtain a City of Escondido Business License prior to execution of this Agreement and shall maintain such Business License throughout the term of this Agreement.
22. Compliance with Laws, Permits, and Licenses. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, rules, and other legal requirements in effect during the term of this Agreement. This shall include, but shall not be limited to, all California Labor Code laws regarding payment of prevailing wages and all OSHA regulations. CONTRACTOR shall obtain any and all permits, licenses, and other authorizations necessary to perform the work under this Agreement. Neither the CITY, nor any elected or appointed boards, officers, officials, employees, or agents of the CITY, shall be liable, at law or in equity, as a result of any failure of CONTRACTOR to comply with this section.
23. Prevailing Wages and Department of Industrial Relations Compliance. Pursuant to California Labor Code section 1770 et seq., CONTRACTOR agrees that a prevailing rate and scale of wages, in accordance with applicable laws, shall be paid in performing this Agreement. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, rules, and other legal requirements pertaining to the payment of prevailing wages, including but not limited to the keeping of certified payroll records, overtime pay, employment of apprentices, and workers' compensation coverage, as further set forth in the General Conditions. CONTRACTOR shall file the required workers' compensation certificate before commencing work

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

24. Immigration Reform and Control Act of 1986. CONTRACTOR shall keep itself informed of and shall comply with the Immigration Reform and Control Act of 1986 ("IRCA"). CONTRACTOR represents and warrants that all of its employees and the employees of any subcontractor retained by CONTRACTOR who perform any portion of the Work under this Agreement are and will be authorized to perform the Work in full compliance with the IRCA. 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 perform the Work. CONTRACTOR agrees to comply with the IRCA before commencing any portion of the Work, and continuously throughout the performance of the Work and the term of this Agreement.
25. Effective Date. Unless a different date is provided in this Agreement, the effective date of this Agreement shall be the latest date of execution set forth by the names of the signatories below.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, this Agreement is executed by the Parties or their duly authorized representatives as of the Effective Date:

CITY OF ESCONDIDO

Date: \_\_\_\_\_

\_\_\_\_\_  
Dane White, Mayor

SANCON TECHNOLOGIES, INC.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name & Title (please print)

\_\_\_\_\_  
Contractor's License No.

\_\_\_\_\_  
Tax ID/Social Security No.

APPROVED AS TO FORM:

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

BY: \_\_\_\_\_

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.



# STAFF REPORT

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March 08, 2023  
File Number 0800-10

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**SUBJECT**

**FINAL MAPS UNDER CONSIDERATION FOR APPROVAL**

**DEPARTMENT**

Development Services Department, Engineering Services

**BACKGROUND**

The following Final Maps have been filed for approval by the City Engineer in accordance with Ordinance 2022-02:

Tract SUB15-0023 at South Centre City Parkway and Brotherton Road: Del Prado South Condominium Project

No materials necessary for this item.



# STAFF REPORT

March 8, 2023

File Number 0600-10; A-3448

## SUBJECT

**CLEAN CALIFORNIA STATE BEAUTIFICATION PROGRAM COOPERATIVE AGREEMENT FOR CONSTRUCTION OF LANDSCAPE IMPROVEMENTS AND MONUMENT SIGNAGE ON CA-78 NEAR ESCONDIDO BOULEVARD**

## DEPARTMENT

Development Services Department, Engineering Division

## RECOMMENDATION

Request the City Council adopt Resolution No. 2023-24, authorizing the Mayor to execute the Cooperative Agreement with the California Department of Transportation (Caltrans) for construction of landscape improvements and an Escondido monument sign on State Route-78 near Escondido Boulevard, and related budget adjustment.

Staff Recommendation: Approval (Development Services: Andrew Firestine, Development Services Director and Julie Procopio, City Engineer)

Presenter: Jonathan Schauble, Principal Engineer

## FISCAL ANALYSIS

The Clean California State Beautification Program will fully fund construction of the project improvements on CA-78 near Escondido Boulevard and Broadway. The Cooperative Agreement with Caltrans stipulates \$150,000 for construction management and \$1,650,000 for construction of the project improvements. Per the terms of the Cooperative Agreement with Caltrans, the City will pay for the construction of the project and Caltrans will reimburse the City with funds from the Clean California Beautification Program. A budget adjustment is requested to accommodate reimbursable project expenses per the terms of the Cooperative Agreement with Caltrans.

## PREVIOUS ACTION

None.

## BACKGROUND

In 2022, Caltrans District 11 representatives approached City staff regarding the Clean California State Beautification Program. Through this program, State funds can be used to beautify and improve areas of the State highway system with an emphasis on underserved communities. City staff worked with Caltrans



# CITY of ESCONDIDO

## STAFF REPORT

to identify a key gateway location where Clean California funds could improve the aesthetics of the State right of way. Caltrans agreed to fund installation of an entry sign, landscaping, irrigation, stamped concrete median, and fencing. The Escondido monument sign will be constructed in the CA-78 median just east of the Escondido Boulevard bridge. The landscaping, irrigation, stamped concrete, and fencing will be constructed on the west side of the Broadway intersection with CA-78. This Clean California project will improve the aesthetics at the CA-78 entrance into the City and create a sense of arrival into this vibrant community. The preliminary concept design is shown in Attachment 1 to the staff report.

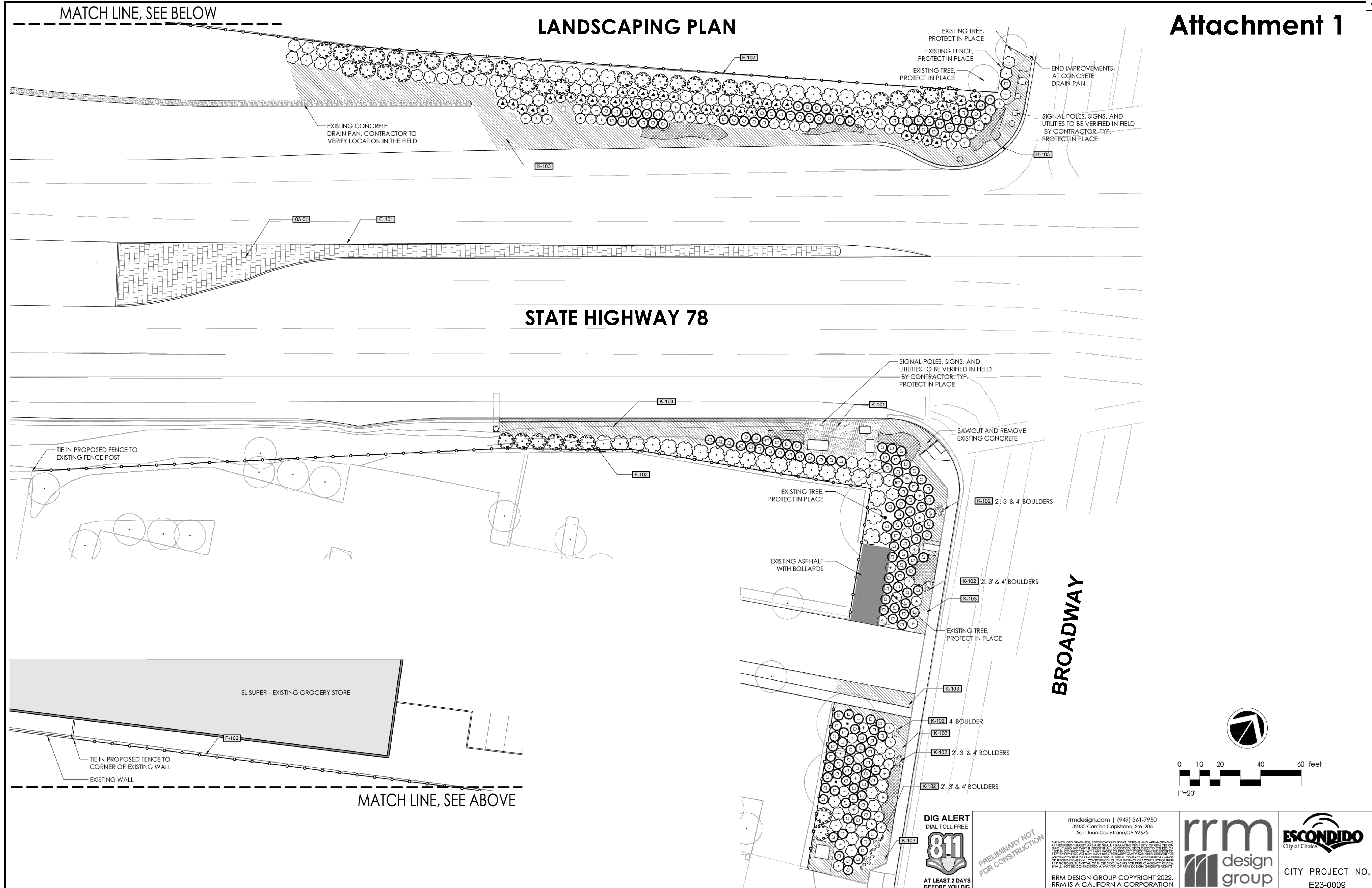
Engineering design of the project started late last year and is currently in progress. The construction of an entry sign within Caltrans right of way must meet specific design criteria and will require approval of a State design exception that is currently under review by Caltrans. The final engineering design will then be prepared to the satisfaction of Caltrans. The cooperative agreement states that the City will obtain bids, award the contract and oversee construction of the project. The full cost of construction up to \$1.65-million will be paid for by Caltrans from the State allocation of Clean California funds. City staff will return to the City Council to request award of the construction contract to the lowest responsive and responsible bidder.

Staff recommends the City Council adopt Resolution No. 2023-24 authorizing the Mayor to execute the Cooperative Agreement with Caltrans for construction of an entry sign, landscaping, irrigation, stamped concrete median, and fencing within Caltrans State Route 78 right of way.

### RESOLUTION

- a. Resolution No. 2023-24 with Exhibits A and B

## LANDSCAPING PLAN

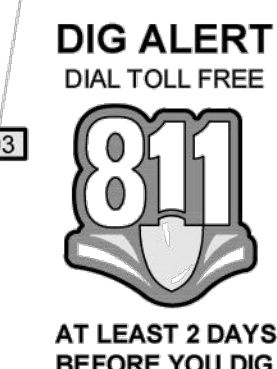
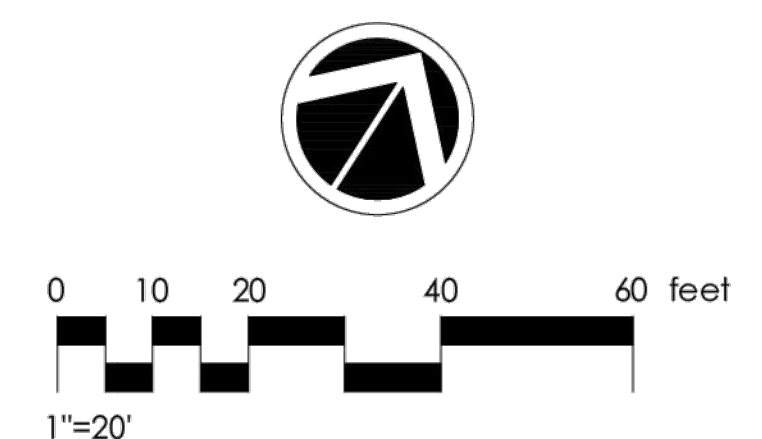


MATCH LINE, SEE BELOW

MATCH LINE, SEE ABOVE

STATE HIGHWAY 78

BROADWAY



PRELIMINARY NOT FOR CONSTRUCTION

rrm design group  
 32332 Camino Capistrano, Ste. 205  
 San Juan Capistrano, CA 92675  
 RRM DESIGN GROUP COPYRIGHT 2022.  
 RRM IS A CALIFORNIA CORPORATION



ESCONDIDO  
 City of Choice  
 CITY PROJECT NO.  
 E23-0009

CONSTRUCTION RECORD	REFERENCES	Date	By	REVISIONS	App'd	Date	BENCH MARK	SCALE	Office	Designed By	Drawn By	Checked By	Submitted	Approved	
							CITY OF ESCONDIDO VERTICAL CONTROL BENCHMARK NO. 663 DATUM: NGVD29 ELEVATION: 457.73 (FEET) DESCRIPTION: CHISELED BOX ON TOP OF CURB, ON THE EAST SIDE OF JUNIPER STREET BETWEEN WASHINGTON AVENUE AND PENNSYLVANIA STREET, AT THE MIDDLE OF THE BRIDGE OVER THE FLOOD CONTROL CHANNEL.	Horizontal	Filmed	BRIAN HANNEGAN	TM	BH	Date 2/6/23 R.C.E. No. 82708	By Principal Engineer	By City Engineer

ENGINEERING SERVICES  
 PLANTING PLAN  
 Drawing No. P23-0004  
 Sheet 14 of 19

N:\3000\2719-01-RC22-Clean-CA-Esccondido-Gateway-Landscaping-Arch\Drawings\Task\2-Construction\Sheet\PL-2719-01-RC22.dwg, PLO1, Feb 02, 2023, 3:12pm, cmyrder

Item: OF SHEET DWG NO.: TITLE OF PROJECT: CLEAN CALIFORNIA ESCONDIDO GATEWAY



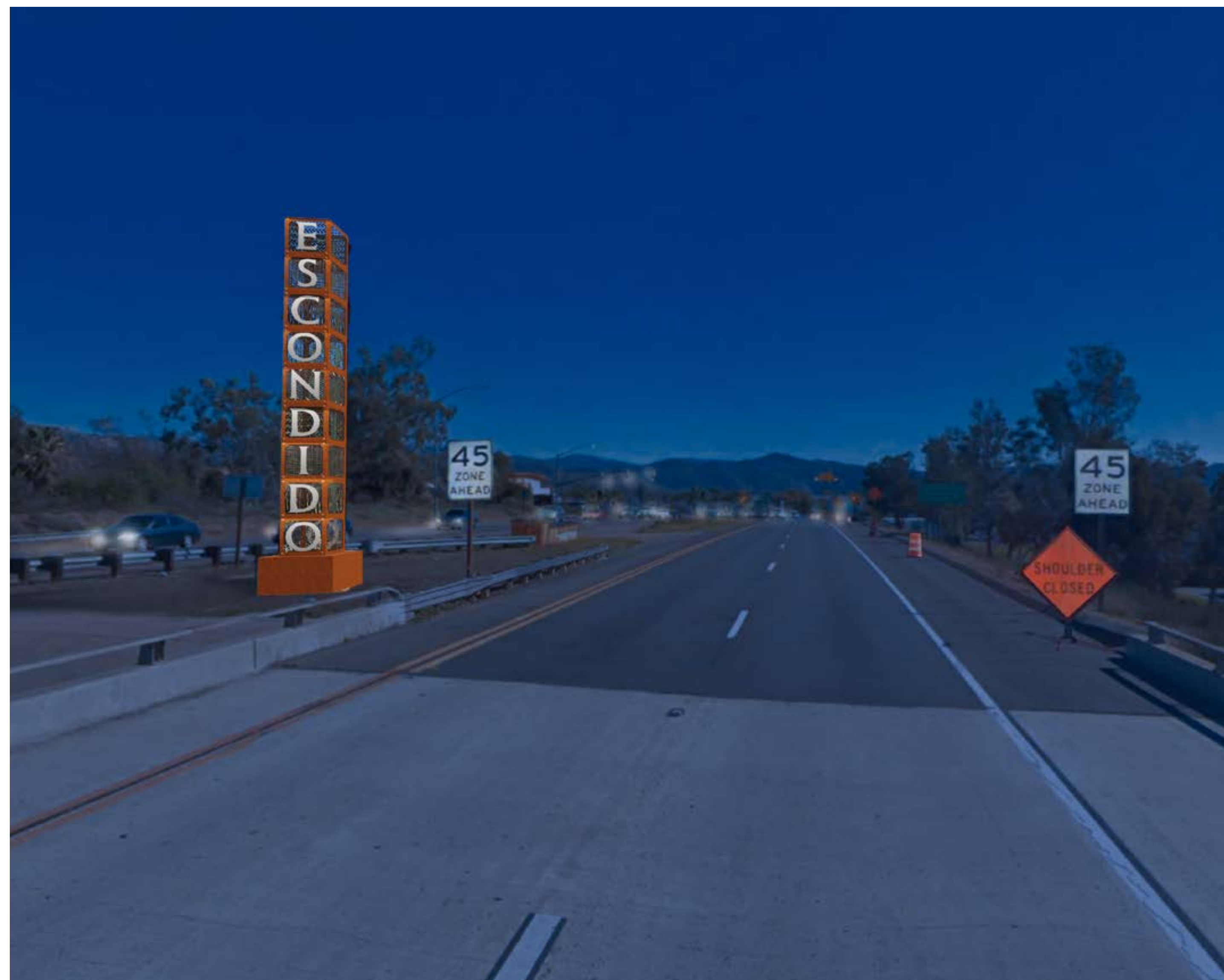
Street View (looking east, exiting CA-78)



Elevation

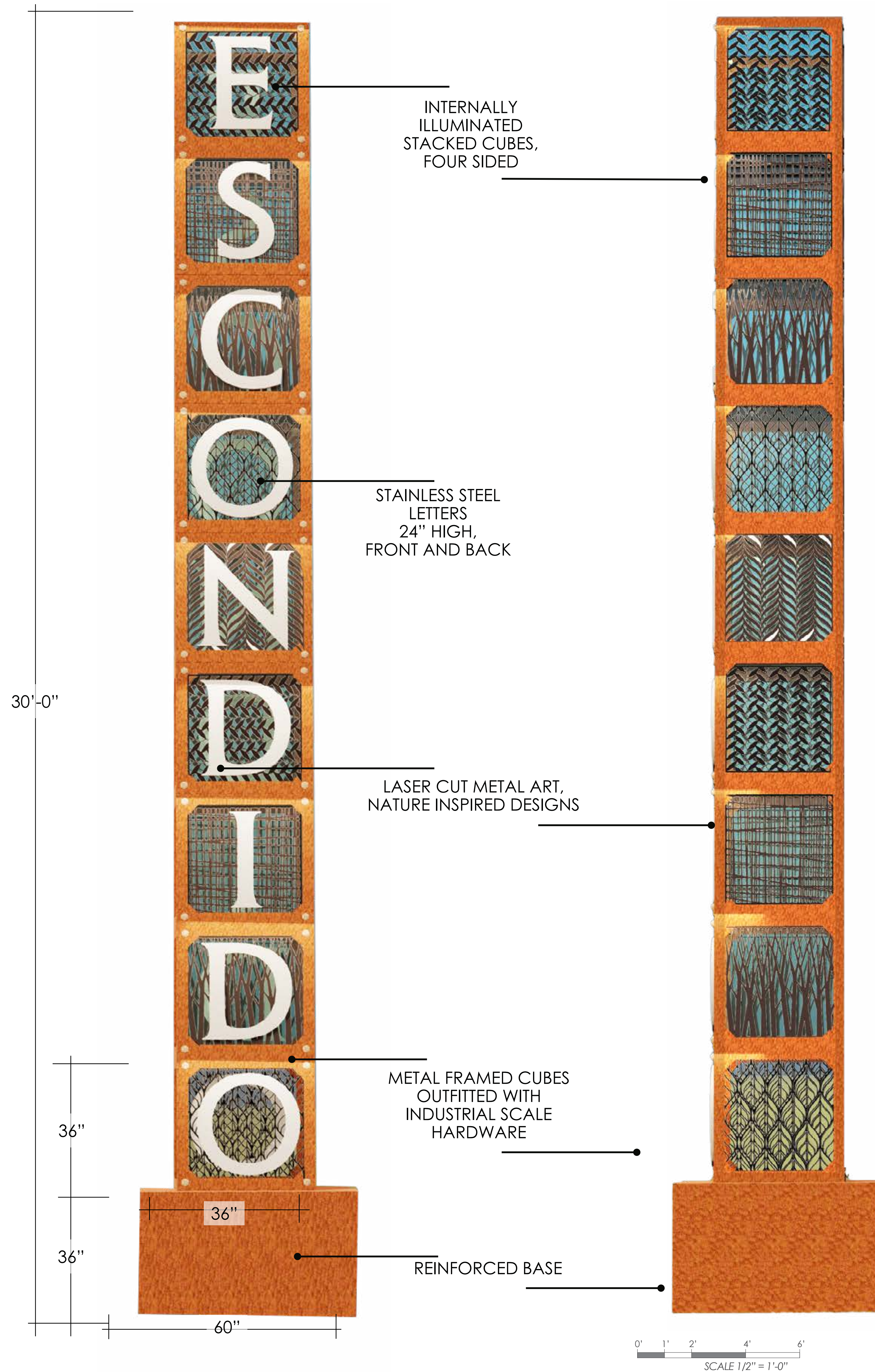
**Attachment 1**

Night Experience



FRONT + BACK VIEW

SIDE VIEW



0' 1' 2' 4' 6'  
SCALE 1/2" = 1'-0"

RESOLUTION NO. 2023-24

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE A COOPERATIVE AGREEMENT FOR CONSTRUCTION OF LANDSCAPE IMPROVEMENTS AND AN ESCONDIDO MONUMENT SIGN ON CA-78 NEAR ESCONDIDO BOULEVARD, AND RELATED BUDGET ADJUSTMENT

WHEREAS, the California Department of Transportation (“Caltrans”) is administering Clean California State Beautification Program funds to be used to beautify and improve areas of the State highway system with an emphasis on underserved communities; and

WHEREAS, the City of Escondido (“City”) staff has worked with Caltrans to identify a Clean California project which includes an Escondido monument sign in the CA-78 median, guardrail extensions, landscaping, irrigation, stamped concrete median, and fencing on the west side of the Broadway intersection with CA-78; and

WHEREAS, the City wishes to utilize Clean California State Beautification Program funds to construct these improvements listed above to improve the aesthetics at the CA-78 entrance into the City; and

WHEREAS, the City understands this Clean California project is contingent upon Caltrans approving certain design exceptions required to construct this project in the State right of way; and

WHEREAS, this Clean California project is contingent upon the City and Caltrans entering into a Cooperative Agreement for construction of the project improvements; and

WHEREAS, a budget adjustment is approved to account for the \$1,800,000 in total construction costs which will be reimbursed by Caltrans per the terms of the Cooperative Agreement.

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

1. That the above recitations are true.
2. That the City Council authorizes the Mayor to execute, on behalf of the City, the Cooperative Agreement which is as attached as Exhibit "A" and incorporated by this reference, subject to final approval as to form by the City Attorney.
3. That a budget adjustment in the amount of \$1,800,000 in total construction costs is approved which will be reimbursed by Caltrans per the terms of the Cooperative Agreement. The Budget Adjustment is attached as Exhibit B.

## EXHIBIT A

EA 4C010

11-SD-78-16.928/19.271

### COOPERATIVE AGREEMENT COVER SHEET

#### Work Description

CONSTRUCT A GATEWAY MONUMENT, LANDSCAPE IMPROVEMENT, AND FENCING

#### Contact Information

##### CALTRANS

Wishing Lima, Project Manager

4050 Taylor Street

San Diego, CA 92110

Office Phone: (619) 930-7263

Email: wishing.john.lima@dot.ca.gov

##### CITY OF ESCONDIDO

Jonathan Schauble, Principal Engineer

201 N. Broadway

Escondido, CA 92025

Office Phone: (760) 839-4072

Email: jschauble@escondido.org

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## COOPERATIVE AGREEMENT

This AGREEMENT, executed on and effective from \_\_\_\_\_, is between the State of California, acting through its Department of Transportation, referred to as CALTRANS, and:

City of Escondido, a body politic and municipal corporation or chartered city of the State of California, referred to hereinafter as CITY.

An individual signatory agency in this AGREEMENT is referred to as a PARTY. Collectively, the signatory agencies in this AGREEMENT are referred to as PARTIES.

### RECITALS

1. PARTIES are authorized to enter into a cooperative agreement for improvements to the State Highway System per the California Streets and Highways Code, Section 114.
2. CALTRANS is authorized per the California Streets and Highways Code, Section 91.42 to expend Clean California State Beautification Program funds towards beautifying and cleaning up state highways and eligible projects towards that goal.
3. For the purpose of this AGREEMENT, construct a gateway monument, landscape improvement, and fencing will be referred to hereinafter as PROJECT. The PROJECT scope of work is defined in the project initiation and approval documents (e.g. Project Study Report, Design Engineering Evaluation Report, or Project Report).
4. All obligations and responsibilities assigned in this AGREEMENT to complete the following PROJECT COMPONENT will be referred to hereinafter as WORK:
  - CONSTRUCTION

Each PROJECT COMPONENT is defined in the CALTRANS Workplan Standards Guide as a distinct group of activities/products in the project planning and development process.

5. The term AGREEMENT, as used herein, includes this document and any attachments, exhibits, and amendments.

This AGREEMENT is separate from and does not modify or replace any other cooperative agreement or memorandum of understanding between the PARTIES regarding the PROJECT.

PARTIES intend this AGREEMENT to be their final expression that supersedes any oral understanding or writings pertaining to the WORK. The requirements of this AGREEMENT will preside over any conflicting requirements in any documents that are made an express part of this AGREEMENT.

If any provisions in this AGREEMENT are found by a court of competent jurisdiction to be, or are in fact, illegal, inoperative, or unenforceable, those provisions do not render any or all other AGREEMENT provisions invalid, inoperative, or unenforceable, and those provisions will be automatically severed from this AGREEMENT.

Except as otherwise provided in the AGREEMENT, PARTIES will execute a written amendment if there are any changes to the terms of this AGREEMENT.

PARTIES agree to sign a CLOSURE STATEMENT to terminate this AGREEMENT. However, all indemnification, document retention, audit, claims, environmental commitment, legal challenge, maintenance and ownership articles will remain in effect until terminated or modified in writing by mutual agreement or expire by the statute of limitations.

6. The following work associated with this PROJECT has been completed or is in progress:

- CALTRANS is developing the CEQA Categorical Exemption
- CALTRANS is developing the R/W Certification
- CALTRANS is developing the Plans, Specifications and Estimate (Cooperative Agreement No. 11-4365).

7. In this AGREEMENT capitalized words represent defined terms, initialisms, or acronyms.
8. PARTIES hereby set forth the terms, covenants, and conditions of this AGREEMENT.



## RESPONSIBILITIES

### Sponsorship

9. A SPONSOR is responsible for establishing the scope of the PROJECT and securing the financial resources to fund the WORK. A SPONSOR is responsible for securing additional funds when necessary or implementing PROJECT changes to ensure the WORK can be completed with the funds obligated in this AGREEMENT.
10. CALTRANS is the SPONSOR for the WORK in this AGREEMENT.

### Implementing Agency

11. The IMPLEMENTING AGENCY is the PARTY responsible for managing the scope, cost, schedule, and quality of the work activities and products of a PROJECT COMPONENT.
  - CITY is the CONSTRUCTION IMPLEMENTING AGENCY.

CONSTRUCTION includes construction contract administration, surveying/staking, inspection, quality assurance, and assuring regulatory compliance. The CONSTRUCTION component budget identifies the capital costs of the construction contract/furnished materials (CONSTRUCTION CAPITAL) and the cost of the staff work in support of the construction contract administration (CONSTRUCTION SUPPORT).
12. CITY will provide a Quality Management Plan (QMP) for the WORK in every PROJECT COMPONENT that they are the IMPLEMENTING AGENCY of. The QMP describes the IMPLEMENTING AGENCY's quality policy and how it will be used. The QMP will include a process for resolving disputes between the PARTIES at the team level. The QMP is subject to CALTRANS review and approval.
13. Any PARTY responsible for completing WORK will make its personnel and consultants that prepare WORK available to help resolve WORK-related problems and changes for the entire duration of the PROJECT including PROJECT work that may occur under separate agreements.

## **Funding**

14. Funding sources, PARTIES committing funds, funding amounts, and invoicing/payment details are documented in the Funding Summary section of this AGREEMENT.

PARTIES will amend this AGREEMENT by updating and replacing the Funding Summary, in its entirety, each time the funding details change. Funding Summary replacements will be executed by a legally authorized representative of the respective PARTIES. The most current fully executed Funding Summary supersedes any previous Funding Summary created for this AGREEMENT.

15. PARTIES will not be reimbursed for costs beyond the funds obligated in this AGREEMENT.

If an IMPLEMENTING AGENCY anticipates that funding for the WORK will be insufficient to complete the WORK, the IMPLEMENTING AGENCY will promptly notify the SPONSOR.

16. Unless otherwise documented in the Funding Summary, overall liability for project costs within a PROJECT COMPONENT will be in proportion to the amount contributed to that PROJECT COMPONENT by each fund type.

17. Unless otherwise documented in the Funding Summary, any savings recognized within a PROJECT COMPONENT will be credited or reimbursed, when allowed by policy or law, in proportion to the amount contributed to that PROJECT COMPONENT by each fund type.

18. WORK costs, except those that are specifically excluded in this AGREEMENT, are to be paid from the funds obligated in the Funding Summary. Costs that are specifically excluded from the funds obligated in this AGREEMENT are to be paid by the PARTY incurring the costs from funds that are independent of this AGREEMENT.

## **CALTRANS' Quality Management**

19. CALTRANS, as the owner/operator of the State Highway System (SHS), will perform quality management work including Quality Management Assessment (QMA) and owner/operator approvals for the portions of WORK within the existing and proposed SHS right-of-way.
20. CALTRANS' Quality Management Assessment (QMA) efforts are to ensure that City's quality assurance results in WORK that is in accordance with the applicable standards and the PROJECT's quality management plan (QMP). QMA does not include any efforts necessary to develop or deliver WORK or any validation by verifying or rechecking WORK.

When CALTRANS performs QMA, it does so for its own benefit. No one can assign liability to CALTRANS due to its QMA.

21. CALTRANS, as the owner/operator of the State Highway System, will approve WORK products in accordance with CALTRANS policies and guidance and as indicated in this AGREEMENT.
22. CITY will provide WORK-related products and supporting documentation upon CALTRANS' request for the purpose of CALTRANS' quality management work.

**CEQA Lead Agency**

23. CALTRANS is the CEQA Lead Agency for the PROJECT.

**Environmental Permits, Approvals and Agreements**

24. PARTIES will comply with the commitments and conditions set forth in the environmental documentation, environmental permits, approvals, and applicable agreements as those commitments and conditions apply to each PARTY's responsibilities in this AGREEMENT.
25. Unless otherwise assigned in this AGREEMENT, the IMPLEMENTING AGENCY for a PROJECT COMPONENT is responsible for all PROJECT COMPONENT WORK associated with coordinating, obtaining, implementing, renewing, and amending the PROJECT permits, agreements, and approvals whether they are identified in the planned project scope of work or become necessary in the course of completing the PROJECT.
26. The PROJECT will not require environmental permits/approvals.

**CONSTRUCTION**

27. As the CONSTRUCTION IMPLEMENTING AGENCY, CITY is responsible for all CONSTRUCTION WORK except those activities and responsibilities that are assigned to another PARTY and those activities that are excluded under this AGREEMENT.
28. CALTRANS will be responsible for completing the following CONSTRUCTION SUPPORT activities:

CALTRANS Work Breakdown Structure Identifier (If Applicable)	AGREEMENT Funded Cost
100.20.10.xx Quality Management	Yes

29. Physical and legal possession of the right-of-way must be completed prior to advertising the construction contract, unless PARTIES mutually agree to other arrangements in writing.

30. Right-of-way conveyances must be completed prior to WORK completion, unless PARTIES mutually agree to other arrangements in writing.
31. CITY will include a Disadvantaged Business Enterprise (DBE) utilization goal in the PROJECT construction contract(s) in accordance with the Local Assistance Procedures Manual. CITY will award the construction contract to the lowest responsive bidder who makes a Good Faith Effort to meet the DBE goal.
32. CALTRANS will not issue an encroachment permit to CITY for construction work until the following conditions are met:
  - CALTRANS accepts the final plans, specifications, and estimate
  - CALTRANS accepts the Right-of-Way Certification
  - Any new or amended maintenance agreements required for the WORK are executed.
33. CITY will require the construction contractor to furnish payment and performance bonds naming CITY as obligee, and CALTRANS as additional obligee, and to carry liability insurance in accordance with CALTRANS Standard Specifications.
34. CITY will advertise, open bids, award, and approve the construction contract in accordance with the California Public Contract Code and the California Labor Code. By accepting responsibility to advertise and award the construction contract, CITY also accepts responsibility to administer the construction contract.
35. If the lowest responsible construction contract bid is greater than the funding commitment to CONSTRUCTION CAPITAL, PARTIES must agree in writing on a course of action within fifteen (15) working days. If no agreement is reached within fifteen (15) work days the IMPLEMENTING AGENCY will not award the construction contract.
36. CALTRANS will not issue an encroachment permit to City's construction contractor until CALTRANS accepts:
  - The payment and performance bonds
  - The CONSTRUCTION Quality Management Plan
37. The CONSTRUCTION Quality Management Plan (QMP) will describe how construction material verification and workmanship inspections will be performed at manufacturing sources and the PROJECT job-site. The construction material and Source Inspection QMP (SIQMP) are subject to review and approval by the State Materials Engineer.

38. The CONSTRUCTION Quality Management Plan will address the radiation safety requirements of the California Code of Regulations 17 CCR § 30346 when the work requires Gamma-Gamma Logging acceptance testing for Cast in Drilled Hole (CIDH) pile or whenever else it is applicable. In accordance with these regulations CITY, as the "well operator", will have a written agreement with any consultant or external entity performing these tests.
39. CITY will provide a Resident Engineer and CONSTRUCTION SUPPORT staff that are independent of the construction contractor. The Resident Engineer will be a Civil Engineer, licensed in the State of California, who is responsible for construction contract administration activities.
40. CITY will provide a landscape architect who will be responsible for all landscaping activities within the State Highway System.
41. CALTRANS will review and concur with:
  - Change Orders affecting public safety, public convenience, protected environmental resources, the preservation of property, all design and specification changes, and all major changes as defined in the CALTRANS Construction Manual. These Change Orders must receive written concurrence by CALTRANS prior to implementation.
  - The Stormwater Pollution Prevention Plan (SWPPP) or the Water Pollution Control Plan (WPCP).
42. CITY will administer and process all construction contract claims pursuant to the requirements set forth under Public Contract Code, Section 9204. In addition, all public works claims of \$375,000 or less shall be resolved in accordance with Public Contract Code Section 20104, et seq. and other applicable laws.
43. CITY is designated as the Legally Responsible Person pursuant to the Construction General Permit, State Water Resources Control Board (SWRCB) Order Number 2009-0009-DWQ, as defined in Appendix 5, Glossary, and assumes all roles and responsibilities assigned to the Legally Responsible Person as mandated by the Construction General Permit. CITY is required to comply with the CALTRANS MS4 National Pollutant Discharge Elimination System (NPDES) permit for all work within the State Highway System.

44. As the CONSTRUCTION IMPLEMENTING AGENCY, CITY is responsible for maintenance of the State Highway System (SHS) within the PROJECT limits as part of the construction contract until the following conditions are met:

- Any required maintenance agreements are executed for the portions of SHS for which relief of maintenance is to be granted.
- CALTRANS approves a request from CITY for relief from maintenance of the PROJECT or a portion thereof.

45. Upon WORK completion, ownership or title to all materials and equipment constructed or installed for the operations and/or maintenance of the State Highway System (SHS) within SHS right-of-way as part of WORK become the property of CALTRANS.

CALTRANS will not accept ownership or title to any materials or equipment constructed or installed outside SHS right-of-way.

46. Within one hundred eighty (180) calendar days following the completion and acceptance of the PROJECT construction contract, CITY will furnish CALTRANS with a complete set of “As-Built” plans and Change Orders, including any changes authorized by CALTRANS, using an approved transfer mechanism, such as a CD ROM, flash drive, Filr. The submitted digital files must be completed in accordance with Caltrans specifications, policies, and manuals, including requirements in Sections 2 and 3, of Chapter 17 in the Project Development Procedures Manual, then current CADD User’s Manual (Section 4.3), Plans Preparation Manual, and CALTRANS practice. The plans will have the Resident Engineer’s name, contract number, and construction contract acceptance date printed on each plan sheet, and with the Resident Engineer’s signature only on the title sheet. The As-Built plans will be in Microstation DGN format, version 8.0. When applicable, the digital submittal must also include high accuracy locating and underground facilities data. In addition, CITY will provide one set of As-Built plans and addenda in TIFF format.

The submittal must also include all CALTRANS requested contract records, and land survey documents. The land survey documents include monument preservation documents and records of surveys prepared to satisfy the requirements of the California Professional Land Surveyors Act (Business and Professions Code, Sections 8700 – 8805). Copies of survey documents and Records of Surveys filed in accordance with Business & Professions Code, Sections 8762 and 8771, will contain the filing information provided by the county in which filed.

## **Schedule**

47. PARTIES will manage the WORK schedule to ensure the timely use of obligated funds and to ensure compliance with any environmental permits, right-of-way agreements, construction contracts, and any other commitments. PARTIES will communicate schedule risks or changes as soon as they are identified and will actively manage and mitigate schedule risks.
48. The IMPLEMENTING AGENCY for each PROJECT COMPONENT will furnish PARTIES with written quarterly progress reports during the completion of the WORK.

## **Additional Provisions**

### *Standards*

49. PARTIES will perform all WORK in accordance with federal and California laws, regulations, and standards; Federal Highway Administration (FHWA) standards; and CALTRANS standards. CALTRANS standards include, but are not limited to, the guidance provided in the:
  - CADD Users Manual
  - CALTRANS policies and directives
  - Plans Preparation Manual
  - Project Development Procedures Manual (PDPM)
  - Workplan Standards Guide
  - Construction Manual
  - Construction Manual Supplement for Local Agency Resident Engineers
  - Local Agency Structure Representative Guidelines

### *Noncompliant Work*

50. CALTRANS retains the right to reject noncompliant WORK. CITY agrees to suspend WORK upon request by CALTRANS for the purpose of protecting public safety, preserving property rights, and ensuring that all WORK is in the best interest of the State Highway System.

### *Qualifications*

51. Each PARTY will ensure that personnel participating in WORK are appropriately qualified or licensed to perform the tasks assigned to them.

### Consultant Selection

52. CITY will invite CALTRANS to participate in the selection of any consultants that participate in the WORK.

### Encroachment Permits

53. CALTRANS will issue, upon proper application, the encroachment permits required for WORK within State Highway System (SHS) right-of-way. CITY, their contractors, consultants, agents and utility owners will not work within the SHS right-of-way without an encroachment permit issued in their name. CALTRANS will provide encroachment permits to CITY, their contractors, consultants, and agents at no cost. CALTRANS will provide encroachment permits to utility owners at no cost. If the encroachment permit and this AGREEMENT conflict, the requirements of this AGREEMENT will prevail.
54. The IMPLEMENTING AGENCY for a PROJECT COMPONENT will coordinate, prepare, obtain, implement, renew, and amend any encroachment permits needed to complete the WORK.

### Protected Resources

55. If any PARTY discovers unanticipated cultural, archaeological, paleontological, or other protected resources during WORK, all WORK in that area will stop and that PARTY will notify all PARTIES within 24 hours of discovery. WORK may only resume after a qualified professional has evaluated the nature and significance of the discovery and CALTRANS approves a plan for its removal or protection.

### Disclosures

56. PARTIES will hold all administrative drafts and administrative final reports, studies, materials, and documentation relied upon, produced, created, or utilized for the WORK in confidence to the extent permitted by law and where applicable, the provisions of California Government Code, Section 6254.5(e) will protect the confidentiality of such documents in the event that said documents are shared between PARTIES.

PARTIES will not distribute, release, or share said documents with anyone other than employees, agents, and consultants who require access to complete the WORK without the written consent of the PARTY authorized to release them, unless required or authorized to do so by law.

57. If a PARTY receives a public records request pertaining to the WORK, that PARTY will notify PARTIES within five (5) working days of receipt and make PARTIES aware of any disclosed public records.



Hazardous Materials

58. HM-1 is hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law, irrespective of whether it is disturbed by the PROJECT or not.

HM-2 is hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law only if disturbed by the PROJECT.

The management activities related to HM-1 and HM-2, including and without limitation, any necessary manifest requirements and disposal facility designations are referred to herein as HM-1 MANAGEMENT and HM-2 MANAGEMENT respectively.

59. If HM-1 or HM-2 is found the discovering PARTY will immediately notify all other PARTIES.

60. CALTRANS, independent of the PROJECT, is responsible for any HM-1 found within the existing State Highway System right-of-way. CALTRANS will undertake, or cause to be undertaken, HM-1 MANAGEMENT with minimum impact to the PROJECT schedule.

CALTRANS will pay, or cause to be paid, the cost of HM-1 MANAGEMENT for HM-1 found within the existing State Highway System right-of-way with funds that are independent of the funds obligated in this AGREEMENT.

61. CITY, independent of the PROJECT, is responsible for any HM-1 found within the PROJECT limits and outside the existing State Highway System right-of-way. CITY will undertake, or cause to be undertaken, HM-1 MANAGEMENT with minimum impact to the PROJECT schedule.

CITY will pay, or cause to be paid, the cost of HM-1 MANAGEMENT for HM-1 found within the PROJECT limits and outside of the existing State Highway System right-of-way with funds that are independent of the funds obligated in this AGREEMENT.

62. The CONSTRUCTION IMPLEMENTING AGENCY is responsible for HM-2 MANAGEMENT within the PROJECT limits.

CITY and CALTRANS will comply with the Soil Management Agreement for Aerially Deposited Lead Contaminated Soils (Soil Management Agreement) executed between CALTRANS and the California Department of Toxic Substances Control (DTSC). Under Section 3.2 of the Soil Management Agreement, CALTRANS and CITY each retain joint and severable liability for noncompliance with the provisions of the Soil Management Agreement. CITY will assume all responsibilities assigned to CALTRANS in the Soil Management Agreement during PROJECT COMPONENTS for which they are the IMPLEMENTING AGENCY except for final placement and burial of soil within the State right-of-way, per Section 4.5 of the Soil Management Agreement, which is subject to CALTRANS concurrence and reporting to DTSC which will be performed by CALTRANS.

63. CALTRANS' acquisition or acceptance of title to any property on which any HM-1 or HM-2 is found will proceed in accordance with CALTRANS' policy on such acquisition.

#### Claims

64. Any PARTY that is responsible for completing WORK may accept, reject, compromise, settle, or litigate claims arising from the WORK without concurrence from the other PARTY.
65. PARTIES will confer on any claim that may affect the WORK or PARTIES' liability or responsibility under this AGREEMENT in order to retain resolution possibilities for potential future claims. No PARTY will prejudice the rights of another PARTY until after PARTIES confer on the claim.
66. If the WORK expends state or federal funds, each PARTY will comply with the Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards of 2 CFR, Part 200. PARTIES will ensure that any for-profit consultant hired to participate in the WORK will comply with the requirements in 48 CFR, Chapter 1, Part 31. When state or federal funds are expended on the WORK these principles and requirements apply to all funding types included in this AGREEMENT.

#### Accounting and Audits

67. PARTIES will maintain, and will ensure that any consultant hired by PARTIES to participate in WORK will maintain, a financial management system that conforms to Generally Accepted Accounting Principles (GAAP), and that can properly accumulate and segregate incurred PROJECT costs and billings.

68. PARTIES will maintain and make available to each other all WORK-related documents, including financial data, during the term of this AGREEMENT.

PARTIES will retain all WORK-related records for three (3) years after the final voucher.

PARTIES will require that any consultants hired to participate in the WORK will comply with this Article.

69. PARTIES have the right to audit each other in accordance with generally accepted governmental audit standards.

CALTRANS, the State Auditor, FHWA (if the PROJECT utilizes federal funds), and CITY will have access to all WORK -related records of each PARTY, and any consultant hired by a PARTY to participate in WORK, for audit, examination, excerpt, or transcription.

The examination of any records will take place in the offices and locations where said records are generated and/or stored and will be accomplished during reasonable hours of operation. The auditing PARTY will be permitted to make copies of any WORK-related records needed for the audit.

The audited PARTY will review the draft audit, findings, and recommendations, and provide written comments within thirty (30) calendar days of receipt.

Upon completion of the final audit, PARTIES have forty-five (45) calendar days to refund or invoice as necessary in order to satisfy the obligation of the audit.

Any audit dispute not resolved by PARTIES is subject to mediation. Mediation will follow the process described in the General Conditions section of this AGREEMENT.

70. If the WORK expends state or federal funds, each PARTY will undergo an annual audit in accordance with the Single Audit Act in the Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as defined in 2 CFR, Part 200.

71. When a PARTY reimburses a consultant for WORK with state or federal funds, the procurement of the consultant and the consultant overhead costs will be in accordance with the Local Assistance Procedures Manual, Chapter 10.

#### Interruption of Work

72. If WORK stops for any reason, IMPLEMENTING AGENCY will place the PROJECT right-of-way in a safe and operable condition acceptable to CALTRANS.

73. If WORK stops for any reason, each PARTY will continue with environmental commitments included in the environmental documentation, permits, agreements, or approvals that are in effect at the time that WORK stops, and will keep the PROJECT in environmental compliance until WORK resumes.

Penalties, Judgements and Settlements

74. The cost of awards, judgements, fines, interest, penalties, attorney's fees, and/or settlements generated by the WORK are considered WORK costs.
75. The cost of legal challenges to the environmental process or documentation are considered WORK costs.
76. Any PARTY whose action or lack of action causes the levy of fines, interest, or penalties will indemnify and hold all other PARTIES harmless per the terms of this AGREEMENT.

Project Files

77. CITY will furnish CALTRANS with the Project History Files related to the PROJECT facilities on State Highway System within sixty (60) days following the completion of each PROJECT COMPONENT. CITY will assure that the Project History File is prepared and submitted in compliance with the Project Development Procedures Manual, Chapter 7. All material will be submitted neatly in a three-ring binder and in PDF format.

Environmental Compliance

78. If during performance of WORK additional activities or environmental documentation is necessary to keep the PROJECT in environmental compliance, PARTIES will amend this AGREEMENT to include completion of those additional tasks.

**GENERAL CONDITIONS**

79. All portions of this AGREEMENT, including the Recitals Section, are enforceable.

**Venue**

80. PARTIES understand that this AGREEMENT is in accordance with and governed by the Constitution and laws of the State of California. This AGREEMENT will be enforceable in the State of California. Any PARTY initiating legal action arising from this AGREEMENT will file and maintain that legal action in the Superior Court of the county in which the CALTRANS district office that is signatory to this AGREEMENT resides, or in the Superior Court of the county in which the PROJECT is physically located.

### **Exemptions**

81. All CALTRANS' obligations under this AGREEMENT are subject to the appropriation of resources by the Legislature, the State Budget Act authority, programming and allocation of funds by the California Transportation Commission (CTC).

### **Indemnification**

82. Neither CALTRANS nor any of its officers and employees, are responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CITY, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CITY under this AGREEMENT. It is understood and agreed that CITY, to the extent permitted by law, will defend, indemnify, and save harmless CALTRANS and all of their officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by CITY, its contractors, sub-contractors, and/or its agents under this AGREEMENT.
83. Neither CITY nor any of its officers and employees, are responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CALTRANS under this AGREEMENT. It is understood and agreed that CALTRANS, to the extent permitted by law, will defend, indemnify, and save harmless CITY and all of their officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under this AGREEMENT.

### **Non-parties**

84. PARTIES do not intend this AGREEMENT to create a third party beneficiary or define duties, obligations, or rights for entities not signatory to this AGREEMENT. PARTIES do not intend this AGREEMENT to affect their legal liability by imposing any standard of care for fulfilling the WORK different from the standards imposed by law.
85. PARTIES will not assign or attempt to assign obligations to entities not signatory to this AGREEMENT without an amendment to this AGREEMENT.

### **Ambiguity and Performance**

86. Neither PARTY will interpret any ambiguity contained in this AGREEMENT against the other PARTY. PARTIES waive the provisions of California Civil Code, Section 1654.

A waiver of a PARTY's performance under this AGREEMENT will not constitute a continuous waiver of any other provision.

87. A delay or omission to exercise a right or power due to a default does not negate the use of that right or power in the future when deemed necessary.

### **Defaults**

88. If any PARTY defaults in its performance of the WORK, a non-defaulting PARTY will request in writing that the default be remedied within thirty (30) calendar days. If the defaulting PARTY fails to do so, the non-defaulting PARTY may initiate dispute resolution.

### **Dispute Resolution**

89. PARTIES will first attempt to resolve AGREEMENT disputes at the PROJECT team level as described in the Quality Management Plan. If they cannot resolve the dispute themselves, the CALTRANS District Director and the Executive Officer of CITY will attempt to negotiate a resolution. If PARTIES do not reach a resolution, PARTIES' legal counsel will initiate mediation. PARTIES agree to participate in mediation in good faith and will share equally in its costs.

Neither the dispute nor the mediation process relieves PARTIES from full and timely performance of the WORK in accordance with the terms of this AGREEMENT. However, if any PARTY stops fulfilling its obligations, any other PARTY may seek equitable relief to ensure that the WORK continues.

Except for equitable relief, no PARTY may file a civil complaint until after mediation, or forty-five (45) calendar days after filing the written mediation request, whichever occurs first.

PARTIES will file any civil complaints in the Superior Court of the county in which the CALTRANS District Office signatory to this AGREEMENT resides or in the Superior Court of the county in which the PROJECT is physically located.

90. PARTIES maintain the ability to pursue alternative or additional dispute remedies if a previously selected remedy does not achieve resolution.

## **Prevailing Wage**

91. When WORK falls within the Labor Code § 1720(a)(1) definition of "public works" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code § 1771, PARTIES will conform to the provisions of Labor Code §§ 1720-1815, and all applicable provisions of California Code of Regulations, Title 8, Division 1, Chapter 8, Subchapter 3, Articles 1-7. PARTIES will include prevailing wage requirements in contracts for public work and require contractors to include the same prevailing wage requirements in all subcontracts.

Work performed by a PARTY's own employees is exempt from the Labor Code's Prevailing Wage requirements.

If WORK is paid for, in whole or part, with federal funds and is of the type of work subject to federal prevailing wage requirements, PARTIES will conform to the provisions of the Davis-Bacon and Related Acts, 40 U.S.C. §§ 3141-3148.

When applicable, PARTIES will include federal prevailing wage requirements in contracts for public works. WORK performed by a PARTY's employees is exempt from federal prevailing wage requirements.

## SIGNATURES

PARTIES are authorized to enter into this AGREEMENT and have delegated to the undersigned the authority to execute this AGREEMENT on behalf of the respective agencies and hereby covenants to have followed all the necessary legal requirements to validly execute this AGREEMENT. By signing below, the PARTIES each expressly agree to execute this AGREEMENT electronically.

The PARTIES acknowledge that executed copies of this AGREEMENT may be exchanged by facsimile or email, and that such copies shall be deemed to be effective as originals.

**STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION**

\_\_\_\_\_  
GUSTAVO DALLARDA  
District 11 Director

**Verification of funds and authority:**

\_\_\_\_\_  
ERIKA O'FARRELL

**District 11 Budget Manager Certified as to  
financial terms and policies:**

\_\_\_\_\_  
DARWIN SALMOS  
HQ Accounting Supervisor

**CITY OF ESCONDIDO**

\_\_\_\_\_  
DANE WHITE

**Mayor Attest:**

\_\_\_\_\_  
JULIE PROCOPIO  
City Engineer  
**Approved as to Form:**  
Office of the City Attorney  
Michael R. McGuinness, City Attorney

By: \_\_\_\_\_  
DARE DELANO  
Senior Deputy City Attorney



**FUNDING SUMMARY NO. 01**

<b><u>FUNDING TABLE</u></b> <span style="float: right;">v. 2</span>					
<u>IMPLEMENTING AGENCY</u> →			<u>CITY</u>		Totals
Source	Party	Fund Type	CONST. SUPPORT	CONST. CAPITAL	
STATE	CALTRANS	CLEAN CALIF	185,000	1,650,000	1,835,000
LOCAL	CITY	Local	0	0	0
Totals			185,000	1,650,000	1,835,000

v 21				
<b><u>SPENDING SUMMARY</u></b>				
Fund Type	CONST. SUPPORT		CONST. CAPITAL	Totals
	CALTRANS	<u>CITY</u>	<u>CITY</u>	
Clean CA Funds	35,000	150 ,000	1,650,000	1,835,000
Local	0	0	0	0
<b>Totals</b>	35,000	150,000	1,650,000	1,835,000

## **Funding**

1. If there are insufficient funds available in this AGREEMENT to place the PROJECT right-of-way in a safe and operable condition, the appropriate IMPLEMENTING AGENCY will fund these activities until such time as PARTIES amend this AGREEMENT.

That IMPLEMENTING AGENCY may request reimbursement for these costs during the amendment process.

2. If there are insufficient funds in this AGREEMENT to implement the obligations and responsibilities of this AGREEMENT, including the applicable commitments and conditions included in the PROJECT environmental documentation, permits, agreements, and/or approvals that are in effect at a time that WORK stops, each PARTY accepts responsibility to fund their respective WORK until such time as PARTIES amend this AGREEMENT.

Each PARTY may request reimbursement for these costs during the amendment process.

3. The cost of any engineering support performed by CALTRANS includes all direct and applicable indirect costs. CALTRANS calculates indirect costs based solely on the type of funds used to pay support costs. State and federal funds administered by CALTRANS are subject to the current Program Functional Rate. All other funds are subject to the current Program Functional Rate and the current Administration Rate. The Program Functional Rate and Administration Rate are adjusted periodically.

In accordance with California Senate Bill 848, the Administration Rate is capped at 10 percent until January 1, 2023, for Self-Help Counties with a countywide sales tax measure dedicated to transportation improvements.

4. If the WORK is funded with state or federal funds, any PARTY seeking CALTRANS reimbursement of indirect costs must submit an indirect cost rate proposal and central service cost allocation plan (if any) in accordance with Local Assistance Procedures Manual, 2 CFR, Part 200 and Chapter 5. These documents are to be submitted annually to CALTRANS' Audits and Investigations for review and acceptance prior to CALTRANS' reimbursement of indirect costs.

5. Travel, per diem, and third-party contract reimbursements for WORK are to be paid from the funds in this AGREEMENT only after the contractor performs the work and incurs said costs.

Payments for travel and per diem will not exceed the rates paid rank and file state employees under current California Department of Human Resources (CalHR) rules current at the effective date of this AGREEMENT.

If CITY invoices for rates in excess of CalHR rates, CITY will fund the cost difference and reimburse CALTRANS for any overpayment.

6. Notwithstanding the terms of this AGREEMENT, PARTIES agree to abide by the funding guidelines for all contributed funds that are programmed and allocated by the CTC.
7. SHOPP funds can only be expended on SHOPP-eligible items and work.

### **Invoicing and Payment**

8. PARTIES will invoice for funds where the SPENDING SUMMARY shows that one PARTY provides funds for use by another PARTY. PARTIES will pay invoices within forty-five (45) calendar days of receipt of invoice when not paying with Electronic Funds Transfer (EFT). When paying with EFT, CITY will pay invoices within five (5) calendar days of receipt of invoice.
9. If CITY has received EFT certification from CALTRANS then CITY will use the EFT mechanism and follow all EFT procedures to pay all invoices issued from CALTRANS.
10. When a PARTY is reimbursed for actual cost, invoices will be submitted each month for the prior month's expenditures. After all PROJECT COMPONENT WORK is complete, PARTIES will submit a final accounting of all PROJECT COMPONENT costs. Based on the final accounting, PARTIES will invoice or refund as necessary to satisfy the financial commitments of this AGREEMENT.
11. If an executed Program Supplement Agreement (PSA) or STIP Planning, Programming, and Monitoring Program Fund Transfer Agreement (PPM) exists for this PROJECT then CITY will abide by the billing and payment conditions detailed for the fund types identified in the PSA or PPM.

12. If CALTRANS reimburses CITY for any costs later determined to be unallowable, CITY will reimburse those funds.

CONSTRUCTION Support

13. CITY will invoice and CALTRANS will reimburse for actual costs incurred and paid.

CONSTRUCTION Capital

14. CITY will invoice and CALTRANS will reimburse for actual costs incurred and paid.

## CLOSURE STATEMENT INSTRUCTIONS

1. Did PARTIES complete all scope, cost and schedule commitments included in this AGREEMENT and any amendments to this AGREEMENT?  

YES / NO
  
2. Did CALTRANS accept and approve all final deliverables submitted by other PARTIES?  

YES / NO
  
3. Did the CALTRANS HQ Office of Accounting verify that all final accounting for this AGREEMENT and any amendments to this AGREEMENT were completed?  

YES / NO
  
4. If construction is involved, did the CALTRANS District Project Manager verify that all claims and third party billings (utilities, etc.) have been settled before termination of the AGREEMENT?  

YES / NO
  
5. Did PARTIES complete and transmit the As-Built Plans, Project History File, and all other required contract documents?  

YES / NO

If ALL answers are “YES”, this form may be used to TERMINATE this AGREEMENT.

## CLOSURE STATEMENT

PARTIES agree that they have completed all scope, cost, and schedule commitments included in Agreement 11-4367 and any amendments to the agreement. The final signature date on this document terminates agreement 11-4367 except survival articles. All survival articles in agreement 11-4367 will remain in effect until expired by law, terminated or modified in writing by the PARTIES' mutual agreement, whichever occurs earlier.

The people signing this agreement have the authority to do so on behalf of their public agencies. By signing below, the PARTIES each expressly agree to execute this AGREEMENT electronically.

The PARTIES acknowledge that executed copies of this AGREEMENT may be exchanged by facsimile or email, and that such copies shall be deemed to be effective as originals.

**STATE OF CALIFORNIA  
DEPARTMENT OF TRANSPORTATION**

**CITY OF ESCONDIDO**

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GUSTAVO DALLARDA  
District 11 Director

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SEAN MCGLYNN  
City Manager

**Certified as to all financial  
obligations/terms and policies**

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Erika O'Farrell  
District 11 Budget Manager



# BUDGET ADJUSTMENT REQUEST

Department:	Development Services	<b><u>For Finance Use Only</u></b>  BA # _____  Fiscal Year _____
Department Contact:	Jonathan Schauble, Principal Engineer	
City Council Meeting Date: <i>(attach staff report)</i>	March 8, 2023	

**EXPLANATION OF REQUEST**

The Cooperative Agreement between the City and Caltrans stipulates that the City will spend up to \$1,800,000 for construction of the project and be reimbursed by Caltrans after expenditures have been made.

**BUDGET ADJUSTMENT INFORMATION**

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
CleanCA Escondido Monument	206-New Project	\$1,800,000	N/A

**APPROVALS**

<b>DEPARTMENT HEAD</b>	<b>DATE</b>	<b>FINANCE</b>	<b>DATE</b>





# STAFF REPORT

March 8, 2023

File Number 0480-70; 0600-10; A-3444

## SUBJECT

**AUTHORIZATION AND ACCEPTANCE OF THE COUNTY OF SAN DIEGO'S CAPITAL EMERGENCY SOLUTIONS GRANT, EXECUTION OF GRANT AGREEMENT TO ADDRESS FAMILY HOMELESSNESS, AND EXECUTION OF SUBCONTRACT WITH INTERFAITH COMMUNITY SERVICES, INC.**

## DEPARTMENT

Development Services; Housing and Neighborhood Services Division

## RECOMMENDATION

1. Adopt Resolution No. 2023-02 accepting \$736,066.68 for the Interfaith Community Services Family Shelter Capital Project (the "Project") and execute the Capital Emergency Housing Solutions Grant Agreement (the "Grant Agreement") with the County of San Diego
2. Execute a Public Services Agreement (the "PSA") with Interfaith Community Services, Inc. for the operation of a low-barrier, emergency shelter in Escondido for families experiencing homelessness

Staff Recommendation: Approval (Development Services: Andrew Firestine, Director of Development Services)

Presenter: Holly Nelson, LCSW; Housing and Neighborhood Services Manager

## FISCAL ANALYSIS

Staff time and resources have been expended to apply for the San Diego County's Capital Emergency Housing Solutions Grant and additional time will be required to manage the subcontract with Interfaith Community Services, Inc. for the next 24 months. There is no committed funding source to staff homelessness initiatives and to manage this project or similar projects in the FY 2022-23 budget.

## PREVIOUS ACTION

This is a new agenda item and no previous action has been taken by the Escondido City Council.

## BACKGROUND

On May 24, 2022, the San Diego County Board of Supervisors approved a one-time, \$10 million-dollar grant using the County's general funds to support the creation of new capital emergency housing solutions



# CITY of ESCONDIDO

## STAFF REPORT

for persons experiencing homelessness (“Program”). The first round of Program funding was released in June 2022 and was made available to all 18 cities in San Diego County.

The City of Escondido (“City”) elected to not apply for the first round of Program funding because the City did not have any shovel-ready homeless projects identified with site control. In addition, the City did not have any operational funding available to support the project for two years, which was an application requirement of the Program. The City receives its homeless services funding through federal grants, such as CDBG, ESG, and ESG-CV, and the application period for the first round of funding through the Program was released after the City had allocated its federal resources to different projects in fiscal year (“FY”) 2022-2023.

A second round of Program funding was made available in September 2022 by the County. The City was approached by Interfaith Community Services (“Interfaith”), a local nonprofit, who requested help opening their new, low-barrier emergency family shelter in Escondido. Given that homelessness and affordable housing are two of the top concerns of residents living in the City, City staff elected to pursue the Project as proposed by Interfaith and seek funding for the same via the Program. A copy of the City’s Program Application is attached to this Staff Report as Attachment “1”. Additionally, the partnership with Interfaith ensured that a shovel-ready Project with ongoing operational funding could be supported through Program funds.

The need for the emergency family shelter is reflected in many of the City’s goals. In addition, the City saw a 56% increase in family homelessness in 2022 compared to the 2020 Point-in-Time data. Additionally, the Escondido Union School District reported having over 1,600 students enrolled in the District who were experiencing homelessness and qualified for McKinney-Vento Act resources during the school year 2021-22. The need for the Project was echoed by service providers like Escondido Education COMPACT and Interfaith Community Service staff.

The City is aware there is a limited number of resources for families experiencing homelessness not only in Escondido, but also in North County. There are currently two-family shelters, Operation HOPE and Solutions for Change, which are both located in Vista, and have a limited number of beds, long waitlists and have high admission requirements for program entry. As a result of this data and community need, the City and Interfaith jointly applied for the County’s Program with the intention to use the awarded funds to open a new, low-barrier emergency family shelter in Escondido.

The City received a notice of intent to award from the County of San Diego’s Department of Homeless Solutions & Equitable Communities on November 17, 2022, for \$736,066.68. The notice of intent to award is attached to this Staff Report as Attachment “2”. The County awarded \$10 million in grants to the cities of Carlsbad, Chula Vista, Escondido, Oceanside, San Diego, and Vista, of which over \$6 million or 60% was directed to North County to add 135 new shelter resources. The City, as a pass-through entity, will utilize the Program funds to purchase shelter furniture, add playground equipment, purchase an ADA compliant



# CITY of ESCONDIDO

## STAFF REPORT

van, install security cameras and pay for any outstanding design work or permit fees associated with the Project.

The new, low-barrier emergency family shelter will be owned and operated by Interfaith. The shelter will feature 10 bedrooms that can accommodate up to 10-16 families (both small and large households with six members) totaling 36 beds at a given time. The amenities at the shelter will include one commercial kitchen, seven family-friendly bathrooms with private stalls, a dining area (capacity of 40), recreational areas, computer room, children’s play area, lobby, employee offices, and outdoor playground. The program will serve at least 50 families annually and provide wraparound services aimed at moving households into permanent housing.

The Project is under construction and is set to open in April 2023 with all of the remaining renovation work completed prior to December 31, 2024. Out of the 50 households served in the next 12 months, the program plans to exit 33 families into permanent housing and help 28 families increase their income (earned or benefits) from program start to exit. All participants will have access to onsite mental health therapy, allow pets and provide transportation.

With Council approval of Resolution 2023-02, and execution of related agreements as referenced herein, City staff will work with Interfaith to complete the Project in the timeline outlined in the staff report.

### RESOLUTIONS

- a. Resolution No. 2023-02
- b. Exhibit A: Capital Emergency Housing Program Grant Agreement
- c. Exhibit B: Professional Services Agreement with Interfaith Community Services, Inc.

### ATTACHMENTS

- a. Attachment “1” – City’s Program Application
- b. Attachment “2” – Notice of Intent to Award



**COUNTY OF SAN DIEGO  
CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM  
APPLICATION**

The County of San Diego is accepting applications from local jurisdictions for funding to initiate the creation of new and permanent emergency shelter solutions. Funding is available for incorporated city jurisdictions only and must be used on **one-time, capital projects** resulting in long-term and sustainable overnight shelter solutions for persons experiencing homelessness. Ongoing operational and indirect costs **will not** be considered for funding through this grant program. Project models may include but are not limited to emergency shelters, safe parking lots, sleeping cabins and tiny homes, or the expansion of capacity of an existing shelter.

City jurisdictions may submit multiple projects, but each must be on a separate application and will be evaluated independently.

**APPLICATION PACKAGE** - This application package includes:

1. Capital Emergency Housing Solutions Grant Program Application
2. Attachment A – Project Budget Template
3. Attachment B – City Resolution to be completed upon Notice of Intent to Award

**REQUIREMENTS FOR SUBMISSION**

To apply for the Capital Emergency Housing Solutions Grant Program, jurisdictions must submit at a minimum the below items to [HSEC-OHS.HHSA@sdcounty.ca.gov](mailto:HSEC-OHS.HHSA@sdcounty.ca.gov) by **Tuesday, 10/11/22 by 3:00 pm**. Please consider limitations on email size and check to make sure your application email does not exceed your jurisdiction's size limitations. Note that HSEC will confirm receipt of applications by 5pm on the day they are submitted. If you applied but did not receive the confirmation, contact HSEC immediately. Applications not confirmed by 5pm on **10/11/22** will not be considered for award.

1. Applicants must adhere to and answer the sections below:
  - 1.1. Section 1: Application Cover Page and Certifications
  - 1.2. Section 2: Project Overview (**15 page maximum**)
  - 1.3. Section 3: Response to Identified Need (**10 page maximum**)
  - 1.4. Section 4: Timeline
  - 1.5. Section 5: Project Budget
  - 1.6. Section 6: Financial Information
2. Project Budget (Attachment A), as requested in Section 5.1
3. Financial Information, as requested in Section 6.3-6.5
4. If applicable, Maintenance Agreements or Commitment Letters, as requested in Section 2.4
5. If applicable, Supporting Evidence of Site Control, as requested in Section 2.10.2

Applications must be submitted in font Times New Roman, font size 12, single-spaced, with 1-inch margins. All attachments must be clearly labeled.

**EVALUATION CRITERIA** – The evaluation criteria listed below are in descending order of importance. Applications should provide clear and concise data with sufficient detail to allow for the evaluation of these criteria:

1. Project Readiness – Factors such as site control, constraints, approvals, permits, and financial readiness are important in evaluating overall project readiness.



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2. Response to Identified Need – The need for the project can be demonstrated through a combination of factors, including but not limited to: Geographic Location, Point in Time Count data (<https://www.rtfhsd.org/reports-data/>), and Healthy Places Index data (<https://www.healthypacesindex.org>). The project's responsiveness to that need should be detailed, including the estimated number of individuals served, project goals, and anticipated outcomes.
3. Sustainability of Operations – Jurisdiction must demonstrate that the resulting emergency shelter solution can be sustained for a minimum of two (2) years. It is encouraged that any subsequent use of the resulting facility be aligned with a homelessness solution.
4. Community Readiness – Description of community engagement performed regarding project.

**PRE-APPLICATION MEETING** – A pre-application meeting will be held by Video/Teleconference using the Zoom platform at **3-4pm, Thursday, 9/22/22 (Zoom Info TBD)**. Invite will be sent to all email contacts who received the Notice Letter and Application Materials. The County will provide an overview of the Application process and other pertinent information. Attendance at the pre-application meeting is encouraged but not mandatory.

**QUESTIONS** – Questions regarding this Application shall be submitted in writing to [HSEC-OHS.HHSA@sdcounty.ca.gov](mailto:HSEC-OHS.HHSA@sdcounty.ca.gov). Oral explanations or responses to questions will not be binding upon the County. Questions will be answered in subsequent e-mail communication to all cities.

**TIMELINE** – Applications for this grant program are due by email to [HSEC-OHS.HHSA@sdcounty.ca.gov](mailto:HSEC-OHS.HHSA@sdcounty.ca.gov) by **Tuesday, 10/11/22 at 3:00 pm**. The County intends to notify jurisdictions of intent to award approximately 30 days after the application deadline, however additional documentation may be needed to make final awards.

For any City that receives a Notice of Intent to Award, an approved resolution of the associated City Council accepting County funds and agreeing to specified conditions of funding will need to be executed and sent to the County prior to any disbursement of funds, see Attachment B - City Resolution.

Event Description	Date and Time
Application Materials sent to Cities	9/2/22
Pre-Application Meeting	9/22/22 @ 3-4pm
Applications due	10/11/22 by 3pm
Notice of Intent to Award	Anticipated November 2022



**COUNTY OF SAN DIEGO  
CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM  
APPLICATION**

**APPLICATION – ALL FIELDS MUST BE COMPLETED AS APPLICABLE**

<b>SECTION 1 – APPLICATION COVER PAGE, CERTIFICATIONS AND SIGNATURE</b>	
Submit this Completed Form as the Cover Page of Your Application	
<b>DESCRIPTION</b>	
Capital Emergency Housing Solutions Grant Program, County of San Diego	
<b>JURISDICTION INFORMATION (TO BE COMPLETED BY JURISDICTION)</b>	
Please Type or Print Clearly	
<b>JURISDICTION INFORMATION</b>	<b>REPRESENTATIVE AUTHORIZED TO SIGN OFFER</b>
City of Escondido	Christopher W. McKinney
Jurisdiction Name	Authorized Representative Name
201 N. Broadway, Escondido, CA 92025	Deputy City Manager
	Authorized Representative Title
Address	cmckinney@escondido.org
	Authorized Representative Email Address
(760) 839-4631	(760) 839-4090
Telephone Number	Authorized Representative Telephone Number
www.escondido.org	201 N. Broadway, Escondido, CA 92025
Website Address	
Fax Number (optional)	Mailing Address
Federal Tax identification Number (TIN):	<b>AUTHORIZED POINT OF CONTACT (POC)</b> (if different from Authorized Representative)
Communications to Jurisdiction regarding this Application will be sent to the POC. If no POC is provided, such communications will be sent to the Authorized Representative.	Holly Nelson
	POC Name
	Housing & Neighborhood Services Manager
	POC Title
	<a href="mailto:hnelson@escondido.org">hnelson@escondido.org</a>
	POC Email Address
	(760) 839-4518
	POC Telephone Number
	201 N. Broadway, Escondido, CA 92025
	POC Mailing Address
<b>CERTIFICATIONS AND SIGNATURE</b>	



**COUNTY OF SAN DIEGO  
CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM  
APPLICATION**

The undersigned certifies as follows:

1. The undersigned has the authority to execute the application and these certifications on behalf of the applicant city.
2. The undersigned and the applicant city represent as follows as a condition of potentially receiving government funds through the application:
  - 2.1. The city is responsible for ensuring that it and any entity it provides money to from the grant comply with all grant-required terms and conditions.
  - 2.2. The city will ensure that any recipients of grant funding have all appropriate licenses and experience to perform work under the grant.
  - 2.3. The city will ensure that any project receiving grant money complies with all principles of Housing First in California Welfare and Institutions Code section 8255.
  - 2.4. The city will ensure that all facets of any project funded with grant money complies with all applicable fair housing and disability accessibility laws and regulations and will be operated so as to affirmatively further fair housing.
  - 2.5. The city will be responsible for refunding to the County any funds not expended on the project for which the city has applied, or which were deemed by the County to have been used improperly either by the city or by any other party.
  - 2.6. The city will ensure that none of its personnel involved in any decisions related to the project or the application have any conflict of interest under any Federal, State, or local law, and that the personnel of any entity with which the city works on the project do not violate any such Federal, State, and local conflict of interest laws.

The undersigned and the city represent, and for the duration of the grant continue to represent, that each of the above certifications are and will continue to be true.

\_\_\_\_\_  
Authorized Representative Signature

\_\_\_\_\_  
Date



**COUNTY OF SAN DIEGO  
CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM  
APPLICATION**

**SECTION 2 – PROJECT OVERVIEW (15 page maximum)**

**2.1 Title of Project** (List title of the project.)

Interfaith Community Services: Family Shelter

**2.2 Project Location** (List the location of the project, including address and assessor parcel number(s).)

250 N. Ash Street, Escondido CA 92027  
Parcel # 230102300

**2.3 Owner of Project Site** (List who the owner is of the underlying property at the project site.)

Interfaith Community Services

**2.4 Name of person or entity responsible for project site maintenance** (List the name of the person or persons or entity responsible for project site maintenance. Attach copy of maintenance agreements or commitment letters, if applicable.)

Mark Whitaker  
Operations Manager, Interfaith Community Services

**2.5 Total Amount Requested** (List the total amount requested.)

\$736,066.68

**2.6 Project Description** (Describe the project that this grant will support.)

The City of Escondido requests funding to support the opening of a new, low-barrier emergency family shelter program in Escondido. The family shelter will be owned and operated by Interfaith Community Services (Interfaith), a 501(c)3 nonprofit organization, based in Escondido with over 40 years of experience providing emergency shelter and housing programs in North San Diego County. The family shelter will feature 10 units that can accommodate up to 10-16 families at a given time and will provide a pathway out of homelessness for approximately 50 families annually. The program will serve families who are experiencing homelessness in San Diego County and provide wraparound services aimed at moving households into permanent housing.

This emergency shelter will be the first low-barrier family shelter in North San Diego County. Interfaith will not screen out families due to their substance use or mental health diagnoses. The program will accept families with little-to-no income or income history. Barriers to admission will also be reduced as the shelter will welcome diverse family groups including single and dual parents with children under the age of 18, as well as non-traditional families such as grandparents with grandchildren and parents with adult children who are living with a disability. Family pets will also be allowed per program rules with kennels available on-site.





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Following a Housing First approach, the primary focus of the program will be housing stability:

- Provide a safe and stable housing for families experiencing homelessness.
- Reduce the length of time a family experiences homelessness.
- Connect families with the necessary resources to ensure stability and increase household income. The project will offer a continuum of services to assist individuals and families in obtaining and maintaining stable, long-term housing.
- Ensure all families are supported to live healthy lifestyles and personal wellness.
- Provide onsite mental health therapy to reduce the impact of trauma and interfamily violence.
- Support educational goals of all children in the shelter.
- Increase socialization and community support.
- Ensure parents have access to support that allows them to provide a safe, stable environment for their families now and into the future.

Intended measurable impacts of the program over a 12-month grant period will include:

- Open the family shelter program at 250 N. Ash Street in December 2022 and complete all renovations by October 2023.
- Provide 50 households from San Diego County with emergency shelter services focused on securing stable housing.
- 60% or 33 families enrolled in the family shelter program will exit to stable housing.
- 55% or 28 families enrolled in the family shelter program will demonstrate an increase in household income (earned and/or benefits) from program entry to exit.

Interfaith began operating its family shelter in August of 2021 at a temporary location while awaiting renovations at its Hawthorne Veteran and Family Resource Center (HVFRC) in Escondido. Since launching the program, Interfaith has served 65 households (97 adults and 126 minors) and the temporary shelter has been a safe refuge for pregnant mothers and five healthy babies have been delivered to residents in the program.

The shelter will provide on-site counseling services. The Family Shelter Clinician will offer individual or family therapy sessions to interested adults, children, and families. Group counseling will be offered focusing on parenting, crisis intervention, and child behavioral health support. The Clinician will consult regularly with Interfaith Case Managers to evaluate interventions on a case-by-case basis. The Clinician will supervise master's level clinical interns who will provide family therapy in the form of play therapy, psychoeducation, parenting classes, and interpersonal dynamics.

Interfaith's Family Shelter will offer a safe, stable environment for the family to stay in, with private rooms rather than the standard congregate emergency shelter setting. Each family will have the privacy they need to feel safe, while also being able to interact with others within the shelter. This nurturing environment combined with wraparound supportive services aimed at moving participants to permanent housing, enables these families to change the trajectory of their lives. This program is structured to immediately improve their economic stability and ultimately support long-term independence and housing stability.



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**2.7 Purpose of County Grant** (Describe how the grant funding will be used, ensuring County funds are only used for one-time, capital expenses related to emergency homelessness solutions.)

The purpose of this one-time capital improvement funds is to support the renovation of Interfaith's existing Hawthorne Veteran and Family Resource Center into a family shelter program. County funding will support the completion of renovations to the facility (currently underway), the creation of an outdoor play area and shade canopy, a security package including door locking system and security cameras, the purchase of an ADA Van for transportation, and furniture for the family bedrooms and the Children's Center, and laundry room.

The existing facility previously housed Interfaith's Recuperative Care Program, which recently moved to an expanded property. The two-story property is owned by Interfaith Community Service and is surrounded by greenery and an inviting outdoor courtyard conducive to family living. The family shelter is gated and has cameras throughout the exterior and interior of the building for safety purposes. The facility is ADA compliant and has stairs and an elevator to ensure residents with limited mobility can easily access all areas of the building. Interfaith employs a gardening service to maintain the landscape as well as a daily cleaning service to ensure common spaces of the program remain clean and sanitary. The shelter has sufficient parking for residents to ensure families have access to their vehicles within the gated facility. The building is well positioned near public transportation and is walkable to many grocery stores, community health clinics and other retail stores.

This year-round shelter will serve between 10 to 16 families at a time, depending on family composition. The facility will provide 10 separate living areas for families; four for smaller-sized families and six for larger families, with a total of 36 beds. The amenities in the shelter will include one commercial kitchen, seven family-friendly bathrooms with private stalls, a dining area (capacity of 40), recreational areas, computer room, children's play area, lobby, employee offices, and outdoor playground.

Interfaith was awarded Emergency Solutions Grants CV funding from the County of San Diego and substantial renovations have already occurred and/or are currently underway. The scope of the renovations was generated by the Interfaith team and conceptualized by Ware Malcomb and Unite Pacific, Inc. MC Construction provided estimates for the costs from these provisions.

These include:

- Expansion and reconfiguration of six (6) existing bedroom areas into three (3) large multi-person bedrooms.
- Reconfiguration of two (2) existing large multi-stall restrooms into seven (7) private restrooms.
  - Each with its own shower, toilet, sink, baby changing station, and seating.
  - Each new private restroom will have occupancy indicators and be ADA compliant.
- Reconfiguration and combining of two (2) small break room areas into an efficient commercial kitchen to include one (1) new, three-compartment sink, one (1) hand sink, one (1) gas stove and grease trap, one (1) health department compliant hot water heater, one (1) new commercial dishwasher, one (1) mop sink, modified HVAC, and an Ansul Hood system.
- Expansion of an existing dining area to accommodate up to 40 people.



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- Additional upgrades to the building include code compliant electrical modifications, extension of gas lines to the kitchen area, reconfiguration of fire sprinklers and air ducting.
- Repurposing of a 2,500 SF, unusable portion of the site into a flat outdoor recreation area for children. This includes grading and installation of a new retaining wall will be required to accommodate the new outdoor recreational area.

Since the Covid-19 pandemic, construction and building material costs have risen significantly year-over-year. Accordingly, the construction budget has increased since its original estimates in 2020. This project will complete remaining renovations and the purchase of furnishings and equipment to make the site fully operational. Furnishings include beds, mattresses, linens, and storage for the family rooms, furnishings and supplies for a Children's Center (for activities and daycare), and a laundry room. Requested funds also includes the purchase of an ADA compliant van for transportation of residents to essential appointments.

Please see Attachment A for complete Project Budget.

**2.8 Sustainable Operations** Describe how the resulting emergency shelter solution can be sustained for a minimum of two (2) years.)

Interfaith's family shelter will be sustained for a minimum of two years through additional government grant funding, private foundation grants, contributions from corporations, individual donors, and faith-based communities. The agency was recently awarded a \$200,000 grant from the Regional Taskforce on Homelessness to support family shelter operations. In addition, Interfaith has a pending application for the HUD Continuum of Care Supplemental to Address Unsheltered Homelessness (Special NOFO) competition which, if funded, would provide \$1,173,999 over 3 years for joint transitional housing and Rapid Rehousing services for the family program. A board resolution was signed on September 29, 2022 from Interfaith committing the operational expenses of the family shelter program for a minimum of two years (24 months) (Please see Attachment B)

Interfaith will work with local Medi-Cal managed care plans through the California Advancing and Innovating Medi-Cal (CalAIM), to address the social determinants of health that impact a family's ability to stabilize. This source will fund community supports that meet social needs such as food and housing.

**2.9 Project Partners** (List any project partners, including their role and any agreements including subcontractors.)

1. Interfaith Community Services – site owner and program operator
2. Unite Pacific – project management services
3. MC Contracting – general contractor
4. Ware Malcomb – interior architectural design
5. EPS Group, Inc. – civil engineering
6. Salehi Engineering – electrical engineering
7. Terra Environmental – asbestos inspection and abate contractor



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**2.10 Site Readiness** (Documentation of site control and necessary permits and approvals will be requested prior to final grant approval.)

**2.10.1** Does jurisdiction have evidence of site control? If yes, indicate which of the following applies.

- Clear title with no encumbrances or limitations that would preclude the proposed use
- An existing long-term lease with the proposed Project being an allowed use and provisions to make improvements on the property
- A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs
- A fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property
- A Letter of Intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option to purchase or sales contract will be executed within 60 days.
- Evidence that a preliminary review of zoning, permitting, environmental, and other necessary site due diligence has been performed and that no findings in the initial review will preclude this use.

Please see Attachment C

**2.10.2** If jurisdiction does not have evidence of site control, please describe the plan and timeline for obtaining site control and provide supporting evidence and a Memorandum of Understanding or partnership agreement between site owner/jurisdiction.

Not applicable.

**2.10.3** Confirm that the proposed project complies with applicable zoning for the project site. If not, list all approvals that will be required to operationalize the project, including formal actions by your city council or outside agencies, and describe the strategy for obtaining them. In your response, provide a detailed timeline for acquiring all approvals and permits.

This project complies with the City's zoning requirements for the proposed site at 250 N. Ash Street in Escondido.

Interfaith Community Services will be required to submit a permit for an outdoor canopy and playground equipment. No other permits are required to complete this project.

Anticipated timeline:

- November 2022 – Intent to Award notification
- December 2022 – application of required permit
- January-March 2023 – anticipated approval of permit
- August 2023 – outdoor canopy and playground

**2.10.4 CEQA Readiness** (What is the status of the project regarding the California Environmental Quality Act (CEQA)? What actions, if any, including formal actions by your city council or outside agencies, are needed related to CEQA and what are the associated timelines?)



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The California Environmental Quality Act (CEQA), an environmental review has been completed and construction is underway. No other actions are required to complete renovations according to the anticipated timeline.

**2.11 Community Readiness** (Describe community engagement that has been completed related to the project to ensure community readiness. If none has been completed to date, please describe plans for community engagement and include timeline of planned actions.)

The community's response to a family shelter being opened in the Escondido has been positive. Interfaith has engaged the community through a variety of community meetings to ensure community readiness for the shelter. The City facilitates quarterly meetings with local service providers, including Escondido Union School District staff, who have voiced the need for a family shelter. Families who have graduated from the interim family shelter program have been asked about their experience and shared that having a safe place for the children live, grow, and play has made a remarkable difference in their lives.

City staff and Interfaith has also engaged in the multiple conversation the Escondido Union School District about the high needs within the community. The social worker has reinforced this resource will serve not only Escondido families, but those throughout North San Diego County. Over the years, local law enforcement and faith communities have referred families experiencing homelessness to Interfaith and Escondido Education COMPACT; despite the lack of a family shelter beds and both agencies have done as much as possible to meet the needs of these families.

Interfaith will continue to engage the local community through a robust volunteer, school, faith community, and donor engagement. The agency has already received inquiries from the community about volunteer opportunities within the family shelter and other ways to support this project.

**SECTION 3 – RESPONSE TO IDENTIFIED NEED (10 page maximum)**

Provide a narrative response detailing the demonstrated needs in the jurisdiction for homelessness solutions and how this project addresses those needs. Data related to Point in Time Count, Healthy Places Index, or other data demonstrating jurisdictional need, as well as estimates of who will be served by this project should be included to evaluate the level of response to the identified need.

The pandemic has impacted everyone in the community, especially people experiencing homelessness. The year 2020 marked the first time in a decade that homelessness among families did not decrease. In fact, according to the 2020 Point-in-Time Count, an estimated 55,739 family households were identified as homeless. According to a new report titled, "Homelessness Crisis Response System 2021 Data and Performance Report," published by the Regional Task Force on Homelessness, San Diego family homelessness is on the rise. The reported showed a 33% increase in the number of families experiencing homelessness between 2019 and 2021. Staggeringly, the 2022 Point-in-Time Count (PITC) showed the number of families experiencing homelessness was **up 56% from the 2020 PITC**.



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The City of Escondido saw a 16% increase in city's overall homelessness count from 429 individuals (165 sheltered; 264 unsheltered) in 2020 to 499 individuals (317 sheltered; 182 unsheltered) in 2022. In looking at the PITC data between 2020 and 2022, City staff observed a 288% increase in sheltered families.

The need is sadly reflected in the number of homeless students enrolled in the Escondido Union School District. The District reported 1,599 students enrolled from preschool to eighth grade were experiencing homelessness and qualified for McKinney-Vento Act resources in FY2021-22. City staff have worked with the school social worker to help families get connected to vital resources, but in North County, shelter resources are scarce for families experiencing homelessness with the two emergency shelters for families are Operation HOPE and Solutions for Change which require drug testing upon entry, disqualify mental health diagnoses and having limited availability. Solutions for Change has a program for homeless families, however, it requires a long-term commitment and workforce participation.

Homelessness can have a tremendous impact on children – their education, health, sense of safety and overall development. Studies have shown that children experiencing homelessness have three times the rate of emotional and behavioral problems than those living in stable housing. The longer children stay on the streets, the farther behind they fall in school. In addition, by age 12, 83% of children experiencing homelessness have experienced violence, and 42% of children in homeless families are under the age of six. Children are more likely to experience separation from their families; change in schools, repeat a grade, be expelled or drop out of school and have lower academic performance.

The cycle of homelessness is devastating for anyone, but for a family, it is crushing. Homeless families are usually headed by a single woman with limited education, are typically young, and have young children. Children experiencing homelessness are highly impacted by Adverse Childhood Experiences (ACEs). In a groundbreaking CDC-Kaiser Permanente ACE Study, evidence showed the more adverse childhood experiences – such as divorce, sexual assault, interpersonal violence, homelessness, the poorer a person's health outcomes would be as an adult.

Causes of homelessness are complex. Pathways into and out of homelessness are multifaceted and may include financial insecurity, relationship breakdown, and addiction, all which is compounded by the high cost of housing, limited inventory and long waitlist for affordable housing and housing choice vouchers making more families are at-risk of homelessness than in years prior. Homelessness and affordable housing are two of the top concerns of residents living in City of Escondido. This need is reflected in multiple goals on the City 5-year Consolidated Plan 2020-2024 around homelessness prevention, temporary housing, engaging families on the streets, supportive services and provider permanent housing to households experiencing homelessness.

The City of Escondido is one of four cities in San Diego County and the only city in North County to receive Emergency Solutions Grants. This federal funding stream issued by HUD to local jurisdictions aids individuals and households at-risk or experiencing homelessness with prevention, street outreach, emergency and rapid rehousing resources. Interfaith Community Services' family emergency shelter proposal aligns directly with the city's goals.



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Housing is the solution to homelessness. The majority of families benefit from assistance to help them rapidly reconnect to permanent housing. Rapid re-housing provides help with housing search, financial assistance, and case management services to help families quickly transition out of shelters and back into housing of their own. In addition, families may require and/or significantly benefit from more intensive or long-term support, through the provision of transitional housing, permanent rental assistance, or permanent supportive housing to escape homelessness. Families can also benefit from connection to other supports designed to strengthen and improve their lives, such as child care, employment assistance, early childhood services, income support, or mental health counseling.

Interfaith Community Services, North County's leading human services agency, recognizes the multitude of barriers community members must overcome to achieve self-sufficiency and provides a continuum of care to effectively help break the cycle of homelessness. The target population for this grant includes families with children under age 18 or a disabled dependent adult, unconventional families that include grandparents, siblings, aunts and uncles, and other family structures.

In response to the increase in families facing homelessness, in April 2021, Interfaith began providing urgently needed low-barrier shelter to families with children. This program is operating at a temporary location while the permanent site is renovated. Interfaith believes that by offering support to families through a low-barrier program, those with substance use and mental health disorders will be able to secure a safe place to stay while receiving support for the challenges they are working to overcome.

Since opening the Family Shelter, Interfaith has served 65 families, sheltering over 200 adults and children. Out of the 223 individuals served, 126 have been children, with 96 being under the age of 12. Prior to coming to the shelter, 192 individuals (86%) were experiencing homelessness for less than a year, including 60 individuals (27%) who had been homeless for less than seven days. This is evidence of the overwhelming need for families to have a timely access to shelter, allowing them to avoid the multiple traumas that families experiencing homelessness may suffer.

#### **SECTION 4 – TIMELINE**

Include a timeline with key dates leading to operationalization of the project.

##### November 2022:

- Intent to Award Notification
- Internal and external painting begins
- Purchase furnishings for family rooms, Children's Center, and Laundry
- Order PDK Cypher Lock System
- Order Play Ground
- Purchase Van
- Order exterior lighting
- Order security cameras



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December 2022:

File application for permit for playground and canopies  
Installation of PDK Cypher Lock System  
Replace staircase carpet with LVT  
Install exterior lighting  
Installation of security cameras  
Opening of the Emergency Family Shelter Program at the Hawthorne Family Resource Center.

May 2023:

Preparation of playground area  
Landscaping  
Select and Purchase Playground Structure

July 2023:

Lid Covers  
Exterior Lighting  
Locks and Key FOBs Installed

August 2023:

Playground and rubber matting installed

October 2023:

Complete Project  
Complete Renovations

**SECTION 5 – PROJECT BUDGET**

**5.1 Project Budget Template** (Attachment A) (Complete template for project proposed.)  
Please see Attachment A

**5.2 Project Budget Narrative** (Include project budget narrative describing costs submitted in 5.1.)

**Budget Narrative**

Interfaith Community Services – Family Shelter

Site Work

Work performed by MC Construction, includes:

- Existing conditions/Demo \$8,856.00
- Plumbing \$3,180.00
- Electrical \$7,000.00
- Exterior Improvements \$178,000.00
- Fireproofing Corridor: \$50,000

Total: \$257,036.00

General Requirements, Profit and Overhead





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CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM  
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Work performed by MC Construction, includes original budget estimates of \$5,775 related to Site Work and \$89,220 related to Interior Improvements. Includes Profit and Overhead \$173,951.16 (approximately 20% of site work and interior improvement scope of work), reflecting increased construction and material goods costs. Total: \$268,946.16.

Interior Improvements

Work by MC Construction, includes:

- Existing conditions/Demo \$9,810.00
- Thermal and moisture protection 5,398.04
- Openings/Doors \$24,884.00
- Finishes \$144,513.50
- Specialties \$19,525.41
- Equipment \$97,123.97
- Fire Suppression \$13,150.00
- Plumbing \$175,937.80
- HVAC \$37,937.80
- Electrical \$36,845.28
- Furnishings \$12,600.00

Total: \$577,724.80

Furnishings

Purchase of furnishing for the 10 family units, a children's center, and laundry room:

Item	Cost Per Unit	Number of Units	Total
Bunkbeds Twin Full	\$850	6	\$5,100
Bunkbeds Twin/Twin	\$400	10	\$4,000
Pull out beds with Mattress	\$200	8	\$1,600
Twin Mattresses	\$250	26	\$6,500
Twin Mattress Covers	\$40	35	\$1,400
Full Mattresses	\$350	10	\$400
Full Mattress Covers	\$40	10	\$400
Dressers	\$450	10	\$4,500
Desks with hutch and bookshelf	\$200	10	\$2,000
Desk Chairs	\$100	10	\$1,000
Lamps	\$35	10	\$350
KidsKraft Reading Nook	\$200	10	\$2,000
Portable Cribs	\$200	6	\$1,200
Full Bed Linens	\$75	25	\$1,870
Twin Bed Linens	\$60	30	\$1,800
Portable Crib Bed Linens	\$45	40	\$1,800
Pillows (2-pack) *These items not reused	\$30	280	\$8,400
Towel Sets	\$30	64	\$1,920



**COUNTY OF SAN DIEGO  
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Folding Bookcases	\$500	4	\$2,000
Bookcases	\$200	2	\$400
Classroom storage cabinet	\$600	3	\$1,800
Children Tables and Chairs	\$200	10	\$2,000
Cubbies 8x3	\$500	2	\$1,000
Caterpillar Tunnel	\$260	1	\$260
Indoor soft foam climber	\$150	3	\$450
Daycare changing table/cabinet	\$750	2	\$1500
ECR4Kids Softzone Patchwork & Blocks	\$170	1	\$170
Mobile Storage Cabinet with Locks	\$750	3	\$2,250
Block Cabinet	\$110	3	\$330
25 Tray Storage Cube	\$380	1	\$380
Stool Modular Seating Set	\$190	2	\$380
Study Station	\$150	10	\$1,500
Rugs	\$150	6	\$900
Daycare Toys and Supplies	\$6,000	1	\$6,000
Washers	\$2,250	4	\$10,000
Dryers	1,250	4	\$5,000
Total			<b>\$84,265</b>

Playground Equipment, Outdoor Canopy

Includes preparation/grading of site (\$35,000), rubber mulch (\$7,000) purchase of playground equipment (\$50,000) and outdoor canopy (\$35,000). Total: \$127,000.

Door Locking System, Security Cameras

Includes purchase of a door locking system (\$60,000) and security camera upgrades (\$30,000). Total \$90,000.

Other: ADA Compliant Van Transportation

Purchase of an ADA Compliant Van to provide transportation for family shelter residents to and from appointments and services including medical appointments and education or employment related participation. Total: \$75,000.

Civil Engineering

Work performed by EPS Group, includes topographical survey, grading and drainage plan, consulting and calls. Total: \$8,890.00

Architectural Design and Permit Planning

Work performed by Ware Malcomb, includes:

- Basic services \$2,000.00
- Interior Design, Design, Document development, permit coordination, contract phase \$15,600.00
- Commercial kitchen consultation \$4,800.00



**COUNTY OF SAN DIEGO  
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- Added Services Architectural \$7,050.00
- Alternative services, occupancy coordination if needed \$6,000.00

Total: \$35,450.00

**Project Management / Landscape Architecture**

Work provided by Unite Pacific. Includes project management at 12 weeks x 2 hrs x hourly rate of \$95.00. Total: \$11,400.00

**Contingency:**

Calculated at 5% of Construction Hard Costs, excluding purchase of Security Systems and ADA Van. Total: \$69,748.60

**PROJECT TOTALS**

Total Request to County Emergency Housing Solutions: \$736,066.68

Total Other County Funds (Secured): \$870,079.00

Total Project Budget: \$1,606,645.68

**SECTION 6 - FINANCIAL INFORMATION**

The County is evaluating financial information for the proposing jurisdiction. The jurisdiction is responsible for evaluating financial information to determine the fiscal stability of their proposed project partners.

**6.1** Briefly outline the internal fiscal management process the organization will use to monitor and ensure that County funding and other revenues are adequate to meet Project costs.

The City has a long-standing partnership with Interfaith Community Services in delivering and administering grants to individuals at-risk or experiencing homelessness in Escondido. Throughout its 42-year history of service to North San Diego County, Interfaith has managed grants at every level of government – city, county, state, and federal and the current operating budget for the agency is \$26 million. Interfaith has administered and monitored grants for programs ranging from \$1,000 to \$1,000,000, and government grants in excess of \$5 million at the city, county, state, and federal level. Interfaith's governing Board of Directors fully reviews the agency budget at yearly adoption, and monitors ongoing spending through Finance, Audit, Budget, and Investment committees.

The City of Escondido will ensure funds are being appropriately spent by reviewing all invoices and backup documentation on a monthly basis. The program expenditures will be compared to the program budget and any discrepancies found will be addressed by City staff and further clarification will be requested. Once the documents have been reviewed, a check request will be created and authorized by the Deputy City Manager. The City will facilitate regular meetings with Interfaith to ensure the project is meeting its proposed timelines and will address any outstanding billing-related concerns.

Interfaith currently uses Abila's MIP for its fiscal management system. MIP has full fund accounting capabilities to ensure appropriate segregation, control, accounting, and oversight of all funds, property, expenses, revenues, and assets for each contract. This robust automated accounting software system



**COUNTY OF SAN DIEGO  
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assigns costs and revenue to contracts and allocates expenses across accounting departments in accordance with generally accepted accounting principles (GAAP). MIP complies with FASB, GASB, and other reporting requirements. To ensure proper distribution of direct program costs, indirect and administrative costs, and revenue, and guarantee compliance with all pertinent regulations and contract limitations, Interfaith is audited annually by an independent auditor, fulfilling all requirements of federal single audit and general audit standards and OMB Circular A-122.

The MIP system currently manages more than 75 programs and has full fund accounting capabilities. Interfaith's fund accounting system designates different funding sources for specific programs, with expenses charged using four-digit numeric accounting and program codes that are consistent throughout the organization. Interfaith's program and financial staff identify and authorize the accounts which should be billed on invoices and receipts by using this standardized coding system. This coding system is also used on reimbursement request forms, check request forms, petty cash worksheets, and any other paperwork submitted to the Accounting Department for payment/credit. This enables the Accounting Department to allocate expenses properly immediately upon receipt, and for Department Directors and Program Managers to track and record billable services to the appropriate categories.

Payment procedures include a purchase order system requiring program review, executive review, and two signatures. Interfaith's payment policy is to pay invoices within vendor payment terms. Invoices are approved for payment by the responsible Program Manager and forwarded to their Department Director for authorization before being sent to Accounting for payment. The Chief Financial Officer (CFO) reviews and signs all payments. All checks require two manual signatures. The Accounting Department maintains records which clearly identify all contract related revenues and expenses. These items are date stamped, submitted for payment/credit, entered into the MIP accounting software, and filed by vendor/contractor/ payee name. Once items are entered into the computer, they are assigned an invoice number. This simplifies the research process in the case of a possible discrepancy. Interfaith maintains accounting records for a minimum of five years, or longer as needed per contract requirements.

**6.2** List any associated revenue jurisdiction is leveraging for overall project, indicating if the funding has been committed.

The City of Escondido receives an annual allocation from HUD. No funds have been commitment to the project thus far, but the City is open to potential future funding, if needed.

Interfaith secured a grant in the amount of \$870,079 from the County of San Diego Emergency Solutions Grant CARES Act to support the renovation of the site.

There is a balance of \$736,066.68 to complete the project.

**6.3** Submit, as applicable, the most current un-audited financial statements, to include the Statement of Financial Position (Balance Sheet) and the Statement of Activities (Income Statement).

Please see Attachment D



**COUNTY OF SAN DIEGO  
CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM  
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**6.4** Submit, as applicable, the following information for the last three (3) fiscal years. Annual audit report to include:

- Audited financial statements with the applicable notes.
- Independent Auditor's Report on Compliance and Internal Control over Financial Reporting based on an Audit of the Financial Statements in Accordance with Government Accounting Standards.
- Independent Auditor's Statement of Findings and Questioned costs.
- Management Letter (if applicable).

If your organization does not have audited financial statements, submit un-audited financial statements for the last three (3) Fiscal Years, to include the Statement of Financial Position (Balance Sheet) and the Statement of Activities (Income Statement).

Please see Attachment D and Attachment E

**6.5** Provide documentation that the organization has sufficient reserves to maintain the project for sixty (60) days. Documentation may include cash and/or credit reserves.

Please see Attachment D



# County of San Diego

**NICK MACCHIONE, FACHE**  
AGENCY DIRECTOR

HEALTH AND HUMAN SERVICES AGENCY  
DEPARTMENT OF HOMELESS SOLUTIONS AND EQUITABLE COMMUNITIES  
1255 IMPERIAL AVENUE, SUITE 864, MAIL STOP W-408  
SAN DIEGO, CA 92101-7402  
(619) 338-2888 • FAX (619) 338-2967

**BARBARA JIMÉNEZ**  
COMMUNITY OPERATIONS OFFICER

November 17, 2022

Holly Nelson, Housing & Neighborhood Services Manager  
City of Escondido  
201 N. Broadway  
Escondido, CA 92025

**Subject:** Capital Emergency Solutions Grant Program Notice of Intent of Award

The County of San Diego, Health and Human Services Agency, Department of Homeless Solutions & Equitable Communities is pleased to notify you that we have reviewed your recent application to County's Capital Emergency Solutions Grant program and have awarded a grant in the amount of **\$736,066.68** for the **Interfaith Community Services: Family Shelter** capital project.

Congratulations on your grant award! We look forward to partnering with you as you embark on this critical capital project, to address needs of persons experiencing homelessness in your jurisdiction. Per the evaluation criteria subsequent communication will be sent out from our Department of Homeless Solutions and Equitable Communities team to complete the process.

If you have any questions, please contact us at [HSEC-OHS.HHSA@sdcounty.ca.gov](mailto:HSEC-OHS.HHSA@sdcounty.ca.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Barbara Jimenez".

**Barbara Jiménez, MPH, Community Operations Officer**  
Department of Homeless Solutions & Equitable Communities

## RESOLUTION NO. 2023-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY, ALL AGREEMENTS NECESSARY FOR THE CITY'S PARTICIPATION IN THE COUNTY OF SAN DIEGO'S CAPITAL EMERGENCY HOUSING SOLUTIONS GRANT PROGRAM AND EXECUTE AN AGREEMENT WITH INTERFAITH COMMUNITY SERVICES, INC. TO RECEIVE PASS-THROUGH FUNDS FROM THE CITY TO CREATE AN EMERGENCY FAMILY SHELTER

WHEREAS on May 22, 2022, the Board of Supervisors ("Board") of the County of San Diego ("County") voted to create the Capital Emergency Housing Solutions Grant Program ("Program") as part of the Board's ongoing efforts to address the problem of homelessness throughout San Diego County; and;

WHEREAS, the Program seeks to make up to \$10 million available to cities to spur the creation of shelters, safe parking lots, and other urgently needed housing solutions; and

WHEREAS, under the Program, awarded funds can only be used for property acquisition and facilities development, but may not be used for ongoing shelter operating expenses or indirect costs; and

WHEREAS, the City of Escondido ("City") submitted an application for the Program on October 11, 2022 (the "Application") proposing to use Program funds to create an emergency family shelter within the City ("Project"); and

WHEREAS, funding allocations under the Program are subject to the terms and conditions contained in the County's Grant Agreement which must be executed by all Program grant recipients (the "Grant Agreement"). A copy of the Grant Agreement is attached to this Resolution as Exhibit "A" and incorporated by this reference; and

WHEREAS, under the Grant Agreement, the City will be responsible to the County to ensure that all Program requirements are met, including that the Project will be implemented consistent with principles of Housing First enumerated in California Welfare and Institutions Code section 8255, and that the City undertakes this responsibility to the County even if the City provides Program grant funding to a third party for a housing solution; and

WHEREAS, the City will administer the County's funds and contract outcomes as a pass-through entity via a Public Services Agreement with Interfaith Community Services, Inc., a local 501(c)3 nonprofit ("interfaith"). A copy of the Public Services Agreement with Interfaith regarding Program funds is attached to this Resolution as Exhibit "B" and incorporated herein by this reference.

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 accepts the Program grant funding for use on the Project specified in the Application. Accordingly, the Mayor is hereby authorized to execute the Grant Agreement, Shelter Collaboration Agreement, and all other documents required or deemed necessary or appropriate to secure the Program funds from the County and to participate in the Program, and all amendments thereto (collectively, the "Program Documents").
3. That the City warrants and represents to the County that all statements contained in the Application, including but not limited to those in any other documents required by the County, are true and correct, and that the City will abide by all certifications made in the Application as well as all provisions of the Program Documents.
4. That any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Grant Agreement. Program funds are to be used for the allowable expenditures and activities identified in the Application and Grant Agreement and will solely be



used to support the Project.

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
**THE COUNTY OF SAN DIEGO AND**  
**THE CITY OF ESCONDIDO**

This Grant Agreement is entered into between the County of San Diego, a political subdivision of the State of California (County), and the City of Escondido (Grantee) with an effective date of

WHEREAS on May 24, 2022, the San Diego County Board of Supervisors approved a \$10 million-dollar Capital Emergency Housing Solutions Grant Program to support the creation of new capital emergency housing solutions within the 18 incorporated cities; and,

WHEREAS, pursuant to Board of Supervisors, the purpose of this program is to provide one-time capital funds to city jurisdictions to address immediate emergency housing solutions; and,

WHEREAS, the County funds this program primarily with the General Funds; and;

WHEREAS, in August 2022, the County awarded Grantee funding to address emergency housing solutions and ending homelessness; and,

WHEREAS, on DATE the County allocated the grant funding set forth in this Agreement for the purpose described in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. **Amount of Grant.** The County agrees to pay Grantee the amount of **\$736,066.68 for the Escondido-Interfaith Family Shelter Capital Project.** Under no circumstances is County obligated to pay Grantee more than this amount. County shall pay Grantee after County receives a signed copy of this Agreement from Grantee.
2. **Purpose of Grant.** Grantee shall use the grant funds provided by County under this Agreement solely to provide emergency housing solutions to address homelessness through the Capital Emergency Housing Solutions Grant Program as described in their proposal as listed in Exhibit A.
3. **Term of Agreement.** The term of this Agreement shall be for 24 months starting on the effective date as specified above.
4. **Time Period for Use of Grant Funds and Documentation of Expenditures.**
  - (a) Grantee shall spend all grant funds provided by the County for the purposes specified in Paragraph 2 within 24 months of the effective date of this Agreement as specified above.
  - (b) Grantee shall complete the Documentation of Grant Expenditures Form provided by the County's administrator, setting forth Grantee's total actual expenditures of the grant funds provided under this Agreement.
  - (c) Grantee shall submit the completed grant Documentation of Grant Expenditures Form and the related documentation including, but not limited to, invoices/receipts, credit card statements, check stubs, check copies, copy of canceled checks, copy of bank statements, etc. to the County's administrator promptly after spending the grant funds, but in no event after the end of the Term of Agreement specified above.
    - (i) If the parties agree to extend the Term of Agreement, Grantee shall submit this expenditure documentation by the end of the extended term.
  - (d) If County's administrator requests additional information regarding Grantee's expenditure of the grant funds, Grantee shall promptly submit the requested information to County's Contracting Officer Representative (administrator).

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
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**THE CITY OF ESCONDIDO**

- (e) Grantee shall retain copies of all receipts, invoices, cash register tapes and other direct evidence of the expenditure of funds for which grant funds are used for the duration of the audit period specified in Paragraph 8.
- (f) If after reviewing Grantee's expenditure documentation, the County's administrator:
  - (i) Determines that the Grantee failed to spend all of the grant funds;
  - (ii) Disallows any expenditure by Grantee;
  - (iii) Determines that the grant funds provided exceed Grantee's total actual expenditures authorized under this Agreement; or
  - (iv) Grant funds were used in a manner contrary to Paragraphs 2 or 5, Grantee shall refund to the County the amount specified by the County's administrator.
  - (v) Grantee shall make this refund within seven (7) County business days after receiving a written request for refund from the County's administrator. In its sole discretion, the County may offset the refund amount from any payment due to or to become due to Grantee under this Agreement or any other agreement with the County.
- (g) If Grantee fails to provide the required documentation of expenditures as required in Subparagraph (b) and (c) above, the County's administrator may request Grantee to refund to the County all or any portion of the grant funds provided under this Agreement. Within seven (7) County business days of receipt of a written request for a refund, Grantee shall refund to the County the amount specified by the County's administrator.
- (h) If Grantee incurs expenses before the County pays the grant under this Agreement, the County will reimburse Grantee in an amount not to exceed the amount specified in Paragraph 1 upon submission of documentation to County's administrator setting forth Grantee's actual expenditures for the purpose specified in Paragraph 2 and approval of the documentation by County's administrator.

**5. Restrictions on use of grant funds.**

- (a) Grant funds shall not be used for any purpose prohibited by laws governing the use of public funds including, but not limited to, religious purposes, political campaigning, or purely private purposes or activities.
  - (i) If Grantee provides or participates in any activity for which public funds may not be used, such as religious activities, Grantee shall inform the County of this activity before accepting any grant funds. Grantee shall ensure that no grant funds awarded pursuant to the Agreement are used to support in any manner said activity.
- (b) Grantee shall only spend grant funds on expenses deemed eligible under the capital projects intent and all grants, regardless of funding source, must be spent for the purposes allowed under Section 2.
- (c) Grantee shall not use grant funds for any authorized expenditure if it is reimbursed from another source, including, but not limited to, insurance proceeds, or any other state, federal or local program.
- (d) Grantee shall not donate any grant funds to a third party.
- (e) Grantee may not include in its Documentation of Grant Expenditures report under this Agreement any expenditures for which Grantee has received or is or will be claiming funding from any other source.

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
**THE COUNTY OF SAN DIEGO AND**  
**THE CITY OF ESCONDIDO**

- (f) Grantee shall not assign or transfer any interest in this Agreement (whether by assignment or novation), without the prior written consent of the County.
  - (g) Grantee shall comply with all terms and conditions as listed in this contract.
  - (h) Grantee's failure to comply with any provision in Paragraph 5 shall constitute a material breach of this Agreement.
6. **Administrator of Agreement.** The County of San Diego, Health and Human Services Agency, Department of Homeless Solutions and Equitable Communities shall administer this Agreement on behalf of the County, and City of Escondido shall administer it on behalf of Grantee. County and Grantee may from time to time designate a different administrator by providing notice in the manner required by Paragraph 7.
7. **Notice.** All communications from Grantee to the County shall be sent to the contact(s) as listed below. Any notice or notices or other documentation required or permitted to be given pursuant to this Agreement may be personally served on the other party by the party giving such notice, or may be served by certified mail, postage prepaid, return receipt requested, to the following addresses:

County: **Barbara Jiménez**  
**Community Operations Officer**  
Health and Human Services Agency  
1255 Imperial Ave, Suite 864  
San Diego, CA 92101  
(619) 338-2722  
[Barbara.Jimenez@sdcounty.ca.gov](mailto:Barbara.Jimenez@sdcounty.ca.gov)

Grantee: **Christopher W. McKinney**  
**Deputy City Manager**  
City of Escondido  
201 N. Broadway  
Escondido, CA 92025  
760-839-4090  
[cmckinney@escondido.org](mailto:cmckinney@escondido.org)

And

**Holly Nelson**  
**Housing and Neighborhood Services Manager**  
City of Escondido  
201 N. Broadway  
Escondido, CA. 92025  
760-839-4518  
[hnelson@escondido.org](mailto:hnelson@escondido.org)

Notices that are personally served shall be deemed delivered on the date served. Notices sent by certified mail shall be deemed delivered five (5) County business days after mailing. County and Grantee may from time to time designate a new address for providing notice by providing notice of the new address in accordance with this Paragraph.

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
**THE COUNTY OF SAN DIEGO AND**  
**THE CITY OF ESCONDIDO**

8. **Audit and Inspection of Records.** At any time during normal business hours and as often as the County may deem necessary, the Grantee shall make available, within five (5) County business days of the receipt of a request, to the County for examination all of its records with respect to all matters covered by this Agreement and will permit the County to audit, examine and make excerpts or transcripts from such records, and make audits of all invoices, materials, payrolls, records of personnel and other data relating to all matters covered by this Agreement. Unless otherwise specified by the County, said records shall be made available for examination within San Diego County, California. Grantee shall maintain such records in an accessible location and condition to the later of a period of five (5) years after the termination of this Agreement after all funds have been spent or any remaining funds have been returned unless County agrees in writing to an earlier disposition. The State of California or any Federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon County by this Agreement.
9. **Termination of Agreement for Cause.** If Grantee fails to perform its obligations according to this Agreement, the County may send Grantee a written notice of default that specifies the nature of the default. Grantee shall cure the default within three (3) County business days following receipt of the notice of default. If Grantee fails to cure the default within that time, the County may terminate this Agreement by giving Grantee written notice of immediate termination. Upon termination, Grantee shall promptly provide County's administrator with Documentation of Grant Expenditures setting forth Grantee's total actual expenditures for the purpose of the grant as of the effective date of termination. Grantee shall promptly refund to County all funds County paid to Grantee under this Agreement that exceed Grantee's total actual expenditures for the purpose of the grant, as determined by County's administrator, as of the effective date of termination. The County may also seek any and all legal and equitable remedies against Grantee for breaching this Agreement.
10. **Termination for Convenience of County.** County may terminate this Agreement at any time by giving written notice to Grantee of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. On or before the date of termination, Grantee shall provide County's administrator with Documentation of Grant Expenditures setting forth Grantee's total actual expenditures for the purpose of the grant as of the effective date of termination. Grantee shall promptly refund to County all funds County paid to Grantee under this Agreement that exceed Grantee's total actual expenditures for the purpose of the grant, as determined by County's administrator, as of the effective date of termination.
11. **Termination for Convenience of Grantee.** Grantee may terminate this Agreement at any time by giving written notice to County's administrator of such termination and specifying the effective date thereof at least 60 days before the effective date of such termination. On or before the date of termination, Grantee shall provide County's administrator with Documentation of Grant Expenditures setting forth Grantee's total actual expenditures for the purpose of the grant as of the effective date of termination. Grantee shall promptly refund to County all funds County paid to Grantee under this Agreement that exceed Grantee's total actual expenditure for the purpose of the grant, as determined by County's administrator, as of the effective date of termination.
12. **Interest of Grantee.** Grantee covenants that Grantee presently has no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with Grantee's completing the purpose of the grant as specified in Paragraph 2. Grantee further covenants that in the performance of this Agreement, no person having any such interest shall be employed or retained by Grantee.
13. **Publication, Reproduction and Use of Material.** No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other Country. The County shall have unrestricted authority to publish, disclose, distribute, and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
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**THE CITY OF ESCONDIDO**

14. **Insurance.** Grantee shall obtain at its own cost and expense and keep in force and effect during the term of this Agreement, including all extensions, policies of insurance or programs of self-insurance with policy limits in sufficient amounts to cover any and all potential liability of Grantee, its agents, representatives, employees, volunteers or subcontractors hereunder. Minimum policy limits maintained by Grantee shall in no way limit the indemnification obligations to the County.
15. **Independent Capacity.** In the performance of this Agreement, Grantee and its agents, employees and volunteers shall act in an independent capacity and not as officers, employees, agents or volunteers of the County. This Agreement does not create an employment relationship between Grantee and the County.
16. **Equal Opportunity.** Grantee will not discriminate against any employee, or against any applicant for such employment because of age, race, color, religion, physical handicap, ancestry, sex, or national origin, or any other protected class as defined by Federal or State law. This provision 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.
17. **Defense and Indemnity.** To the fullest extent permitted by law, County shall not be liable for, and Grantee shall defend and indemnify County and its officers, agents, employees and volunteers (collectively, "County Parties") against any and all claims, deductibles, self-insured retention's, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (collectively, "Claims"), which arise out of or are in any way connected to County's provision of grant funds and/or Grantee's use of grant funds under this Agreement arising either directly or indirectly from any act, error, omission or negligence of Grantee or its officers, employees, volunteers, agents, contractors, licensees or servants, including without limitation, Claims caused by the sole passive negligent act or the concurrent negligent act, error or omission, whether active or passive, of County Parties. Grantee shall have no obligation, however, to defend or indemnify County Parties from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole active negligent act or willful misconduct of County Parties.
18. **Governing Law.** This Agreement shall be construed and interpreted according to the laws of the State of California.
19. **Complete Agreement.** This Agreement constitutes the entire agreement between Grantee and County regarding the subject matter contained herein. All other representations, oral or written, are superseded by this Agreement. Neither party is relying on any representation outside of this Agreement. This Agreement may be changed only by written amendment signed by both parties.
20. **Waiver.** The failure of either party to enforce any term, covenant or condition of this Agreement shall not be construed as a waiver of that party's right to subsequently enforce this, or any other term, covenant or condition of this Agreement. No waiver shall be deemed effective unless the waiver is expressly stated in writing and signed by the party waiving the right or benefit.
21. **Consultation with Counsel.** Each party has had the opportunity to consult with independent legal counsel of its own choosing before executing this Agreement and has executed this Agreement without fraud, duress, or undue influence of any kind.
22. **Interpretation.** The provisions of this Agreement shall be liberally construed to effectuate its purpose. The language of all parts of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party.

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
**THE COUNTY OF SAN DIEGO AND**  
**THE CITY OF ESCONDIDO**

23. **Corporation Qualified to Do Business in California.** If Grantee is a corporation, Grantee warrants that it is a corporation in good standing and is currently authorized to do business in California.
24. **Terms and Conditions Survive Expiration of Term of Agreement.** Unless otherwise specified herein, all terms and conditions of this Agreement shall survive the expiration of the Term of Agreement specified in Paragraph 3 above.
25. **Remedies.** Unless otherwise expressly provided herein, the rights and remedies in this Agreement are in addition to, and not a limitation on, other rights and remedies under this Agreement, at law or in equity, and exercise of one right or remedy shall not be deemed a waiver of any other right or remedy.
26. **Prevailing Wage.** Unless exempted by applicable law (e.g., Labor Code § 1720.4), projects using over \$1,000 of grant funds for construction, alteration, demolition, installation, repair, refuse and ready-mix concrete hauling, maintenance work, or any other work for which prevailing wages must be paid by Labor Code § 1720 et seq. shall be deemed a “public work” for State prevailing wage purposes. It is not the intent of this Agreement to impose an obligation to pay prevailing wages on work otherwise exempt from the prevailing wage laws. Grantee shall be solely responsible for ensuring prevailing wages are paid when owed.
- Projects subject to the payment of State prevailing wages are subject to compliance monitoring and enforcement by the Department of Industrial Relations. Grantee shall be responsible for ensuring all required job site postings and all certified payroll and other reporting applicable to it as an awarding body are completed in accordance with the State’s prevailing wage regulations. Information regarding the State’s prevailing wage requirements can be obtained from the Director, Department of Industrial Relations at [www.dir.ca.gov](http://www.dir.ca.gov), Labor Code § 1720, et seq., and 8 Cal. Code of Regs. § 16000, et seq.
27. **Counterparts and Electronic Signatures.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed using electronic or digital signatures in accordance with California law, which signatures shall be deemed an original.

Intentionally left blank

**CAPITAL EMERGENCY HOUSING GRANT PROGRAM**  
**GRANT AGREEMENT BETWEEN**  
**THE COUNTY OF SAN DIEGO AND**  
**THE CITY OF ESCONDIDO**

WHEREFORE, the parties execute this Agreement on the date first written above.

COUNTY OF SAN DIEGO

GRANTEE

By: \_\_\_\_\_  
NICK MACCHIONE, FACHE  
Agency Director

By: \_\_\_\_\_ Date \_\_\_\_\_  
Dane White, Mayor  
City of Escondido

County of San Diego  
Health and Human Services Agency

\_\_\_\_\_

[Note: Person signing on behalf of Grantee must be authorized by the city jurisdiction sign this Agreement (i.e., City Manager, or person that is able to legally bind a city into a contract).]





CITY OF ESCONDIDO  
PUBLIC SERVICES AGREEMENT

This Public Services Agreement ("Agreement") is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2023 ("Effective Date"),

Between: CITY OF ESCONDIDO  
a California municipal corporation  
201 N. Broadway  
Escondido, CA 92025  
Attn: Holly Nelson  
760-839-4518  
("CITY")

And: Interfaith Community Services, Inc.  
A California nonprofit public benefit corporation  
550 W. Washington Ave.  
Escondido, CA 92025  
Attn: Greg Angela  
760-489-6380  
("CONTRACTOR").

(The CITY and CONTRACTOR each may be referred to herein as a "Party" and collectively as the "Parties.")

WHEREAS, the Parties desire to enter into this Agreement for the performance of the Services described herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises, terms, and conditions set forth herein, and the mutual benefits derived therefrom, the Parties hereby agree as follows:

1. Description of Services. CONTRACTOR shall furnish all of the Services described in the Scope of Work, which is attached to this Agreement as Attachment "A" and incorporated herein by this reference ("Services").
2. Compensation. In exchange for CONTRACTOR's completion of the Services, the CITY shall pay, and CONTRACTOR shall accept in full, an amount not to exceed the sum of **\$736,066.68**. CONTRACTOR shall be compensated only for performance of the Services described in this Agreement.
3. Performance. CONTRACTOR shall faithfully perform the Services in a proficient manner, to the satisfaction of the CITY, and in accord with the terms of this Agreement. CONTRACTOR shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of

all reports and other information furnished by CONTRACTOR pursuant to this Agreement, except that CONTRACTOR shall not be responsible for the accuracy of information supplied by the CITY.

4. Termination. The Parties may mutually terminate this Agreement through a writing signed by both Parties. The CITY may terminate this Agreement for any reason upon providing CONTRACTOR with 10 days' advance written notice. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of any notice of termination. If the CITY terminates this Agreement due to no fault or failure of performance by CONTRACTOR, then CONTRACTOR shall be compensated based on the work satisfactorily performed at the time of such termination. In no event shall CONTRACTOR be entitled to receive more than the amount that would be paid to CONTRACTOR for the full performance of the Services.
5. City Property. All original documents, drawings, electronic media, and other materials prepared by CONTRACTOR pursuant to this Agreement immediately become the exclusive property of the CITY, and shall not be used by CONTRACTOR for any other purpose without the CITY's prior written consent.
6. Insurance Requirements.
  - a. CONTRACTOR shall procure and maintain, at its own cost, during the entire term of this Agreement, insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the Services, and the results of such work, by CONTRACTOR, its agents, representatives, employees, or subcontractors. Insurance coverage shall be at least as broad as the following:
    - (1) *Commercial General Liability*. Insurance Services Office ("ISO") Form CG 00 01 covering Commercial General Liability on an "occurrence" basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury, with limits no less than \$2,000,000 per occurrence and \$4,000,000 general aggregate.
    - (2) *Automobile Liability*. ISO Form CA 00 01 covering any auto (Code 1), or if CONTRACTOR has no owned autos, hired (Code 8) and non-owned autos (Code 9), with limits no less than \$1,000,000 per accident for bodily injury and property damage, unless waived by the CITY and approved in writing by the CITY's Risk and Safety Division.
    - (3) *Workers' Compensation*. Worker's Compensation as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease.
    - (4) If CONTRACTOR maintains broader coverage and/or higher limits than the minimums otherwise required by this Agreement, the CITY requires and shall be entitled to the broader coverage and/or the higher limits maintained by CONTRACTOR.
  - b. Each insurance policy required by this Agreement must be acceptable to the City Attorney and shall meet the following requirements:
    - (1) *Acceptability of Insurers*. Insurance coverage must be provided by an insurer authorized to conduct business in the state of California with a current A.M. Best's rating of no less than A-: FSC VII, or as approved by the CITY.
    - (2) *Additional Insured Status*. Both the Commercial General Liability and the Automobile Liability policies must name the CITY (including its officials, officers, agents, employees, and volunteers) specifically as an additional insured under the policy on a separate endorsement page. The Commercial General Liability additional insured endorsement shall be at least as broad as ISO Form CG 20 10 11 85, or if not available, through the addition of *both* CG 20 10, CG 20 26, CG 20 33, or CG 20 38, *and* CG 20 37 if a later edition is used. The Automobile Liability endorsement shall be at least as broad as ISO Form CA 20 01.

- (3) *Primary Coverage.* CONTRACTOR's insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 with respect to the CITY, its officials, officers, agents, employees, and volunteers. Any insurance or self-insurance maintained by the CITY, its officials, officers, agents, employees, or volunteers shall be in excess of CONTRACTOR's insurance and shall not contribute with it.
  - (4) *Notice of Cancellation.* Each insurance policy shall provide that coverage shall not be canceled, except with prior written notice to the CITY.
  - (5) *Subcontractors.* If applicable, CONTRACTOR shall require and verify that all subcontractors maintain insurance meeting all the requirements stated in this Agreement, and CONTRACTOR shall ensure that the CITY (including its officials, officers, agents, employees, and volunteers) is an additional insured on any insurance required from a subcontractor.
  - (6) *Waiver of Subrogation.* CONTRACTOR hereby grants to the CITY a waiver of any right to subrogation that any insurer of CONTRACTOR may acquire against the CITY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this subsection shall apply regardless of whether or not the CITY has received a waiver of subrogation endorsement from the insurer. Any Workers' Compensation policy required by this Agreement shall be endorsed with a waiver of subrogation in favor of the CITY for all work performed by the CONTRACTOR, its agents, representatives, employees and subcontractors.
  - (7) *Self-Insurance.* CONTRACTOR may, with the CITY's prior written consent, fulfill some or all of the insurance requirements contained in this Agreement under a plan of self-insurance. CONTRACTOR shall only be permitted to utilize such self-insurance if, in the opinion of the CITY, CONTRACTOR's (i) net worth and (ii) reserves for payment of claims of liability against CONTRACTOR are sufficient to adequately compensate for the lack of other insurance coverage required by this Agreement. CONTRACTOR's utilization of self-insurance shall not in any way limit the liabilities assumed by CONTRACTOR pursuant to this Agreement.
  - (8) *Self-Insured Retentions.* Self-insured retentions must be declared to and approved by the CITY.
- c. *Verification of Coverage.* At the time CONTRACTOR executes this Agreement, CONTRACTOR shall provide the CITY with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting the insurance coverage required by this Agreement), which shall meet all requirements under this Agreement. The CITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by this Agreement, at any time.
  - d. *Special Risks or Circumstances.* The CITY reserves the right, at any point during the term of this Agreement, to modify the insurance requirements in this Agreement, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.
  - e. *No Limitation of Obligations.* The insurance requirements in this Agreement, including the types and limits of insurance coverage CONTRACTOR must maintain, and any approval of such insurance by the CITY, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONTRACTOR pursuant to this Agreement, including but not limited to any provisions in this Agreement concerning indemnification.
  - f. Failure to comply with any of the insurance requirements in this Agreement, including but not limited to a lapse in any required insurance coverage during the term of this Agreement, shall be a material breach of this Agreement. In the event that CONTRACTOR fails to comply with any such insurance requirements in this Agreement, in addition to any other remedies the CITY may have, the CITY may, at its sole option, (i) immediately terminate this Agreement; or (ii) order CONTRACTOR to stop work under this Agreement and/or withhold any payment that becomes

due to CONTRACTOR until CONTRACTOR demonstrates compliance with the insurance requirements in this Agreement.

7. Indemnification, Duty to Defend, and Hold Harmless.
  - a. CONTRACTOR (including CONTRACTOR's agents, employees, and subcontractors, if any) shall defend, indemnify, and hold harmless the CITY, its officials, officers, agents, employees, and volunteers from and against any and all Claims caused by, arising under, or resulting from any violation, or claim of violation, of the San Diego Municipal Storm Water Permit (Order No. R9-2013-0001, as amended) of the California Regional Water Quality Control Board, Region 9, San Diego, that the CITY might suffer, incur, or become subject to by reason of, or occurring as a result of, or allegedly caused by, any work performed pursuant to this Agreement.
  - b. All terms and provisions within this Section 7 shall survive the termination of this Agreement.
8. Anti-Assignment Clause. Because the CITY has relied on the particular skills of CONTRACTOR in entering into this Agreement, CONTRACTOR shall not assign, delegate, subcontract, or otherwise transfer any duty or right under this Agreement, including as to any portion of the Services, without the CITY's prior written consent. Any purported assignment, delegation, subcontract, or other transfer made without the CITY's consent shall be void and ineffective. Unless CONTRACTOR assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY's prior 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.
9. Attorney's Fees and Costs. In any action to enforce the terms and conditions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs.
10. Independent Contractor. CONTRACTOR is an independent contractor, and no agency or employment relationship is created by the execution of this Agreement.
11. Amendment. This Agreement shall not be amended except in a writing signed by the CITY and CONTRACTOR.
12. Merger Clause. This Agreement, together with its attachments or other documents described or incorporated herein, if any, constitutes the entire agreement and understanding of the CITY and CONTRACTOR concerning the subject of this Agreement and supersedes and replaces all prior negotiations, understandings, or proposed agreements, written or oral, except as otherwise provided herein. In the event of any conflict between the provisions of this Agreement and any of its attachments or related documents, if any, the provisions of this Agreement shall prevail.
13. Anti-Waiver Clause. None of the provisions of this Agreement shall be waived by the CITY because of previous failure to insist upon strict performance, nor shall any provision be waived because any other provision has been waived by the CITY, in whole or in part.
14. Severability. This Agreement shall be performed and shall be enforceable to the full extent allowed by applicable law, and the illegality, invalidity, waiver, or unenforceability of any provision of this Agreement shall not affect the legality, validity, applicability, or enforceability of the remaining provisions of this Agreement.
15. Governing Law. This Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California. Venue for any action arising from this Agreement shall be conducted only in the state or federal courts of San Diego County, California.
16. Counterparts. This Agreement may be executed on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page of this Agreement by electronic means, including an attachment to

an email, shall be effective as delivery of an executed original. The Agreement on file with the City is the copy of the Agreement that shall take precedence if any differences exist between or among copies or counterparts of the Agreement.

17. Provisions Cumulative. The foregoing provisions are cumulative to, in addition to, and not in limitation of any other rights or remedies available to the CITY.
18. Notice. Any statements, communications, or notices to be provided pursuant to this Agreement shall be sent to the attention of the persons indicated herein, and the CITY and CONTRACTOR shall promptly provide the other Party with notice of any changes to such contact information.
19. Business License. CONTRACTOR shall obtain a City of Escondido Business License prior to execution of this Agreement and shall maintain such Business License throughout the term of this Agreement.
20. Compliance with Laws, Permits, and Licenses. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, rules, and other legal requirements in effect during the term of this Agreement. CONTRACTOR shall obtain any and all permits, licenses, and other authorizations necessary to perform the Services. Neither the CITY, nor any elected or appointed boards, officers, officials, employees, or agents of the 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 California Labor Code section 1770 et seq., CONTRACTOR agrees that a prevailing rate and scale of wages, in accordance with applicable laws, shall be paid in performing this Agreement. CONTRACTOR shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, rules, and other legal requirements pertaining to the payment of prevailing wages. The prevailing rate and scale to be paid shall be the same as the applicable "General Prevailing Wage Determination" approved by the Department of Industrial Relations as of the Effective Date of this Agreement, which are available online at <http://www.dir.ca.gov/opri/dprevagedetermination.htm> and incorporated into this Agreement by this reference. Neither the CITY, nor any elected or appointed boards, officers, officials, employees, or agents of the 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 public project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. CONTRACTOR shall post all job site notices required by regulation. CONTRACTOR, as well as any subcontractors, shall be registered pursuant to California Labor Code section 1725.5 to be qualified to bid on, be listed in a bid proposal (subject to the requirements of Public Contract Code section 4104), or engage in the performance of any public works contract subject to the requirements of Division 2, Part 7, Chapter 1 of the California Labor Code. Neither the CITY, nor any elected or appointed boards, officers, officials, employees, or agents of the 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 shall comply with the Immigration Reform and Control Act of 1986 ("IRCA"). CONTRACTOR represents and warrants that all of its employees and the employees of any subcontractor retained by CONTRACTOR who perform any of the Services under this Agreement, are and will be authorized to perform the Services in full compliance with the IRCA. 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 perform the Services. CONTRACTOR agrees to comply with the IRCA before commencing any Services, and continuously throughout the performance of the Services and the term of this Agreement.

24. Effective Date. Unless a different date is provided in this Agreement, the effective date of this Agreement shall be the latest date of execution set forth by the names of the signatories below.

IN WITNESS WHEREOF, this Agreement is executed by the Parties or their duly authorized representatives as of the Effective Date:

CITY OF ESCONDIDO

Date: \_\_\_\_\_

\_\_\_\_\_

Dane White, Mayor

Interfaith Community Services

Date: \_\_\_\_\_

\_\_\_\_\_

Greg Angela, CEO or authorized signator

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY  
MICHAEL R. MCGUINNESS, CITY ATTORNEY

BY: \_\_\_\_\_

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.

## **ATTACHMENT "A"**

### Scope of Work

#### **A. General**

Interfaith Community Services, Inc., a California nonprofit public benefit corporation ("Contractor") will provide the City of Escondido, a California municipal corporation ("City") a low-barrier emergency shelter for families experiencing homelessness in compliance with the Capital Improvement Grant Agreement between the County of San Diego and the City effective \_\_\_\_\_.

#### **B. Location**

Contractor will provide services at the Hawthorne Veteran and Family Resource Center located at 250 N. Ash Street, Escondido, CA 92027.

#### **C. Services**

Contractor shall provide the following services:

1. Open a low-barrier, emergency shelter for families experiencing homelessness in the City of Escondido by April 1, 2023.
2. Enroll at least 50 families at the emergency shelter over the next 12 months.
3. All project construction will be completed by 2024.
4. Exit 33 families into permanent and stable housing.
5. Increase the household income (either earned or benefits) for 28 families enrolled in the family shelter program from program entry to exit.
6. Provide onsite mental health therapy to reduce the impact of trauma and interfamily violence.
7. Support educational goals of all children in the shelter.
8. Provide transportation services to families enrolled in the program.
9. Adhere to the rules and regulations stated in the Capital Emergency Housing Grant Program: Grant Agreement Between the County of San Diego and the City of Escondido.
10. Participant data will be tracked in the Homeless Management Information System (HMIS) in accordance with Community Standards adopted by the Regional Task Force on Homelessness. \_\_\_\_\_.

#### **D. Scheduling**

Contractor shall maintain regular communication with Housing and Neighborhood Services Program Manager. Contractor shall meet on a quarterly basis with City staff to discuss referrals, programmatic needs, outcomes, challenges and expenditures. Direct all communication, invoices and concerns to Holly Nelson, Housing and Neighborhood Services, at 760-839-4518 or hnelson@escondido.org.

#### **E. Contract Price and Payment Terms**

The contract price shall not exceed **\$736,066.68**. The contract's budget is outlined in Exhibit 1 to this Scope of Work, which is attached hereto and incorporated by this reference. The budget for this contract is limited to emergency shelter furniture, playground equipment with an outside canopy, security cameras, ADA compliant van, design and permits fees.

Contractor shall be required to submit all grant expenditures and contract outcomes on a City-specific form on a quarterly basis, on the 15<sup>th</sup> of each month, throughout the term of this Agreement to the Housing & Neighborhood Services Manager, Holly Nelson. All expenses listed on the grant expenditure form must be accompanied by relevant document, such as invoices, receipts, invoices/receipts, credit card statements, check stubs, check copies, copy of canceled checks. The City will provide this information to the County's administrator promptly after spending the grant funds, but in no event after the end of the Term of Agreement specified above.

Payment will be made after services have been performed and within 30 days of receipt of an invoice for those services.

**F. Term**

The term of this Agreement shall be for **two years**, commencing on the Effective Date of the Agreement. All grant funds shall be expended within 24 months of the Effective Date.

**G. Other**

Services provided under this Agreement shall be in accordance with all applicable obligations and requirements set forth in the Capital Improvement Agreement dated \_\_\_\_\_ and the Regional Collaboration Agreement dated \_\_\_\_\_.



## EXHIBIT 1 Budget

Attachment B - Budget				
Budget Items	Costs (Expenditures)	Revenue/Funding Source (City)	Revenue/Funding Source (County)	Revenue/Funding Source (Other- County ESG- CV)
Acquisition of Property:	0			
<b>Acquisition of Property Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Hard Costs:</b>				
Site Work (on-site or off-site)	\$ 247,036.00		\$ 114,101.92	\$ 132,934.08
General Requirements and Contracting	\$ 268,946.16		\$ 173,951.16	\$ 94,995.00
Interior Improvements (labor and materials)	\$ 577,724.80		\$ -	\$ 577,724.80
<i>Other: Furnishings</i>	\$ 84,265.00		\$ 84,265.00	
<i>Other: Playground Equipment, Outdoor Canopy</i>	\$ 127,000.00		\$ 127,000.00	
<i>Other: Door Locking System, Security Cameras</i>	\$ 90,000.00		\$ 90,000.00	
<i>Other: ADA Compliant Van - Transportation</i>	\$ 75,000.00		\$ 75,000.00	
<b>Hard Costs Total</b>	<b>\$ 1,469,971.96</b>	<b>\$ -</b>	<b>\$ 664,318.08</b>	<b>\$ 805,653.88</b>
<b>Soft Costs:</b>				
Engineering	\$ 8,980.00		\$ -	\$ 8,980.00
Environmental	\$ -			
Design	\$ -			
Fees & Permits	\$ -			
Architectural Design and Permit Processing	\$ 37,450.00		\$ 2,000.00	\$ 35,450.00
Project Management / Landscape Arch	\$ 11,400.00		\$ -	\$ 11,400.00
Insurance	\$ 8,695.12		\$ -	\$ 8,595.12
<b>Soft Costs Total</b>	<b>\$ 66,425.12</b>	<b>\$ -</b>	<b>\$ 2,000.00</b>	<b>\$ 64,425.12</b>
Contingency: 5% (Construction Costs Only)	\$ 69,748.60		\$ 69,748.60	
<b>Contingency Total</b>	<b>\$ 69,748.60</b>	<b>\$ -</b>	<b>\$ 69,748.60</b>	<b>\$ -</b>
<b>Grand Total:</b>	<b>\$ 1,606,145.68</b>	<b>\$ -</b>	<b>\$ 736,066.68</b>	<b>\$ 870,079.00</b>

## ORDINANCE NO. 2023-05

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING AN AMENDMENT TO THE NORTHEAST GATEWAY SPECIFIC PLAN AND DEVELOPMENT AGREEMENT FOR THE 64-LOT NORTHEAST GATEWAY PROJECT

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

SECTION 1. The City Council makes the following findings:

a) Meridian Communities, LLC ("Applicant") filed a land use development application (Planning Case Nos. PL22-0145, PL22-0146, PL22-0147 and PL23-0032) constituting a request for an Amendment to the Northeast Gateway Specific Plan (Planning Area 2 internal road "E" realignment, setbacks along road "E," and architectural design standards); Development Agreement for the transfer and purchase of 20 units from the City of Escondido's density allocation; Tentative Subdivision Map for 64 single-family residential lots, and Grading Exemption for cut slopes in excess of 20 feet in height ("Project"), on approximately 36.42 acres generally located east of East Valley Parkway, south of Lake Wohlford Road, north of Beven Drive, addressed at 3425, 3429, 3445, 3485, and 3507 E. Valley Parkway, and 13950 and 13961 Valle Lindo Road (Assessor's Parcel Numbers 240-011-01-00, -240-011-12-00, 240-011-13-00, 240-020-23-00, 240-020-32-00, 240-020-33-00, a portion of 240-020-21-00 and a portion of 240-020-27-00); as more particularly described in Exhibit "A," which is attached hereto and made a part hereof as though fully set forth herein ("Property"); and

b) The Application was submitted to, and processed by, the Planning Division of the Development Services Department as Planning Case Nos. PL22-0145, PL22-0146, PL22-0147 and PL23-0032. The Applicant seeks approval of an Amendment to the Northeast Gateway Specific Plan Internal Street "E" alignment as shown on Exhibit "B" and Development Regulations as shown on Exhibit "C", along with a Development Agreement, as shown on Exhibit "D" and on file in the Planning Division, and incorporated herein as though fully set forth.

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

## ORDINANCE NO. 2023-06

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING THE 2022 OMNIBUS THAT AMENDS VARIOUS ARTICLES OF THE ESCONDIDO ZONING CODE

CASE NO.: PL22-0645

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

SECTION 1. The City Council makes the following findings:

a) The City of Escondido Planning Division conducts an annual review of the Escondido Zoning Code to determine if any revisions are necessary to reflect State mandated changes, to correct errors or inconsistencies, and to address land use considerations that have previously been overlooked.

b) Planning Division staff identified the need to amend Articles 1 (General Provisions and Definitions), 6 (Residential Zones), 16 (Commercial Zones), 26 (Industrial Zones), 27 (Emergency Shelter Overlay), 39 (Off-Street Parking), 44 (Home Occupations), 47 (Environmental Quality), 49 (Air Space Condominium and Community Apartment Projects), 56 (Miscellaneous Development Standards), 57 (Miscellaneous Use Restrictions), 61 (Administration and Enforcement), 63 (Transient Lodging Facilities), 64 (Design Review), 66 (Sign Ordinance), 67 (Density Bonus and Residential Incentives), 70 (Accessory Dwelling Units and Junior Accessory Dwelling Units), and 73 (Temporary Use, Outdoor Display and Sale of Retail Merchandise); and to rescind Article 22 (Heliport Overlay Zone).

c) The Planning Commission of the City of Escondido, on December 13, 2022, held a duly noticed public hearing to consider the Zoning Code Amendments and tabled the item to a date certain of January 10, 2023.

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

## ORDINANCE NO. 2023-07

## AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING THE BUSINESS RECOVERY ORDINANCE MODIFICATIONS THAT AMEND VARIOUS ARTICLES OF THE ESCONDIDO ZONING CODE

CASE NO.: PL23-0005

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

SECTION 1. The City Council makes the following findings:

- a) WHEREAS, on March 4, 2020, California Governor Gavin Newsom proclaimed a State of Emergency to exist in the State of California as a result of the threat of COVID-19; and
- b) WHEREAS, on March 16, 2020, the city manager for the City of Escondido (“City”), acting in his capacity of Director of Emergency Services of the City (“Director”), proclaimed, through Proclamation No. 2020-01, the existence of a local emergency related to COVID-19 within the City; and
- c) WHEREAS, on March 18, 2020, the Escondido City Council adopted Proclamation No. 2020-01, ratifying the declaration of the Director and declaring the existence of an on-going local emergency pursuant to COVID-19; and
- d) WHEREAS, the City of Escondido City Council adopted an emergency business recovery strategy through Ordinance No. 2020-23 under a declaration of local emergency; and
- e) WHEREAS, the business recovery strategy was responsive to business and community needs and temporarily granted relief from certain provisions of the Escondido Municipal Code and Escondido Zoning Code in order to allow compliance with specific public health requirements associated with the pandemic and supported the City’s issuance of temporary use permits for business recovery activities; and

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



# STAFF REPORT

March 08, 2023  
File Number 0685-20

## SUBJECT

### **USE OF COMMUNITY FACILITIES DISTRICT POLICY (CFD) TO FINANCE DEVELOPMENT IMPACT FEES FOR NUTMEG 134, LLC**

## DEPARTMENT

Development Services

## RECOMMENDATION

Provide direction to staff, as appropriate, to either: 1) support the creation of a CFD for the purpose of financing development impact fees for Nutmeg 134, LLC; or 2) decline to support the creation of this CFD.

Staff Recommendation: Decline to support the creation of a CFD for the purpose of financing development impact fees for Nutmeg 134, LLC (Development Services: Andrew Firestine, Director of Development Services)

Presenter: Andrew Firestine, Director of Development Services

## FISCAL ANALYSIS

Should the City Council provide direction to form a CFD for Nutmeg 134, LLC, the City would receive an initial deposit of \$100,000 with the application to support the formation of a CFD that shall be used by the City to pay for costs and expenses incurred by the City related to the evaluation of the application and the proceedings for the formation of the CFD and the issuance of the special tax bonds. The property tax assessment as a result of the CFD proposed by Nutmeg 134, LLC would also include \$35,000 in annual revenues for the ongoing administration of the CFD.

## PREVIOUS ACTION

The City Council adopted Resolution No. 2020-20 on March 25, 2020 (Attachment 1). This contains the goals and policies regarding the formation and establishment of Community Facility Districts (CFDs), including a prioritization for the types of CFDs that may be supported by the policy and an application procedure for development-related CFDs.

The City Council has authorized development impact fees to recover a development's proportionate share of improvements necessary to meet facility demands created by such development at established City service level standards. Those impact fees include traffic, public facility, park, drainage facilities, and art in public places fees. The development impact fees were comprehensively reviewed in 2017 and were



# CITY of ESCONDIDO

## STAFF REPORT

most recently amended through Resolution No. 2020-125. The City Council has also authorized the collection of water and wastewater connection fees to capture a new connection's proportional share of existing capital facilities which will be used to provide service to the new connection.

Nutmeg 134, LLC is a 134-unit single-family attached development project that was approved in two separate phases. The initial phase of 37 homes was approved by City Council on November 20, 2019, and the second phase of 97 homes was approved by City Council on November 18, 2020. The project is located on the north and south sides of North Nutmeg Street, between North Centre City Parkway and Interstate-15. The project was conditioned on the payment of all development impact fees. The approval on November 18, 2020, also required the applicant to either annex into the citywide services CFD or establish another funding mechanism to offset development impacts to the General Fund.

### BACKGROUND

The applicant has requested consideration of the formation of a CFD for the purpose of financing the connection fees and development impact fees they are required to pay as conditions of approval.

CFDs are authorized by Section 53312.7 of the California Government Code provided that a local agency has considered and adopted local goals and policies. Consistent with this requirement, the City Council adopted a policy under Resolution No. 2020-20 that authorizes the formation of a CFD for the purpose of financing or assisting in financing the acquisition or construction of public infrastructure and/or the provision of authorized public services and establishes the following prioritization:

1. City public services
2. Backbone infrastructure and facilities to be owned and/or operated by the City that are required to serve the project and that are identified in an infrastructure master plan, general plan, specific plan or other appropriate document approved by the City as a major backbone infrastructure element; and/or other public facilities to be owned and/or operated by the City for which there is a clearly demonstrated public benefit
3. Public improvements of other public agencies

The prioritization specifically identifies that the:

*...financing of public improvements in tandem with the provision of credits toward the payment of development impact fees will be considered on a limited case-by-case basis at the City's sole discretion.*

Privately-owned improvements and in-tract infrastructure are not supported under the policy.

The policy provides direction on the application procedure for the formation of a development-related CFD, including the early review of an application for a CFD by a staff committee for compliance with the Council adopted policy. It also accounts for the economic benefit to a property owner or developer to



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obtain financing from the proceeds of tax-exempt bonds, including financing at interest rates substantially lower than conventional financing interest rates, and establishes that in consideration of those benefits, there should be a substantial City benefit from the project and/or CFD financing plan.

The Nutmeg 134, LLC project is responsible for approximately \$4.0 million in connection fees and development impact fees for the 134-unit project, including roughly \$3.2 million in fees due to the City of Escondido and \$800,000 in fees to the Rincon del Diablo Municipal Water District. The request was originally made by way of a letter to City staff dated May 18, 2022, and has been revised as of January 13, 2023 (Attachment 2).

This request was evaluated in further detail by City staff between October and December 2022 and the applicant was advised that staff did not support the request. Staff's direction was based on the Council policy guiding the formation of CFDs, particularly that the financing of development impact fees was not a priority of the policy and is to be considered on a case-by-case basis and that the request for the formation of a CFD did not demonstrate a substantial benefit to the City as required under the policy. The requested CFD would be limited to a financing mechanism for the development impact fees that the project is otherwise required to pay as a condition of approval. Further, the projects cited by the applicant as instances where the City has supported the formation of a CFD that included the payment of development impact fees are materially different from the Nutmeg 134, LLC project.

Both the Villages and the Eclipse/Mountain House projects were entitled prior to the Council actions to form CFD 2020-1, the citywide services CFD, and the Council's decision to apply it to any project approved after May 13, 2020. Neither project was required to annex into CFD 2020-1; however, each chose to do so in consideration for the formation of their respective CFDs. The Villages CFD (CFD 2020-2) was formed on April 8, 2020, through Ordinance No. 2020-11 and authorized up to \$16 million in bond proceeds. The Eclipse/Mountain House CFD (CFD 2022-1) was approved on March 16, 2022, and authorized up to \$6 million in bond proceeds. The annexation of the Villages and Eclipse/Mountain House projects to the citywide services CFD in consideration for the formation of the project CFDs added 424 dwelling units to the citywide services CFD that constitute over \$300,000 in annual revenue.

This is distinct from Nutmeg 134, LLC project, which for the second phase of its project, representing 97 of the 134 total units, has already been conditioned to either annex into the citywide services CFD or establish another funding mechanism to offset development impacts to the General Fund. As well, the applicant had previously submitted a unanimous consent form petitioning for annexation of the full 134-unit project into the citywide services CFD.

Beyond the lack of substantial City benefit for the formation of a project CFD for Nutmeg 134, LLC, the formation of a CFD has significant impacts to City staffing during the formation of the CFD and through the bond sale together with annual reporting requirements and management until the bonds are no longer outstanding.



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After the issuance of bonds, the City is responsible to manage the bond funds, meet the annual administrative requirements, ensure the City is compliant with continuing disclosure activities required by the State, respond to impacted property owners with information regarding the assessments, and monitor delinquencies to ensure sufficient property tax revenue is collected to support the annual bond debt service payments. While application and administration fees are intended to off-set the direct costs of forming and administering a CFD, it is a diversion of staff resources and capacity and it creates a 30-year commitment over the life of the bonds.

Interest rates have increased recently, as a result it is also likely that the bonds will be refunded at a future date, requiring additional staff time and consultant fees. Exhibit "D" in the attached letter from Nutmeg Homes provides an estimated debt service and bond sizing schedule, a bond issue of \$4.8 million with an average yield of 5.25% will require \$5.6 million in interest payments over the life of the bonds.

The creation of a CFD for the purpose of financing development impact fees places restrictions on the fee revenue that would otherwise not exist. The Federal Internal Revenue Code requires that at least 85% of the bond proceeds are spent within 3 years of a bond issuance. Until the bond proceeds are spent, the funds are subject to "arbitrage" requirements. Arbitrage is created when public issuers borrow funds in the tax-exempt market (through a bond issue) and earn investment revenue at an interest rate materially higher than the bond yield. The arbitrage (investment earnings) are potentially required to be repaid to the IRS, referred to as a rebate, and the bond issue may lose the tax-exempt status.

The proposal to form a project CFD for Nutmeg 134, LLC would increase the annual total effective tax rate from an estimated 1.38 percent to 1.75 to 1.77 percent. While this is less than the maximum 1.80 percent that is allowed under the CFD policy, it is a significant tax burden and staff is not persuaded by previous statements made by the applicant that the formation of the project CFD would support housing affordability.

### ATTACHMENTS

1. Resolution No. 2020-20
2. Letter from Nutmeg 134, LLC dated January 13, 2023



RESOLUTION NO. 2020-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE ADOPTION OF THE AMENDED AND RESTATED CITY OF ESCONDIDO STATEMENT OF GOALS AND POLICIES REGARDING THE ESTABLISHMENT OF COMMUNITY FACILITIES DISTRICTS (CFD)

WHEREAS, the City Council of the City of Escondido adopted the City of Escondido Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts (Policy) on August 25, 1999; and

WHEREAS, amendments to the Policy are recommended to contemplate a proposed services CFD and to update the policy to conform to current industry standards.

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 Amended and Restated City of Escondido Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts as provided in Exhibit "A" is hereby adopted.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Escondido at a regular meeting thereof this 25<sup>th</sup> day of March, 2020 by the following vote to wit:

AYES : Councilmembers: DIAZ, MARTINEZ, MORASCO, MCNAMARA

NOES : Councilmembers: NONE

VACANT : Councilmembers: DISTRICT 2

APPROVED:

DocuSigned by:  
*Paul McNamara*  
CAACE20782954D3...  
PAUL MCNAMARA, Mayor of the  
City of Escondido, California

ATTEST:

DocuSigned by:  
*Zack Beck*  
A58535D0BDC1430...  
ZACK BECK, City Clerk of the  
City of Escondido, California

RESOLUTION NO. 2020-20

**AMENDED AND RESTATED  
CITY OF ESCONDIDO  
STATEMENT OF GOALS AND POLICIES REGARDING THE  
ESTABLISHMENT OF COMMUNITY FACILITIES DISTRICTS**

**The Local Goals and Policies set forth herein hereby amend, restate and supersede the City of Escondido's Local Goals and Policies originally adopted on August 25, 1999 as Exhibit A to Resolution No. 99-181.**

**INTRODUCTION**

Pursuant to Section 53312.7 of the California Government Code ("Code"), the City Council of the City of Escondido (the "City Council") hereby states its goals and policies concerning the use of Chapter 2.5 of Part I of Division 2 of Title 5 of the Code (hereafter the "Act") in providing adequate public infrastructure improvements and services for the residents of the City of Escondido (the "City"). The following goals and policies shall apply to all Community Facilities Districts ("CFD") hereafter formed by the City.

Any policy or goal stated herein may be supplemented or amended, or deviated from, upon a determination by the City Council that such supplement, amendment or deviation is necessary or desirable and in the best interests of the City. Any policy or goal stated herein shall be deemed amended or supplemented in the event, and as of the date, if ever, that such amendment or supplement is required to ensure compliance with the Act or any other laws of the State of California or federal laws of the United States of America.

A. Scope of this Policy

The scope of this policy is limited to the proposed formation of a CFD for the limited purpose of financing or assisting in financing the acquisition or construction of public infrastructure and/or the provision of authorized public services.

B. Initiation of CFDs

The City will consider applications initiated by owners or developers of vacant property proposed to be developed, owners of property within existing developed areas, or registered voters residing in existing developed areas. The City itself may initiate establishment of CFDs to finance authorized public improvements ("Facilities CFD") or to provide authorized public services that benefit or serve existing or new developments ("Services CFD") or a combination thereof. A CFD, or an improvement area within a CFD, proposed to be established to finance public improvements or authorized services to serve new development may be referred to as a "Development Related CFD."

C. Authorized Public Facilities and Services; Priority

In general, priority for CFD financing shall be given to public services and then public facilities directly benefiting the City as well as those improvements identified by the City as the most necessary to serve the specific needs of the portion of the City in which the CFD will be located. The City Council shall have the sole discretion and final determination as to the eligibility of any improvement for financing, as well as the prioritization of financing of such improvements.

The list of eligible public facilities include but are not limited to the following:

Streets, highways, and bridges	Flood control facilities
Street lighting	Libraries
Traffic signals and safety lighting	Public utilities
Parks	Police and fire protection facilities
Governmental facilities	Recreation facilities
Sanitary sewer facilities	Storm drain facilities
Landscaping and Revegetation	
Potable and reclaimed water facilities	
Biological mitigation measures involving land acquisition, dedication	

Use of bond proceeds for grading and right-of-way acquisition will be reviewed by the City and its bond counsel and financial advisors on a case-by-case basis.

1. The priority that various kinds of public facilities and services will have for financing through the City's use of the Act is as follows: The first priority of the City is the funding of services as specified in section 53313 of the Act, which the City deems appropriate and applicable to a given project and relates to such project's fiscal impact on the City. The City shall not finance services on behalf of other public agencies.
2. Acquisition & Construction of Public Improvements. The second priority of the City is to fund backbone infrastructure and facilities to be owned and/or operated by the City that is required to serve the project and that is identified in an infrastructure master plan, general plan, specific plan or other appropriate document approved by the City as a major backbone infrastructure element; and/or other public facilities (excluding in-tract infrastructure) to be owned and/or operated by the City for which there is a clearly demonstrated public benefit.

Any public improvements proposed to be financed through a CFD must meet all design and construction requirements and standards as may be established by the City. Any public improvement, the construction of

which is completed following the adoption of the resolution of formation of a CFD, and proposed to be acquired by the City from the owner or developer of property within a Development Related CFD, must be constructed as if such improvements had been constructed under the direction and supervision, or under the authority, of the City.

Generally, in-tract infrastructure will not be financed through the City's use of the Act, and financing of public improvements in tandem with the provision of credits toward the payment of development impact fees will be considered on a limited case-by-case basis at the City's sole discretion (and may be limited or excluded due to federal tax law considerations).

3. **Public Improvements of other Public Agencies.** The third priority of the City is to assist in the provision of public facilities of other public agencies, when to do so is beneficial, in the sole discretion of the City, to serve the taxpayers residing within or owning property within the City boundaries.
4. **General Exclusion of Private Facilities.** Generally, the City will not finance privately-owned improvements.

D. Eligible Incidental Costs

Eligible incidental costs which may be financed from the proceeds of special tax bonds issued for a Facilities CFD or the special tax levied within a CFD shall be limited to those incidental costs directly related to the improvements being financed or maintained by the CFD.

E. Required Value-to-Debt Ratio

It is the policy of the City that the value-to-debt ratio (defined as the full cash value of the properties subject to the levy of special taxes, including the value of the improvements to be financed, compared to the aggregate amount of the special tax lien proposed to be created, plus any prior fixed assessment liens and/or special tax liens) for a Facilities CFD shall be at least 4:1. The required value-to-debt ratio shall be determined with respect to all taxable property within the Facilities CFD in the aggregate and with respect to each development area for which no final subdivision map has been filed.

A Facilities CFD with a value-to-debt ratio of less than 4:1, but equal to or greater than 3:1 may be approved, in the sole discretion of the City Council, upon a determination by the City Manager, after consultation with the Finance Director, the bond counsel, the underwriter and the financial advisor, that a value-to-debt ratio of less than 4:1 is financially prudent under the circumstances of the particular Facilities CFD and in the best interests of the

City.

F. Criteria for Appraisals

Property value may be based on either an appraisal or on assessed values as indicated on the current assessor's tax roll. When an appraisal is the property valuation method used, it is the goal of the City to conform, as nearly as practicable, to the California Debt and Investment Advisory Commission's Appraisal Standards for Land-Secured Financings, as such standards may be amended from time to time. In any event, the value-to-lien ratio, when based upon an appraisal, shall be determined based upon an appraisal by an independent MAI appraiser of the property proposed in the Facilities CFD. The appraisal shall be coordinated by and under the direction of the City. All costs associated with the preparation of the appraisal report shall be paid by the entity requesting the establishment of the Facilities CFD or through the deposit.

G. Special Tax Requirements

The rate and method of apportionment of the special tax for any CFD shall adhere to the following requirements:

1. The maximum special tax shall be adequate to include an amount necessary to pay for the expenses incurred by such CFD in the levy and collection of the special tax and the administration of the special tax bonds and the CFD.

2. The maximum projected annual special tax revenues must equal at least 110% of the projected annual gross debt service on any bonds of the Facilities CFD after deducting estimated annual administrative expenses and incidental costs of the Facilities CFD.

3. All developed and undeveloped property within a CFD which is not otherwise statutorily exempt from the levy of special taxes shall bear its appropriate share of the aggregate special tax obligation from the date of formation of the CFD consistent with the other goals and policies herein.

4. A partial prepayment option at the time of initial sale and a total prepayment option at any time shall be included in any rate and method of apportionment of special taxes to pay for public facilities. No prepayment shall be permitted of a special tax levied to finance authorized services or maintenance.

5. The rate and method of apportionment of a special tax to pay for public facilities shall specify a fiscal year beyond which the special tax may not be levied on any parcel used for private residential purposes. A special tax to pay for public services or maintenance shall have no termination date unless

established by the City Council.

H. Determination of Special Tax Formula; Maximum Aggregate Taxes and Assessments

The special tax formula shall be reasonable-in allocating public facilities' costs to parcels within the Facilities CFD. At the time of formation of the Facilities CFD, exemptions from the special tax may be given to parcels which are publicly owned, are held by a property owner's association, are used for a public purpose such as open space or wetlands, are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, or have insufficient value to support bonded indebtedness.

The maximum annual special tax installment applicable to any parcel used for residential purposes shall not exceed 0.75% of the sale price of newly developed properties subject to the levy of the special tax as of the date of the close of escrow of the initial sale of any residential dwelling unit to such residential home owner.

The total tax burden (consisting of the anticipated annual special tax of the proposed CFD, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, City Services CFD, and any other governmental taxes, fees and charges payable from and secured by the property) (the "Total Tax Burden") on any parcel in the proposed CFD on which a for-sale residential unit has been, is being or is to be constructed shall not exceed 2.00% of the estimated base sales price of such parcel. The Homeowner's Exemption shall not be factored into such calculation. The estimated base sales price of such parcel shall be determined in the sole discretion of the City, but generally for new developments, the City would seek an independent market consultant with substantial experience to prepare a market study that determines such base prices. This service will be paid for through the developer's deposit.

Generally, debt service on CFD bonds attributable to a predominantly residential CFD shall be substantially level. It is further the policy of the City to comply with the provisions of Section 53321 of the Act with respect to the escalation of maximum special taxes. In the event debt service of a predominantly residential CFD is proposed to escalate up to 2% per year, the Total Tax Burden as described above shall not exceed [1.80%] of the estimated based sales price of such parcel.

In all circumstances, the City has sole discretion on the structure of debt service for a proposed Facilities CFD. Generally, the City shall review and ensure the Total Tax Burden limit is maintained both at formation of the Facilities CFD and at the time of the issuance of the first series of bonds within such Facilities CFD.

I. Terms and Conditions of Special Tax Bonds

All terms and conditions of any special tax bonds issued by the City for any Facilities CFD, including, without limitation, the sizing, timing, term, interest rates, discount, redemption features, flow of funds, investment provisions and foreclosure covenants, shall be established by the City. Each special tax bond issue shall be structured to adequately protect bond owners and to avoid negatively impacting the bonding capacity or credit worthiness of the City. Further, it is the policy of the City to comply with all provisions of the Act including, but not limited to, Section 53345.8, as such Section may be amended from time to time.

Unless otherwise approved by the City Council, the following shall serve as minimum bond requirements:

1. A reserve fund shall be established for each bond issue to be funded out of the bond proceeds in an amount equaling the lowest of (i) ten percent (10%) of the original proceeds of such bonds, or (ii) the largest amount, for any bond year during the term of such bonds, of principal and interest payable on such bonds, or (iii) one hundred twenty-five percent (125%) of the average amount payable, for any bond year, or principal and interest on the outstanding bonds of such bond issue (provided, however, that depletion may occur to pay debt service in the last two (2) years of such term), or (iv) such lesser amount as may be required by federal tax law or by recommendation of the City's underwriter or financial advisor.

2. Interest shall be capitalized for a bond issue only so long as necessary to place the special tax installments on the assessment roll; provided, however, interest may be capitalized for a term to be established in the sole discretion of the City Council on a case-by-case basis, not to exceed an aggregate of 18 months, taking into consideration the value-to-debt ratio, the expected timing of initial residential occupancies, expected absorption and buildout of the project, the expected construction and completion schedule for the public improvements to be funded from the proceeds of the bond issue in question, the size of the bond issue, the development pro forma and the equity position of the applicant and such other factors as the City Council may deem relevant.

3. In instances where multiple series of bonds are to be issued, the City shall determine what improvements shall be financed from the proceeds of each series of bonds.

4. Neither the faith, credit or taxing power of the City shall be pledged to the payment of the bonds. The sole source of revenue for the payment of the bonds shall be the special taxes, capitalized interest, if any, and moneys on deposit in the reserve fund established for such bonds.

J. Disclosure to Property Purchasers in CFDs



The applicant for the formation of a Development Related CFD will be required to demonstrate to the satisfaction of the City Manager that there will be full disclosure of the special tax obligation for such CFD, and of any and all other special taxes or assessments on individual parcels, to prospective purchasers or lessees of property within such CFD, including interim purchasers, merchant builders, residential homeowners and commercial or industrial purchasers or lessees. The applicant must agree to provide an original copy of all applicable disclosure documents to the City prior to initiating property sales.

Such disclosure shall be placed in all sales brochures, other on-site advertising and purchase documents and must include all of the following in addition to such other provisions required by Section 53341.5 of the Act, at the time set forth therein, other state or federal law, the Municipal Code of the City or as the applicant may deem necessary and prudent:

1. Provide for full disclosure of the existence of the special tax lien and any other assessment or special tax obligation applicable to the properties within the CFD (whether imposed by the City or any other public agency). This shall include the principal amount, term and amount of the expected payments of the special taxes or assessments and the maximum authorized amounts.
2. Provide the ability for the prospective purchaser to elect to exercise the option either to prepay the special tax obligation for the applicable Facilities CFD at the close of escrow or to have the special taxes included in the property taxes for the property.
3. Specify in all disclosure documents the name, title, telephone number and address of a representative of the City as provided to the applicant who may be contacted by any prospective purchaser of property within the CFD for further information regarding the CFD and special tax liens.

K. Preformation Cost Deposits and Reimbursements

Except for those applications for CFDs where the City is the applicant, all City and consultant costs incurred in the evaluation of applications and the proceedings to form a CFD and issue special tax bonds therefore will be paid by the applicant by advance deposit with the City of moneys sufficient to pay all such costs. Such initial deposit shall not be an amount less than \$100,000, or as determined by the CFD Application Review Committee provided for in Section L herein upon initial intake of the Application.

Each application for the formation of a CFD shall be accompanied by an initial deposit in an amount to be determined by the City Manager to be adequate to fund the evaluation of the application and undertake the proceedings to form the CFD and issue the special tax bonds therefor. The City Manager may in his or her sole

discretion permit an applicant to make periodic deposits to cover such expenses rather than a single lump sum deposit; provided, however, no preformation costs shall be incurred by the City in excess of the amount then on deposit for such purposes, If additional funds are required to pay required preformation costs, the City Manager may make written demand upon the applicant for such additional funds and the applicant shall deposit such additional funds with the City within five (5) working days of the date of receipt of such demand or other such time period or terms as may be stipulated by executed written agreement with the applicant. Upon the depletion of the funds deposited by applicant for preformation costs, all proceedings shall be suspended until receipt by the City of such additional funds as the City Manager may demand.

The deposits shall be used by the City to pay for costs and expenses incurred by the City incident to the evaluation of the application and the proceedings for the formation of the CFD and the issuance of the special tax bonds therefor, including, but not limited to, legal, special tax consultant, engineering, appraisal market absorption, financial advisor, administrative and staff costs and expenses, required notifications, printing and publication costs.

The City shall refund any unexpended portion of the deposits upon the occurrence of one of the following events:

1. The formation of the CFD or the issuance of the special tax bonds;
2. The formation of the CFD or the issuance of the special tax bonds is disapproved by the City Council;
3. The proceedings for the formation of the CFD and the issuance of the special tax bonds are abandoned at the written request of the applicant;  
or
4. The special tax bonds may not be issued and sold.

Except as otherwise provided herein, the applicant shall be entitled, at the option of the applicant, to reimbursement of or credit against special taxes for all amounts deposited with the City to pay for costs incident to the evaluation of the application and the proceedings for the formation of the CFD and the issuance of the special tax bonds therefor upon the formation of the CFD and the successful issuance and sale of the special tax bonds for the CFD. Any such reimbursement shall be payable solely from the proceeds of the special tax bonds.

The City shall not accrue or pay interest on any moneys deposited with the City.

L. Application Procedure for Development Related CFDs

Any application for the establishment of a CFD shall contain such information and be submitted in such form as the City Manager may require. In addition to such

information as the City Manager may require, each application must contain:

1. Proof of authorization to submit the application on behalf of the owner of the property for which the application is submitted if the applicant is not the owner of such property.
2. Generally, evidence satisfactory to the City Manager that the applicant represents or has the consent of the owners of not less than 100%, by area, of the property proposed to be subject to the levy of the special tax.
3. For any Development Related CFD proposed to finance improvements to benefit new development, a business plan for the development of the property within the proposed CFD and such additional financial information as the City Manager may deem necessary to adequately review the financial feasibility of the CFD. For Development Related CFDs proposed to finance improvements to benefit new development, the applicant must demonstrate to the satisfaction of the City Manager the ability of the owner of the property proposed to be developed to pay the special tax installments for the CFD and any other assessments, special taxes and ad valorem taxes on such property until full build out of the property.

It is the intention of the City Council that applicants for a CFD have an early opportunity to have the application reviewed by City staff for compliance with this policy. In that regard, the City Council hereby directs the City Manager to create a CFD Application Review Committee ("Committee") composed of the City Manager, City Attorney, Director of Public Works, City Engineer, Planning Director, Finance Director and such additional persons as the City Manager may deem necessary. The Committee shall meet with the applicant for a CFD for the purpose of reviewing an application to form a CFD following the determination by the City Manager that the information contained in the application for such CFD complies with the requirements of this policy.

Following the review of such an application, the Committee shall prepare and submit a report to the City Council containing the findings and recommendations of the Committee regarding the application. Following completion of the Committee report, the City Manager shall place the application on the City Council agenda for review. After review of the application and consideration of the Committee report, the City Council shall determine whether or not to approve the initiation of the proceedings from the CFD. The decision of the City Council pertaining to the application shall be final.

The ability of a property owner or developer to obtain financing of public improvements from the proceeds of tax-exempt bonds provides substantial economic benefits to such owner or developer, not the least of which may be the

financing of such improvements at interest rates substantially lower than conventional financing interest rates, if such conventional financing is available, and/or the ability to obtain financing without providing equity compensation to the lender. Given these benefits and consideration to the property owner or developer, the City Council believes the City should benefit from the project and/or CFD financing plan in a substantial way as determined by the City in its sole discretion.

M. Land Use Approvals

Properties proposed to be included in a Development Related CFD must have received such discretionary land use approvals as determined by the City to be necessary to enable the City to adequately evaluate the CFD, including but not limited to the properties to be included and the improvements proposed to be financed. The City will issue bonds secured by the levy of special taxes within a Development Related CFD when (i) the properties included within such CFD have received those applicable discretionary land use approvals which would permit the development of such properties consistent with the assumptions utilized in the development of the rate and method of apportionment of the special taxes for such CFD, and (ii) applicable environmental review has been completed.

Land use approval for development, such as zoning, specific plan or subdivision approval are to be granted as a part of the City's ongoing planning and land use approval process. In granting such approval, the City reserves such rights as may be permitted by law to modify such approvals in the future as the City Council determines the public health, safety, welfare and interest may require. Such approval when granted is subject to a condition that the construction of any part of the development does not, standing alone, grant any rights to complete the development of the remainder of such development. Construction of public improvements to serve undeveloped land financed through a Facilities CFD shall not vest any rights to the then existing land use approvals for the property assessed for such improvements or to any particular level, type or intensity of development or use. Applicants for a Development Related CFD must include an express acknowledgment of this policy and shall expressly waive on their behalf, and on behalf of their successors and assigns, any claims or causes of action at law or in equity including, but not limited to, taking or damaging of property, for reassessment of property, or denial of any right protected by United States Code Section 1983 which might be applicable to the properties to be assessed.

N. Exceptions to these Policies

The City may find in limited and exceptional instances that a waiver to any of the above stated policies is reasonable given identified special City benefits to be derived from such waiver. Such waivers will be granted only by action of the City Council.

January 13, 2023

Andrew Firestine  
Director of Development Services  
City of Escondido  
201 North Broadway  
Escondido, CA 92025  
[afirestine@escondido.org](mailto:afirestine@escondido.org)

Re: CFD Financing Request for Tract No. SUB18-0005 & 20-0007

Mr. Firestine:

On behalf of Nutmeg 134, LLC, I am writing to follow up on various discussions between City staff and the developer team regarding a community facilities district for the above referenced project. The enclosed contains a description of the project and outlines the major points with respect to the proposed CFD.

We appreciate your review and consideration of the attached. Please feel free to contact me with any questions or comments.

Sincerely,



Jim Zimmerman

cc: Sean McGlynn; City of Escondido  
John Martin; Nutmeg 134, LLC  
Jakki Tonkovich; Nutmeg 134, LLC  
David Hendryx; Nutmeg 134, LLC  
Jim Simmons; Consultants Collaborative, Inc.

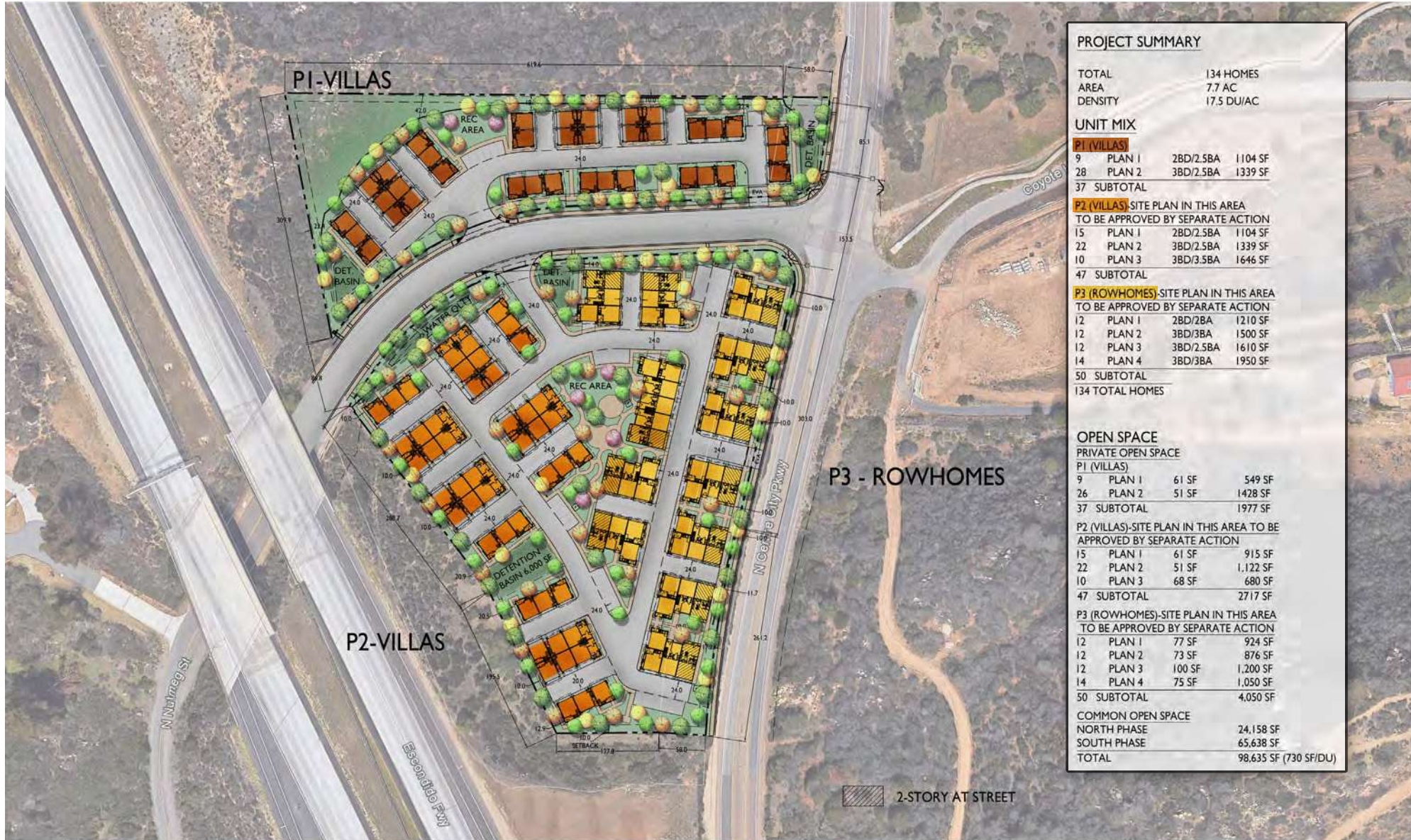
**CFD Financing Request – Nutmeg 134, LLC**  
**Proposed City of Escondido CFD**  
**January 13, 2023**

Nutmeg 134, LLC (“Developer”) is the owner of approximately 7.5 acres within Tract No. SUB18-0005 & 20-0007 (“Project”) in the City of Escondido (“City”). The Project is planned for 134 single family residential condominium units and is located at the southwest corner of N. Nutmeg Street and N. Centre City Parkway. The Project is also within the boundary of Rincon Del Diablo Water District (“Water District”). A site plan showing the location and development plan of the Project is attached as Exhibit A. Developer is in the process of selling the Project to a merchant homebuilder (“Builder”) for the construction of the homes. Developer and Builder are proposing the formation of a community facilities district (“CFD”) by the City to finance certain City and Water District development impact fees which fund public capital facilities. The following outlines the proposed structure of the CFD.

1. Lead Agency – The City would act as the lead agency in forming the CFD; however, the City would not incur any costs related to CFD formation since the Developer/Builder will deposit funds with the City to pay for the costs of forming the CFD and entering into the associated agreements. Such deposits would be reimbursed from proceeds of the CFD special tax bonds when issued.
2. CFD Boundary – The boundary of the CFD would include only the property within the Project.
3. CFD Facilities – The CFD would be authorized to fund eligible City development impact fees Water District impact fees. The attached Exhibit B shows the estimated costs of the facilities anticipated to be financed by the CFD. Exhibit B may need to be updated to reflect recent fee increases.
4. Water District JCFA – Developer, City, and Water District would enter into a Joint Community Facilities Agreement (“JCFA”) to allow for the funding of Water District facilities.
5. CFD Special Taxes and Property Tax Rates – The attached Exhibit C details the proposed special tax rates and expected total effective property tax rate for the Project. As shown in Exhibit C, the total property tax rate is estimated to be approximately 1.76% of the anticipated home prices. The CFD special taxes and bond debt service are proposed to escalate by 2% each year.
6. Priority Administration Costs – So that the City does not incur any annual costs related to the CFD, \$35,000 as a first priority of special taxes has been assumed for annual costs of administering the CFD. Additional administration costs may be funded from special taxes not needed to pay for bond debt service.
7. Bond Issuance – The CFD would issue bonds with a term of not less than 30 years in the amount that could be supported based on the special tax revenues providing 110% debt service coverage every year. The CFD bonds would be secured solely by the property within the boundary of the CFD and payable solely from the CFD special tax revenues. Builder and City

would work together to issue the bonds once there is sufficient development within the Project and based to sound municipal financing practices. The attached Exhibit D shows the estimated bond proceeds and corresponding estimated debt service schedule. Proceeds of the bonds (net of the underwriter's discount) would be allocated according to the following priority:

- a. First – To fund the costs of issuing the bonds such as bond counsel fees, appraisal fees, municipal advisory fees and reimbursement of Developer's deposit for CFD formation costs.
  - b. Second – To fund the required reserve fund for the bonds.
  - c. Third – To fund capitalized interest in an amount requested by Developer not to exceed 24 months.
  - d. Fourth – To fund an account to finance the City facilities.
  - e. Fifth – To fund an account to finance the Water District facilities.
8. Funding Agreement – In connection with forming the CFD, Builder and City would enter into a funding agreement regarding the issuance of the bonds and the funding of the authorized facilities.
9. Schedule – The proposed general schedule for CFD formation is as follows.
- a. March 2023 – Builder provides deposit of funds to City.
  - b. May or June 2023 – City Council considers approval of a resolution of intention to form the CFD.
  - c. June or July 2023 – City Council considers approval of a resolution to form the CFD and conducts a public hearing and special election related to the CFD.



PROJECT SUMMARY			
TOTAL			134 HOMES
AREA			7.7 AC
DENSITY			17.5 DU/AC
UNIT MIX			
<b>P1 (VILLAS)</b>			
9	PLAN 1	2BD/2.5BA	1104 SF
28	PLAN 2	3BD/2.5BA	1339 SF
37	SUBTOTAL		
<b>P2 (VILLAS)-SITE PLAN IN THIS AREA TO BE APPROVED BY SEPARATE ACTION</b>			
15	PLAN 1	2BD/2.5BA	1104 SF
22	PLAN 2	3BD/2.5BA	1339 SF
10	PLAN 3	3BD/3.5BA	1646 SF
47	SUBTOTAL		
<b>P3 (ROWHOMES)-SITE PLAN IN THIS AREA TO BE APPROVED BY SEPARATE ACTION</b>			
12	PLAN 1	2BD/2BA	1210 SF
12	PLAN 2	3BD/3BA	1500 SF
12	PLAN 3	3BD/2.5BA	1610 SF
14	PLAN 4	3BD/3BA	1950 SF
50	SUBTOTAL		
134 TOTAL HOMES			
OPEN SPACE			
PRIVATE OPEN SPACE			
<b>P1 (VILLAS)</b>			
9	PLAN 1	61 SF	549 SF
26	PLAN 2	51 SF	1428 SF
37	SUBTOTAL		
<b>P2 (VILLAS)-SITE PLAN IN THIS AREA TO BE APPROVED BY SEPARATE ACTION</b>			
15	PLAN 1	61 SF	915 SF
22	PLAN 2	51 SF	1,122 SF
10	PLAN 3	68 SF	680 SF
47	SUBTOTAL		
<b>P3 (ROWHOMES)-SITE PLAN IN THIS AREA TO BE APPROVED BY SEPARATE ACTION</b>			
12	PLAN 1	77 SF	924 SF
12	PLAN 2	73 SF	876 SF
12	PLAN 3	100 SF	1,200 SF
14	PLAN 4	75 SF	1,050 SF
50	SUBTOTAL		
<b>COMMON OPEN SPACE</b>			
NORTH PHASE			24,158 SF
SOUTH PHASE			65,638 SF
TOTAL			98,635 SF (730 SF/DU)

ESCONDIDO, CA

NUTMEG HOMES

PRELIMINARY SITE PLAN

JMI REAL ESTATE  
10632 MEADS AVE  
ORANGE, CA 92869

SEPT 16, 2019  
SCALE: 0 50 100 150



5256 S. Mission Road, Ste 404  
Bonsall, CA 92003  
760.724.1198 summarch.com



**Exhibit B**  
**Nutmeg Homes**  
**Proposed List of CFD Eligible Facilities**  
**January 13, 2023**

DRAFT

	Per Unit	Total
Attached Condominium Units (37 2BR and 97 3BR)		134
<b>City of Escondido Development Impact Fees [a]</b>		
Public Facility Fee	\$ 4,970	\$ 665,979
Drainage Facilities Fee	469	62,875
Water Connection Fee	-	-
Wastewater Connection Fee (Per Unit Average)	6,982	935,625
Parks	6,664	892,944
Local Traffic Fee	2,095	280,780
Regional Traffic Fee	2,636	353,157
Total	\$ 23,816	\$ 3,191,360
<b>Rincon del Diablo Municipal Water District [b]</b>		
3/4" Meter Drop-in Fee	\$ 320	\$ 42,880
1.5" Meter Drop-in Fee (Qty 2)	10	1,360
3/4" Rincon Capital Facilities Fee	5,024	673,216
1.5" Rincon Capital Facilities Fee (Qty 2)	250	33,492
Total	\$ 5,604	\$ 750,948
Total City and Water District Fees	\$ 29,420	\$ 3,942,308

**Footnotes:**

[a] City fees for attached condo units.

[b] Rincon del Diablo Municipal Water District 5/8" or 3/4" fees per fee schedule effective January 1, 2022.

- All fee estimates based on DIF Estimate from MurowCM dated 4/22/2022.

**Proposed City of Escondido CFD  
CFD Effective Tax Rate & Funding Analysis  
January 13, 2023**

**DRAFT**

Bond Issuance Assumptions		Estimated Sources & Uses of Funds		Allocation of Improvement Fund		
Weighted Average Bond Yield	5.25%	Sources	\$ 4,800,000	City CFD	Per Unit	Total
Priority Administrative Expense	35,000			City Impact Fees	\$ 23,816	\$ 3,191,360
Capitalized Interest (Months)	2	Uses		Rincon Water Fees	5,604	750,948
Underwriter Discount	1.50%	Reserve Fund	\$ 445,671	Total	\$ 29,420	\$ 3,942,307
Debt Service Coverage	110%	Capitalized Interest	41,274			
Debt Service Escalation	2.00%	Underwriter Discount	72,000			
Total Annual Special Taxes	\$ 301,592	Cost of Issuance	298,748			
		Improvement Fund	3,942,307			
		Total Uses	\$ 4,800,000			

Land Use Information & Total Property Tax Rates										Special Tax Revenues		
Unit Type	Home Size (a)	Sq. Ft. Category	Base Price (a)	Ad Valorem Taxes (b)	Other Fixed Charges (c)	EUSD CFD No. 2019-1(d)	City CFD Special Tax Per Unit (e)	Total Tax Per Unit	Total Effective Tax Rate	Annual CFD Special Tax	Unit Mix (a)	Annual Tax Collections
Villas	1,104	≤ 1,150	\$ 550,000	\$ 6,306	\$ 823	\$ 477	\$ 2,101	\$ 9,708	1.77%	\$ 2,101	25	\$ 52,527
Villas	1,339	1,151 - 1,350	595,000	6,822	823	579	2,179	10,403	1.75%	2,179	60	130,738
Villas	1,646	1,551 - 1,750	650,000	7,453	823	712	2,470	11,457	1.76%	2,470	-	-
Rowhomes	1,210	1,151 - 1,350	570,000	6,535	823	523	2,179	10,061	1.77%	2,179	12	26,148
Rowhomes	1,500	1,351 - 1,550	625,000	7,166	823	648	2,394	11,031	1.77%	2,394	12	28,725
Rowhomes	1,610	1,551 - 1,750	645,000	7,395	823	696	2,470	11,384	1.77%	2,470	12	29,639
Rowhomes	1,950	1,751 - 1,950	690,000	7,911	823	843	2,601	12,179	1.77%	2,601	13	33,816
	1,382		\$ 600,746	\$ 6,888	\$ 823	\$ 597	\$ 2,251	\$ 10,559	1.76%	\$ 2,251	134	\$ 301,592

**Footnotes:**

- (a) Product and pricing provided by Developer.
- (b) Ad Valorem taxes total 1.14654% of the assessed value for FY 22-23.
- (c) Estimated other fixed charges and assessments for FY 22-23:
 

	<b>Amount</b>
Vector Disease Control	2.08
CWA Water Availability	10.00
MWD Water Standby Charge	11.50
Mosquito Surveillance	2.28
Escondido CFD No. 2020-1 (Maintenance and Services) (f)	797.32
	<b>823.18</b>
- (d) Represents the 2022/23 Special Tax Rates for the Escondido Union School District CFD 2019-1 into which the project will annex. Rates assumed to increase by 2% per year.
- (e) Represents the 2022/23 Special Tax Rates for the proposed City of Escondido CFD. Rates assumed to increase by 2% per year.
- (f) Represents the 2022/23 Special Tax Rate for project densities between 5.5 and 18 units/acre for City of Escondido CFD No. 2020-1 (Services) to fund public services and project

**Exhibit D**  
**Nutmeg Homes**  
**Proposed City of Escondido CFD**  
**Estimated Debt Service & Bond Sizing Schedule**  
**January 13, 2023**

DRAFT

ISSUANCE ASSUMPTIONS	
Closing Date	7/1/2025
Special Tax Rev. Escalation	2.000%
Annual Admin. Expense	\$ 35,000
Admin. Expense Escalation	2.000%
Debt Service Coverage Ratio	110%
Underwriter Discount Est.	1.500%
Issuance Costs Est.	\$ 298,748
Months of Cap. Interest	2.00

ESTIMATED SOURCES AND USES	
<b>Sources</b>	
Par Bond Amount	\$ 4,800,000
<b>Uses</b>	
Reserve Fund	\$ 445,671
Capitalized Interest	41,274
Underwriter Discount	72,000
Costs Of Issuance	298,748
Construction Fund	3,942,307
Total Uses	<u>\$ 4,800,000</u>

BOND DEBT SERVICE									
Period Ending	Gross Revenues	Priority Admin	Principal	Yield	Interest	Capitalized Interest	Net Debt Service	Debt Service Coverage	
9/1/2025	\$ 313,776	\$ 36,414	\$ -	2.756%	\$ 41,274	\$ 41,274	\$ -	NA	
9/1/2026	320,051	37,142	5,000	2.956%	247,644	-	252,644	111.98%	
9/1/2027	326,452	37,885	10,000	3.156%	247,496	-	257,496	112.07%	
9/1/2028	332,981	38,643	20,000	3.356%	247,181	-	267,181	110.16%	
9/1/2029	339,641	39,416	25,000	3.556%	246,509	-	271,509	110.58%	
9/1/2030	346,434	40,204	30,000	3.756%	245,620	-	275,620	111.11%	
9/1/2031	353,363	41,008	35,000	3.956%	244,494	-	279,494	111.76%	
9/1/2032	360,430	41,828	45,000	4.106%	243,109	-	288,109	110.58%	
9/1/2033	367,638	42,665	50,000	4.256%	241,261	-	291,261	111.57%	
9/1/2034	374,991	43,518	60,000	4.406%	239,133	-	299,133	110.81%	
9/1/2035	382,491	44,388	70,000	4.556%	236,490	-	306,490	110.31%	
9/1/2036	390,141	45,276	75,000	4.706%	233,301	-	308,301	111.86%	
9/1/2037	397,944	46,182	90,000	4.806%	229,771	-	319,771	110.00%	
9/1/2038	405,903	47,105	100,000	4.906%	225,446	-	325,446	110.25%	
9/1/2039	414,021	48,047	110,000	4.956%	220,540	-	330,540	110.72%	
9/1/2040	422,301	49,008	120,000	5.006%	215,088	-	335,088	111.40%	
9/1/2041	430,747	49,989	135,000	5.056%	209,081	-	344,081	110.66%	
9/1/2042	439,362	50,988	150,000	5.086%	202,255	-	352,255	110.25%	
9/1/2043	448,149	52,008	165,000	5.116%	194,626	-	359,626	110.15%	
9/1/2044	457,112	53,048	180,000	5.146%	186,185	-	366,185	110.34%	
9/1/2045	466,254	54,109	195,000	5.256%	176,922	-	371,922	110.81%	
9/1/2046	475,580	55,191	215,000	5.256%	166,673	-	381,673	110.14%	
9/1/2047	485,091	56,295	230,000	5.256%	155,372	-	385,372	111.27%	
9/1/2048	494,793	57,421	250,000	5.256%	143,284	-	393,284	111.21%	
9/1/2049	504,689	58,570	275,000	5.256%	130,144	-	405,144	110.11%	
9/1/2050	514,783	59,741	295,000	5.356%	115,690	-	410,690	110.80%	
9/1/2051	525,078	60,936	320,000	5.356%	99,889	-	419,889	110.54%	
9/1/2052	535,580	62,155	345,000	5.356%	82,750	-	427,750	110.68%	
9/1/2053	546,291	63,398	370,000	5.356%	64,272	-	434,272	111.20%	
9/1/2054	557,217	64,666	400,000	5.356%	44,455	-	444,455	110.82%	
9/1/2055	568,362	65,959	430,000	5.356%	23,031	-	453,031	110.90%	
<b>Total</b>	<b>13,297,646</b>	<b>1,543,205</b>	<b>4,800,000</b>	<b>5.250%</b>	<b>5,598,984</b>	<b>41,274</b>	<b>10,357,710</b>	<b>110.00%</b>	



# STAFF REPORT

March 8, 2023

File Number 0430-80; 0600-10; A-3449

## SUBJECT

### **FINANCIAL REPORT FOR THE QUARTER ENDED DECEMBER 31, 2022 AND BUDGET ADJUSTMENT REQUEST**

## DEPARTMENT

Finance

## RECOMMENDATION

It is requested that the City Council:

- A. Receive and file the second quarter financial report for FY2022/23 (Attachment 1);
- B. Adopt Budget Adjustments (Attachment 2) to amend the fiscal year 2022/23 operating budget;
- C. Adopt Resolution No. 2023-26 Authorizing a services agreement with Avolve Software Corporation in an amount not to exceed \$579,000 to provide SaaS (Software as a Service) and the implementation of ProjectDox for plan review processes.

Staff Recommendation: Approval (Finance: Christina Holmes, Director of Finance)

Presenter: Christina Holmes, Director of Finance

## FISCAL ANALYSIS

See Below.

## PREVIOUS ACTION

On December 7, 2022, the City Council received the Fiscal Year 2021/22 Financial Status Report for the fiscal year ending June 30, 2022.

## BACKGROUND

The City Council Budget and Financial Policies require that the City present quarterly financial reports each fiscal year. The purpose of this report is to provide City Council and the public a financial update of selected funds of the City. This report provides the City Council with the analysis of unaudited revenues and expenditures for Fiscal Year 2022/23 in comparison to Fiscal Year 2021/22 for the General Fund, the Water Fund, and the Wastewater Fund. The financial highlights for each of these funds are summarized below.



# CITY of ESCONDIDO

## STAFF REPORT

### General Fund

Prior to the onset of the COVID-19 pandemic, the City experienced a stable economy with moderate revenue growth averaging 4% annually. Then in March 2020, the public health measures and restrictions due to the pandemic forced government operations and private businesses to close or drastically alter operations, actions that many anticipated would create a severe economic downturn comparable to the Great Recession, which had a devastating impact on the City's General Fund. However, the COVID-19 restrictions began to be lifted in FY2020/21 and a combination of California fully reopening its economy, improved vaccination rates, public health measures to reduce the spread of the COVID-19 virus, and additional federal funding allowed for additional public activities and improved the economic environment.

The General Fund has benefitted from improved revenue activity since the recovery period of COVID-19, from the end of 2020 through 2022. However, operating revenue has not kept pace with the growing costs of providing City services, and as a result the General Fund long-term financial plan has projected annual deficits creating a structural budget deficit. To address this projected shortfall, the City has minimized increases in expenditures when possible and staff are continuously seeking measures that ensure efficiency, while enhancing basic operations. Despite all of these measures, and the City's efforts to fund projects with grants and other sources of one-time funds, it has not been enough to meet growing costs and demand for services, the General Fund operating budget projected a net operating deficit of \$8.5 million. In the Preliminary Operating Budget Workshop on May 11, 2022, the City Council direction was to prepare a General Fund Operating Budget that closed the \$8.5 million deficit, without impacting the Public Safety departments and services, including Police, Fire, and Public Works.

In order to address the \$8.5 million General Fund deficit, Staff evaluated both projected operating revenue and the proposed operating expenses for FY2022/23. Projected operating revenue was increased by \$1.4 million due to updated information received subsequent to the May 11, 2022 budget workshop. General Fund operating expense reductions of \$7.1 million were proposed by staff, and the proposed reductions and modifications to City services were sufficient to close the FY2022/23 budget gap.

After discussion and consideration of the recommended budget reductions, City Council directed Staff to modify the proposed FY2022/23 operating budget and offset some of the budgetary cuts recommended with the use of one-time funds from the American Rescue Plan Act (ARPA) funds and the Section 115 Pension Trust fund. To maintain a balanced budget and yet continue an appropriate level of service and address City priorities, the adopted FY2022/23 budget utilizes \$3.7 million from the American Rescue Plan Act.

Through the end of December, operating revenue is at 35% of the total amount projected and has exceeded the prior year by about \$2.1 million. This is primarily due to increases in Property Tax, Other Taxes, and Charges for Services.



# CITY of ESCONDIDO

## STAFF REPORT

The largest source of revenue for the General Fund is sales tax revenue at 43%. As a result of high inflation and strong consumer spending, sales tax revenue in Escondido recovered quickly, increasing by \$5.6 million or 13% in FY2021/22, and is anticipated to increase in FY2022/23 by 10% to reach \$51.0 million. Actual sales tax receipts are under the December 2021 amount by \$136,020, indicating that the economy is slowing from the post pandemic surge in spending. City staff will continue to monitor economic indicators and sales tax revenue closely and return to Council with updates during the fiscal year.

Actual General Fund expenditures are at 47% of the total operating budget through December 2022. In addition to the cuts to expenditures approved in the FY2022/23 operating budget, to account for projected annual expenditures savings experienced for items such as employee service savings resulting from vacant positions, the adopted budget includes a cost savings budget reduction of \$1 million, offset by a Cost Savings Contingency amount of \$400,000 to give some flexibility in managing available resources to be used throughout the fiscal year under the direction of the City Manager. Attachment 1 to this staff report includes an analysis of operating expenditures as of December 2022 and a status update of the Cost Savings Reduction by major expenditure category.

### Recommended Budget Adjustments:

- Approve an increase to the Fire Department operating budget of \$693,860 for the following purposes:

Increase Overtime and Maintenance - \$605,720: The adjustment to the Fire Department overtime budget is necessary primarily due to the overtime incurred as a result of the deployments to wildfires this fiscal year through California and Oregon. EFDs assistance to other jurisdictions under the California Fire Assistance Agreement coordinated through the Office of Emergency Services fully reimbursed the City for the direct and backfill overtime created as a result of the deployments. The increase to expenditures is offset by reimbursements from CalOES, there is no net effect to the General Fund.

Increase for Training Tower Pump Repair - \$58,140: The training tower at Fire Station 1, which is used for a variety of firefighter training activities, uses a 25,000-gallon water cistern and a pump to flow, collect and recycle water. The pump system failed requiring the purchase and installation of a new controller and the refurbishment of the pump and motor. In addition, the UV water disinfection system, which had failed in 2021, was repaired. Fortunately, City wastewater personnel provided the expertise and labor to disassemble the equipment and install the new and refurbished parts of the system, which made the fire training facility operational.

Increase for the Fire Chief Conference Room - \$30,000: After 12 years of almost daily use, the audio/visual system in the Fire Chief Conference room failed in November 2022 and replacement parts are no longer available. In addition to routine business use, the



# CITY of ESCONDIDO

## STAFF REPORT

conference room is used during Emergency Operations Center activations when the functionality of the teleconference system is critical. The project includes upgrading from the old analog system to current digital technology with the purchase and installation of new screens, projectors, cabling and other system controller equipment.

- Approve an Increase for Engineering Department Professional Services - \$196,060: In order to continue to provide services timely while several staff positions are vacant in the Development Services department, the Engineering Department entered into a professional services contract with CValdo Corporation to assist with the review of grading, street, storm drain, sewer, and water improvement plans; drainage studies; storm water quality management plans; cost estimates; easement documents; and final maps. The increase for the contractual services will be offset by the savings in employee services in the department.
- Approve a Services Agreement with Avolve Software to provide Software as a Service and Implement ProjectDox for plan review purposes - \$228,480 FY2022/23 Budget Adjustment (full contract amount is not to exceed \$579,000): In 2017 the City set out to digitize government by bringing municipal services online, and reducing the restriction of business hours and the need to travel to City Hall. One area of focus was Development Services. Staff's Research found a "best in breed" combination of enterprise solutions that worked in concert to bring Business Licenses, Code Compliance, Planning, Engineering, Field Engineering, Utilities Engineering, Building, and Fire Department services into an electronic online system. A component of these technology systems was Electronic Plan Review. The benefit of a modular solution combining integrated systems, is the ability to replace one of the pieces when a superior solution is identified. Information Systems is seeking Council approval for a budget adjustment to replace the Electronic Plan Review software, and Council approval for the purchase of software and consulting services to implement this software. The following sections will outline the process staff went through to identify the need for this change, and how Staff identified the new solution for Electronic Plan Review software.

### *Evaluation Process*

When the City implements solutions to deliver municipal services, it sets a business/technology life cycle in place for future evaluation of the solution. During these evaluations, staff look for changes in the internal and/or external environment; the current needs, requirements, and goals; and conduct a review of the initial success metrics. In the case of digitizing government, and more specifically development services, we found that the City's original selection of "best in breed" collections of software integrated solutions was working, but the City's goals have changed in regard to the electronic plan review component. This led to a discovery process looking for possible solutions.



# CITY of ESCONDIDO

## STAFF REPORT

The discovery process included requirement gathering, such as they must be a Cityworks partner, and must integrate with the other systems that complete this solution. Staff found multiple vendors and went through a demo process with each. This was followed by many reference checks and an extensive gap/fit analysis where Staff identified over a hundred requirements for comparison. The final step in staff's evaluation was to bring representatives from each service area of the city to complete a deeper evaluation of the possible solution.

### *Selection Process*

The delivering of municipal services is a combination of people, process, and technology. In this case, the City's goals have been reset for a higher level of transparency, increased data collection for leadership and management, and enhancements to the applicant and employee experience. The combination of these goals will promote efficiencies for both the City's customer/applicant and the staff providing this municipal service. This technology review led City staff to research and find ProjectDox by Avolve, an enterprise Software as a Service (SaaS) solution that meets the City's current goals for electronic plan review. Staff's extensive research included a collaborative discussion with Cityworks, many other municipalities, and technical publications/reviews. Staff found this solution to be easier and clearer to navigate during the plans upload process, that it gives the applicant the ability to link their projects together, and it allows them to share visibility of the project with other users of their choice. It also improves transparency, as entered review comments can be immediately seen by the applicant, comment responses are interactive between reviewer and applicant eliminating the need for back-and-forth emails, markups are more easily visible and located in marked documents, and a detailed report of project status can be run at any time, including the total amount of time a project has been with the applicant, and total time with the City. City plan reviewers and coordinators will benefit from these improvements, as well as the "best of breed" specific plan review workflows that are a much better fit to City staff's work processes than we currently have with the current solution's one-size-fits-all workflow design. Moving from the current on-premise solution, to SaaS, frees the City's internal technical resources from having to deploy, upgrade, and patch the application.

- Increase to the Fleet Services Fund Fuel budget - \$350,000: Fleet Services is responsible for providing fuels (gasoline, diesel, and propane) for all City vehicles and equipment. On June 16, 2021, the City Council approved a contract with SC Fuels, Inc. for the purchase of unleaded gasoline and diesel fuel. The contract is part of a fuel purchasing consortium sponsored by the City of San Diego. By creating a fuel purchasing consortium, local agencies benefit from collective fuel purchasing. On average, the City saves between \$0.60 and \$0.80 per gallon from regular pump prices. However, due to the recent record high cost of gasoline and diesel fuel, a budget adjustment of \$350,000 is requested to fund fuel purchases for the remainder of the fiscal year. The FY2022/23 Operating Budget for Fleet Services includes funding for annual fuel purchases of unleaded gasoline in the amount of \$900,000, and diesel fuel in the amount of \$300,000. The budget adjustment will increase the total annual fuel expense to \$1,550,000.





# CITY *of* ESCONDIDO

## STAFF REPORT

- Increase to the Library Services Grant budget - \$82,010: The California State Library provides the Escondido Library with annual funding to support adult and family literacy services through the California Library Literacy Services grant program. Additional funds of \$82,010 were awarded for FY2022/23, a budget adjustment is recommended to increase the grant budget. There is no financial impact to the General Fund.

### RESOLUTIONS

- A. Resolution No. 2023-26 Authorizing a service agreement with Avolve Software Corporation in an amount not to exceed \$579,000 to provide SaaS (Software as a Service) and the implementation of ProjectDox for plan review processes.
- B. Resolution No. 2023-26 – Exhibit A Software as a Services Agreement with Avolve Software Corporation

### ATTACHMENTS

1. Attachment 1 – Second Quarter Financial Status Report FY 2022/23
2. Attachment 2 – Budget Adjustment to amend the FY2022/23 operating and capital budgets



FY2022/23 Financial Status Report  
Second Quarter Ending December 31, 2022

## OVERVIEW

This report summarizes the City's financial position through the second quarter ending December 31, 2022 for the General Fund, Water Fund, and Wastewater Fund. The purpose of the report is to provide City Council, City Management, and the Escondido community an update on the City's fiscal status based on the most recent financial information available. The revenue projections and budget information include adjustments for encumbrances, carryovers, and any other supplemental appropriations approved by the City Council as of December 31, 2022.

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

## GENERAL FUND

The General Fund has benefitted from improved revenue activity since the recovery period of COVID-19, from the end of 2020 through 2022. However, revenues have not kept pace with the growing costs of providing municipal services, and the City's structural budget gap remains.

The adopted FY2022/23 operating budget reflects an overall strategy of fiscal prudence on the part of the entire City workforce by maintaining a hardline on expenditures while also continuing to provide core City services including Public Safety, Public Works, Community Services, and Development Services, as well as the community's priorities. However, to maintain a balanced budget and yet continue an appropriate level of service and address City priorities, the adopted FY2022/23 budget utilizes \$3.7 million from the American Rescue Plan Act, a short-term, one-time source of funds.

Total budgeted operating revenue is projected to increase by 6.4% to reach \$119.7 million and the adopted expenditure budget of \$125.2 million increased by approximately \$8.1 million or 6.9% compared to the revised FY2021/22 operating budget.

At the end of the second quarter, General Fund revenues are at 35% of the amended budget, while expenditures are at 47%, shown in the table below. The following report provides an analysis of General Fund financial activity through December 2022.

### *General Fund Comparison of Projected FY2022/23 Operating Budget to Actuals*

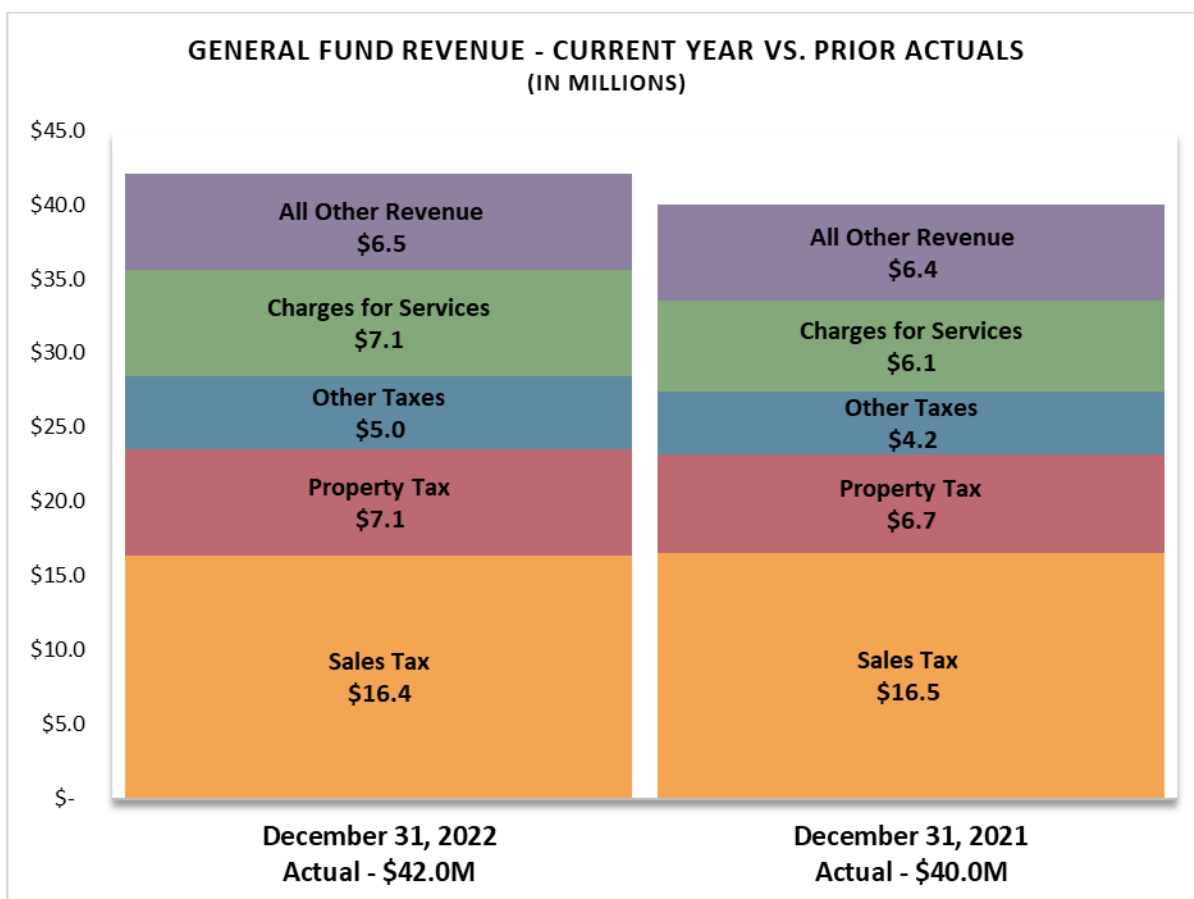
	<b>FY2022/23 ADOPTED BUDGET</b>	<b>FY2022/23 AMENDED BUDGET</b>	<b>ACTUAL RESULTS DECEMBER 2022</b>	<b>%</b>
Total Operating Revenue	\$119,687,230	\$119,929,230	\$41,540,429	35%
Total Operating Expenditures	(125,186,930)	(127,000,950)	(60,056,375)	47%
Other Sources (Uses)	1,764,670	1,764,670	1,764,670	-
<b>Net Operating Surplus / (Deficit)*</b>	<b>(\$3,735,030)</b>	<b>(\$5,307,050)</b>	<b>(\$16,751,276)</b>	

\*FY2022/23 projected Operating Budget deficit closed with one-time revenue from the American Rescue Plan Act.

**GENERAL FUND REVENUE**

	<b>FY2022/23 AMENDED BUDGET</b>	<b>ACTUAL RESULTS DECEMBER 2022</b>	<b>ACTUAL RESULTS DECEMBER 2021</b>	<b>Prior Year vs. Current Year</b>
<b>Sales Tax</b>	\$51,012,200	\$16,381,110	\$16,517,130	\$(136,020)
<b>Property Tax</b>	32,780,100	7,134,690	6,687,530	447,160
<b>Other Taxes</b>	14,659,860	4,968,530	4,232,300	736,230
<b>Charges for Services</b>	10,898,650	7,098,240	6,111,330	986,910
<b>Permits and Licenses</b>	1,778,500	2,723,010	2,824,760	(101,750)
<b>Fines and Forfeitures</b>	832,500	342,450	461,520	(119,070)
<b>Intergovernmental</b>	3,450,000	931,030	1,062,060	(131,030)
<b>Rental Income</b>	3,775,920	1,874,770	1,816,860	57,910
<b>Other Revenue</b>	741,500	595,420	276,930	318,490
<b>TOTAL OPERATING REVENUE</b>	<b>\$119,929,230</b>	<b>\$42,049,250</b>	<b>\$39,990,420</b>	<b>\$2,058,830</b>

Sales tax is the largest General Fund revenue source at 43% of total operating revenue followed by property tax, other taxes, and charges for services. The chart below shows the major categories of revenue collected through December 31, 2022 compared to the revenue collected in the prior year through December 31, 2021.



### **Sales Tax (\$16.4 million)**

The City works closely with its sales tax consultant, AvenuInsights, in projecting sales tax revenue. Based on AvenuInsights' analysis of the trend in year-to-date tax receipts and an examination of the local economy, the City's sales tax revenue is anticipated to increase in FY2022/23 by 10% to reach \$51.0 million.

Sales Tax revenue is highly sensitive to economic conditions and is impacted by the levels of unemployment, consumer confidence, and per-capita income that drive spending and growth in sales tax receipts. Over the past two years, since the onset of the COVID-19 pandemic, the U.S. economy has swung from the deepest recession on record to a quick recovery and a surge of inflation. The pent-up demand for goods, as well as inflation, led to higher prices for goods, increasing the projected sales tax revenue generated within the City.

As a result of high inflation and strong consumer spending, sales tax revenue in Escondido also recovered quickly, increasing by \$5.6 million or 13% in FY2021/22.

Actual sales tax receipts are under the December 2021 amount by \$136,020, indicating that the economy is slowing from the post pandemic surge in spending.

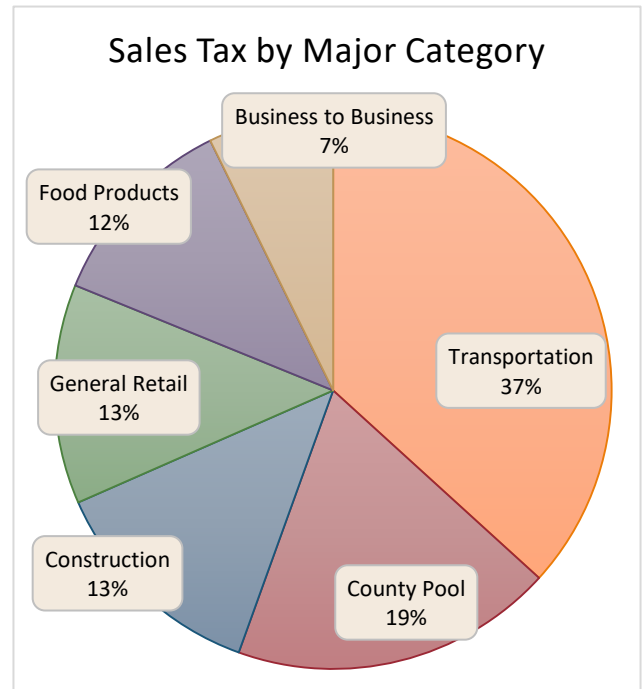
The largest sales tax segment, 37% of total sales tax revenue, is Transportation, which includes new and used auto sales, auto repair shops, and service stations. Sales revenues increased by 8.1% compared to the same quarter in the prior year primarily due to new auto sales. In 2022, the lack of autos available for sale caused the prices for both new and used vehicles to soar; however, the inventory is finally increasing from historic lows now that the recent supply chain disruptions and computer chip shortages have eased.

Petroleum per barrel costs increased significantly in the spring of 2022, and as a result receipts received from fuel and service stations increased by about 31% compared to the same quarter in the prior year. However, gas prices have steadily dropped for two consecutive quarters. As of December 2022, the average per gallon rate is at its lowest point in 2022 and is expected to continue to experience downward pressure.

Sales tax revenue received through the County Pool is now the second largest sales tax segment accounting for 19% of total sales tax revenue. Effective in April 2019, new taxable sales are distributed to the City under the AB 147 Wayfair decision which extended the sales and use taxes to online and out-of-state retailers engaged in business in California. However, the increase in activity from the countywide pool experienced during the pandemic has slowed; total receipts remained flat compared to the prior year.

The Construction sales tax segment which accounts for revenue generated from building materials, including both wholesale and general retail, increased from the prior year by about 18%. This can be attributed to increases in the price of materials, including lumber and steel, and the continued high demand for home improvements and new construction in the City.

General Retail and Food Products combined make up 25% of the total sales tax revenue for the City and increased by 8.5% compared to the prior fiscal year. This growth reflects increased foot traffic and buying activity as people return to in-store shopping and indoor dining.



**Property Tax (\$7.1 million)**

Property Tax revenue increased by \$447,159 or about 7% compared to the prior year. The largest portions of property tax revenue are distributed by the County in December and April each year. The FY2022/23 Operating Budget projected property tax growth of 6%. This is attributed to an increase in current secured and unsecured tax projections, along with an increase in property transfer taxes based on the current and projected development activity, such as permits, inspections, and plan checks, which indicate continued growth in property sales.

**Other Taxes (\$5.0 million)**

Other Taxes include franchise fee revenues, transient occupancy tax, and business license revenue and combined have increased by \$736,233 compared to the prior year.

The City collects franchise fee revenues from San Diego Gas and Electric (SDG&E), cable companies conducting business within City limits, and Escondido Disposal Incorporated (EDI). Revenues received from franchise agreements increased by \$731,000 from the prior fiscal year primarily due to an increase in fees collected SDG&E for electric generation from the Escondido Palomar Energy Plan.

Transient occupancy tax, also known as hotel tax, decreased by \$50,823 compared to the prior year. The tourism industry was impacted significantly as a result of the closures, and many forecasted its recovery would take much longer than it has. In the prior fiscal year transient occupancy tax receipts increased by 49% from the pre-pandemic levels in March 2020. It is expected that those receipts will remain flat going forward as the activity stabilizes in the industry.

All entities doing business in the City are required to have a valid business license. The business license tax is calculated based on annual gross receipts; business license revenue from the 2022 calendar year is based off of 2021 gross receipts. Business license revenues increased by \$134,270 compared to the prior fiscal year.

**Charges for Services (\$7.1 million)**

Charges for Services include paramedic fees, Community Services fees for recreational and community activities, and charges for development related services, which include Engineering and Planning fees. Community Service fees have increased by approximately \$568,000 compared to the prior fiscal year primarily due to funding received from the school district to support the After-School Program. Development Services revenue also increased by about \$490,000 million, due to the development projects occurring throughout the City.

**Intergovernmental (\$3.8 million)**

Intergovernmental revenue includes the Rincon fire services agreement, state mandated cost claims, various grants, and revenue received from the fire mutual aid reimbursements. Overall revenue has decreased \$101,750 compared to the prior year. The City's Fire Department staff can be deployed to assist other State agencies with responses to fires and other incidents. The California Office of Emergency Services reimburses the City for the time and resources of the staff deployed. As of December 2022, reimbursements of \$598,827 have been recorded.

**Permits and Licenses (\$931,035)**

Revenue generated from permits and licenses decreased by \$131,026 compared to fiscal year 2021/22; however, construction and development activity continues driving building permit revenue compared to previous fiscal years.

**Fines & Forfeitures (\$342,542)**

Fines & Forfeitures represent fees collected for vehicle code fines, parking ticket fines, other court fines, code enforcement citations, and impound fees.

**Investment, Rental Income, and Other Revenues (\$2.5 million)**

Investments, Rental Income, and Other Revenue includes rental income, interest earned from investing activities, and other miscellaneous receipts and has increased by \$376,400 compared to the prior year.

**GENERAL FUND OPERATING EXPENDITURES**

The FY2022/23 General Fund Operating Budget increased by approximately \$6.6 million or 6% compared to the FY2021/22 revised Operating Budget. In order to address an \$8.5 million budget deficit, reductions were made to the proposed operating budget including: reduction in the funding for Fleet Services, removal of new staff positions for Building Maintenance to provide City services that are unable to be outsourced, the management fee to the California Center for the Arts was reduced by \$133,000, and alternative funding sources and reclassifications were proposed for fire equipment, Planning division professional services, a Grant Writer position, and Human Resources Analyst position.

The following table includes cumulative expenditure comparisons for General Fund departments as of December 2022.

	<b>FY2022/23 AMENDED BUDGET</b>	<b>ACTUAL RESULTS DECEMBER 2022</b>	<b>ACTUAL RESULTS DECEMBER 2021</b>	<b>Prior Year vs. Current Year</b>
<b>Administrative Services</b>	\$6,581,600	\$2,905,410	\$2,493,230	\$412,180
<b>Community Services</b>	10,052,680	4,614,830	4,115,160	499,670
<b>Development Services</b>	7,575,110	3,401,060	3,109,050	292,010
<b>Public Works</b>	13,221,160	5,868,460	4,389,990	1,478,470
<b>Police</b>	53,424,990	25,552,450	23,563,560	1,988,890
<b>Fire</b>	30,884,190	15,427,070	14,777,350	649,720
<b>California Center for the Arts</b>	2,480,730	1,235,560	1,554,270	(318,710)
<b>Other Expenditures</b>	2,780,490	1,051,530	650,250	401,280
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$127,000,950</b>	<b>\$60,056,370</b>	<b>\$54,652,860</b>	<b>\$5,403,510</b>

The City continues to be impacted by a competitive labor market, as a result of recurring vacant positions and long recruitment efforts there are expenditure savings in regular salary and benefits through December 2022. However, the vacant positions have also increased the overtime expenditures which are at 94% of the amount budgeted for the fiscal year. The increase in overtime expenses will be offset by the savings in employee services.

	<b>FY2022/23 ADOPTED BUDGET</b>	<b>FY2022/23 AMENDED BUDGET</b>	<b>ACTUALS DECEMBER 2022</b>	<b>% of Budget</b>
Employee Services	\$58,143,110	\$58,633,030	\$26,183,190	45%
Other Employee Overhead	42,331,670	42,439,070	19,405,490	46%
Employee Services - Overtime	4,853,750	4,853,750	4,555,880	94%
<b>SUBTOTAL EMPLOYEE SERVICES</b>	<b>105,328,530</b>	<b>105,925,850</b>	<b>50,144,560</b>	<b>47%</b>
Maintenance and Operations	21,043,830	21,583,070	9,966,610	46%
Internal Service Charges	16,422,590	16,422,590	8,211,340	50%
Allocations	(18,228,140)	(18,228,140)	(8,580,540)	47%
Debt Service	620,120	620,120	-	-
Capital Outlay	600,000	1,277,460	314,400	25%
<b>SUBTOTAL OPERATING EXPENDITURES</b>	<b>20,458,400</b>	<b>21,675,100</b>	<b>9,911,810</b>	<b>46%</b>
<b>Cost Savings Reduction</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	-	-
<b>Cost Savings Contingency</b>	<b>400,000</b>	<b>400,000</b>	-	-
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$125,186,930</b>	<b>\$127,000,950</b>	<b>\$60,056,370</b>	<b>47%</b>

**GENERAL FUND OPERATING EXPENDITURES – COST SAVINGS REDUCTION**

In addition to the cuts to expenditures, to account for projected annual expenditures savings experienced for items such as employee service savings resulting from vacant positions, the adopted FY2022/23 operating budget includes a cost savings budget reduction of **\$1,000,000**, offset by a Cost Savings Contingency amount of **\$400,000** in the non-departmental section of the budget to give some flexibility in managing available resources to be used throughout the fiscal year under the direction of the City Manager. Based on an analysis of the previous 5 fiscal years of savings, the Cost Savings Reduction line item has been added to individual departments in the General Fund, excluding the Public Safety departments and services.

The following is each department's plan for meeting the cost savings target through the remainder of the fiscal year:

	<b><u>Budget Reduction</u></b>	<b><u>Department's Plan for Meeting the Cost Savings Target</u></b>
City Manager	\$100,000	Historical cost savings for the City Manager department was based on vacant positions that have since been eliminated for filled. For the remainder of the fiscal year, the recommendation is to utilize the Lost Revenue category of ARP funds for high priority economic development contracts.
City Attorney	65,000	The City Attorney's Department will likely not meet the Cost Savings Target this fiscal year. The historical cost savings of \$65,000 was the result of vacant positions in prior fiscal years. All positions in the department are currently filled.
City Clerk	15,000	The City Clerk Department utilizes Temporary Part-Time staff which will not be filled.
City Treasurer	25,000	The City Treasurer's Department will likely not meet the Cost Savings Target this fiscal year. The historical cost savings of \$25,000 was the result of vacant positions in prior fiscal years. All positions in the department are currently filled.
Finance	125,000	The Finance Department will meet the budget reduction target by utilizing savings in employee services from four vacant positions in the first half of the fiscal year. Three out of the four positions have been filled as of January 2023.
Human Resources & Risk Management	60,000	The Human Resources & Risk Management Departments will meet the budget reduction target by utilizing savings in employee services from two vacant positions this fiscal year, a Senior Human Resources Analyst and Senior Safety Analyst.
Information Systems Administration, Enterprise Software & Web Administration, and Geographic Information Systems	75,000	The Information Systems Department will meet the budget reduction target by utilizing savings in employee services from vacant positions this fiscal year. As of January 2023, there are <b>5 vacant full-time positions</b> .
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>465,000</b>	

	<u>Budget Reduction</u>	<u>Department's Plan for Meeting the Cost Savings Target</u>
Recreation	200,000	The Community Services Department relies Temporary Part-Time positions for programming. Due to the seasonality of Recreation programs and cyclical nature of these positions, there are vacancies that will result in savings in employee services that will help meet the cost savings reduction target of \$200,000.
Older Adult Services		
Senior Nutrition		
Communications		
Digital Media Services		
Main Library		
<b>TOTAL COMMUNICATIONS &amp; COMMUNITY SERVICES</b>	<b>200,000</b>	
Planning	100,000	The Development Services Department will meet the budget reduction target by utilizing savings in employee services from vacant positions this fiscal year. As of January 2023, there are <b>7 vacant full-time positions</b> .
Code Compliance		
Engineering		
Building		
<b>TOTAL DEVELOPMENT SERVICES</b>	<b>100,000</b>	
Street Maintenance	140,000	The Public Works Department will meet the budget reduction target by utilizing savings in employee services from vacant positions this fiscal year. As of January 2023, there are <b>5 vacant full-time positions</b> in the Street Maintenance Department.
Park Maintenance		
Radio Communications		
<b>TOTAL PUBLIC WORKS</b>	<b>140,000</b>	
<b>POLICE DEPARTMENT</b>	<b>150,000</b>	<p>The historical cost savings of \$150,000 calculated for the Police Department was the result of vacant positions in prior fiscal years. In FY2020/21 the Police Department froze 7 full-time positions as a measure to close the budget deficit. However, in FY2021/22 due to an increase in demand for City services around traffic safety and homelessness, two Traffic Police Officer positions were reinstated to improve traffic safety and responsiveness and three police officer positions were reinstated to the budget in order to increase the staffing levels of the COPPS Unit.</p> <p>For the Police Department to meet the budget reduction target of \$150,000, one to two vacant police officer positions would not be filled. Although this would result in employee service savings, the impacts of vacant police officer positions would likely result in overtime to meet minimum staff requirements.</p>



<b>TOTAL FIRE DEPARTMENT &amp; EMERGENCY MANAGEMENT SERVICES</b>	<b>180,000</b>	The historical cost savings of \$180,000 calculated for the FIRE Department was the result of vacant positions in prior fiscal years. For the Fire Department to meet the budget reduction target of \$180,000, one to two vacant firefighter paramedic positions would not be filled. Although this would result in employee service savings, the impacts of these vacant positions would likely result in overtime to meet minimum staff requirements at each fire station.
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Non-Departmental	95,000	The Non-Departmental budget accounts for anticipated retirement and vacation obligations that occur at the time an employee leaves the City, which are unknown at the time the budget is adopted. The actual expenses incurred as of December 2022 are under the amount budgeted, as a result the department is anticipated to meet the budget reduction target.
<b>TOTAL OTHER EXPENSES</b>	<b>95,000</b>	

<b>CENTER FOR THE ARTS</b>	-	The annual management fee to the Center for the Arts Foundation was reduced by \$133,000 from the Preliminary FY2022/23 budget amount of \$788,370 to \$655,370. The reduction is accounted for in a separate line item in the operating budget.
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<b>TOTAL EXPENDITURE SAVINGS</b>	<b>1,330,000</b>
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(330,000)	<i>Per direction from City Council on May 11, 2022, Public Safety is excluded from FY2022/23 budget reductions</i>
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<b>FY2022/23 Cost Savings Reduction</b>	<b>\$1,000,000</b>
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## **GENERAL FUND RESERVES**

In December 2015, City Council adopted a Fund Balance Policy and established a General Fund target Reserve balance of 25% of General Fund operating revenues in order to maintain adequate levels of fund balance based. This goal is based on a risk-based analysis to mitigate current and future risks, adequately provide for cash flow requirements, and to fund one-time unanticipated expenditure requirements.

Total General Fund budgeted operating revenue in FY2022/23 is \$119,929,230 and 25% of this amount is \$29,982,308. The current General Fund Reserve balance is \$17,392,319, or 15% of budgeted operating revenue, which is below the identified acceptable risk-based analysis adopted by City Council and general government practices.

### **Section 115 Irrevocable Pension Trust Fund**

In February 2018, City Council authorized the establishment of a Section 115 Irrevocable Pension Trust Fund. The Trust Fund is used to set aside and hold money to meet future pension liabilities and can be used to provide economic relief during recessionary cycles and/or rate increases that are significantly above anticipated projected employee rate increases. Funds placed in this Trust can also be used to offset the City's "normal" CalPERS costs, such that if funds are necessary for other purposes, a certain amount of flexibility is present. Another benefit is that funds held in the Trust can be invested in the same manner as funds in a typical pension fund rather than as part of the City's General Fund, which means a potentially higher rate of return.

When the Pension Trust Fund was established, a funding policy for contributions to the Fund was recommended and included the four years of annual Successor Agency Redevelopment Loan Repayments of \$14 million that began in FY2018/19, future proceeds from the sale of City Property belonging to the General Fund, and a portion of General Fund surplus at the end of each fiscal year, if one exists. On December 7, 2022, City Council approved the transfer of the FY2021/22 Successor Agency Redevelopment Loan Repayment of \$2,194,370 and the remaining net resources from the FY2021/22 yearend operating results of \$4,656,850.

On December 31, 2022, the Section 115 Pension Trust Fund had a balance of \$30,317,329 which included City contributions of \$31,166,650 less a loss on investment earnings net of expenses of \$832,626. Prior to FY2021/22, the Trust Fund had a 1-year rate of return of 14%, and the investment earnings had grown to about \$1.4 million. The 3-month rate of return of the investment portfolio is a gain of 3.83%, the 1-year rate of return is a loss of 12.57%, and the 3-year rate of return is .54%.

The following table provides a summary of the activity since the establishment of the Trust Fund.

<b>Section 115 Pension Trust Fund</b>	
Prior Contributions	\$24,406,430
Successor Agency Advance Repayment – FY2021/22	2,194,370
General Fund Operating Results – FY2021/22	4,565,850
Investment Earnings, net of expenses	(849,321)
<b>Balance as of December 31, 2022</b>	<b>\$30,317,329</b>

**WATER FUND**

Net operating income for the Water Fund through December 2022 was \$9.8 million, a decrease of \$734,000 from prior year. Operating revenue increased by about \$630,000 or 2% compared to the prior year. Operating expenses increased by about \$1.4 million or 5% compared to the prior year due to increases in the costs for supplies, maintenance, and utilities.

	<b>FISCAL YEAR 2022/23 BUDGET</b>	<b>ACTUAL RESULTS DECEMBER 2022</b>	<b>ACTUAL RESULTS DECEMBER 2021</b>	<b>PRIOR YEAR VS CURRENT YEAR</b>
Operating Revenues	\$66,175,000	\$38,344,823	\$37,714,975	\$629,848
Operating Expenses	(62,501,360)	(28,536,692)	(27,172,386)	(1,364,306)
<b>Net Operating Income</b>	<b>\$3,673,640</b>	<b>\$9,808,131</b>	<b>\$10,542,589</b>	<b>(\$734,458)</b>

**WASTEWATER FUND**

Net operating income for the Wastewater Fund through December 2022 was \$6.4 million, an decrease of \$767,000 from the prior year. Operating revenue increased by about \$212,000 or 1% compared to the prior year. Operating expenses increased by about \$980,000 or 8% compared to the prior year due to increases in the costs for supplies, maintenance, and utilities.

	<b>FISCAL YEAR 2022/23 BUDGET</b>	<b>ACTUAL RESULTS DECEMBER 2022</b>	<b>ACTUAL RESULTS DECEMBER 2021</b>	<b>PRIOR YEAR VS CURRENT YEAR</b>
Operating Revenues	\$41,200,000	\$20,201,960	\$19,989,592	\$212,368
Operating Expenses	(30,979,010)	(13,788,386)	(12,808,901)	(979,485)
<b>Net Operating Income</b>	<b>\$10,220,990</b>	<b>\$6,413,574</b>	<b>\$7,180,691</b>	<b>(\$767,117)</b>

**FOR MORE INFORMATION**

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



# BUDGET ADJUSTMENT REQUEST

Department:	Finance	<b>For Finance Use Only</b> BA # _____ Fiscal Year _____
Department Contact:	Christina Holmes	
City Council Meeting Date: (attach staff report)	March 8, 2023	

## EXPLANATION OF REQUEST



Mid-Year Budget Adjustment to amend the FY2022/23 operating and capital budgets.

## BUDGET ADJUSTMENT INFORMATION

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
Fire Mutual Aid Reimbursement	4256-001-000	\$605,720	
Overtime	5020-001-600	595,550	
Office/Operating Supplies	5101-001-600	150	
Safety Equipment	5105-001-600	5,770	
Miscellaneous Motive	5118-001-600	340	
Gas	5111-001-600	970	
Training & Meetings	5160-001-600	2,940	
Maintenance of Equipment – Training Tower Pump Repair	5126-001-600	58,140	
Office/Operating Supplies – Fire Chief Conference Room	5101-001-600	30,000	
General Fund – Fund Balance	3050-001-000		88,140
Adult Literacy Grant	4112-401-409102- 25010	52,850	
Family for Literacy	4112-401-409102- 25018	29,160	

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
Fleet Services - Gasoline	5111-653-715	\$175,000	
Fleet Services - Diesel	5113-653-715	175,000	
Fleet Services Fund – Fund Balance	3050-653-000		350,000
Professional Services – Engineering Department	5131-001-402	196,060	
General Fund – Fund Balance	3050-001-000		196,060
New Capital Project – ProjectDox Implementation	New-229	150,000	
Capital Project Fund – Transfer In	4999-229	150,000	
General Fund – Transfer Out	5999-001	150,000	
General Fund – Fund Balance	3050-001-000		150,000
General Fund Non-Departmental – ProjectDox Software	5193-001-701	78,480	
General Fund – Fund Balance	3050-001-000		78,480

**APPROVALS**

<p>DocuSigned by:                        C0C8E98A934247C...</p>	3/1/2023	<p>DocuSigned by:                        C0C8E98A934247C...</p>	3/1/2023
<b>DEPARTMENT HEAD</b>	<b>DATE</b>	<b>FINANCE</b>	<b>DATE</b>

## RESOLUTION NO. 2023-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY, A SERVICES AGREEMENT WITH AVOLVE SOFTWARE CORPORATION FOR ON SITE WORK OR TRAINING AND/OR REMOTE WORK REQUIRING PERSONAL INVOLVEMENT.

WHEREAS, the City of Escondido ("City") desires to engage the services of a software corporation to provide professional services, and three years of a Software as Service ("SaaS") subscription to provide Electronic Plan Review functionality integrated with the City's Cityworks management system; and

WHEREAS, the Chief Information Officer has determined that the contractor will provide services remotely, with training and some meetings conducted at the City's facility; and

WHEREAS, the Chief Information Officer has recommended the execution of the Software as a Service Agreement ("Agreement") with Avolve Software Corporation for professional services, implementation, training SaaS hosting, patching and upgrading, Ad-hoc and support; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to approve the Agreement with Avolve Software Corporation to enhance the City's current systems.

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 Mayor is authorized to execute, on behalf of the City, the Agreement with Avolve Software Corporation for implementation, training, and three years of service not to exceed \$579,000, which is attached and incorporated to this Resolution as Exhibit "A" and subject to final approval as to form by the City Attorney.

## AVOLVE SOFTWARE CORPORATION Software as a Services Agreement

This agreement ("Agreement") is made this \_\_\_\_\_ ("Effective Date") by and between Avolve Software Corporation, a Delaware corporation with offices at 21001 N Tatum Blvd Ste 1630-503, Phoenix, Arizona 85050, United States of America, ("Avolve" or "Services Provider") and the City of Escondido, a California municipal corporation with offices at 201 N. Broadway, Escondido, CA 92025 ("Customer").

WHEREAS Avolve offers remotely hosted subscription, software-as-a-service access (on hardware owned or operated on behalf of Avolve by a third party hosting service provider such as Microsoft Corporation) to Avolve's software (collectively, such hosted electronic plan review and project information management, collaboration and review system, including all software applications, application program interfaces, modules, databases, hardware, infrastructure, documentation and system administration, management and monitoring activities that Avolve provides for the software shall be referred to herein as the "Avolve SAAS Solution");

WHEREAS Avolve provides professional services ("Professional Services") to assist customers with among other things, implementation of the Avolve SAAS Solution and training;

WHEREAS the Customer desires to purchase use rights for the Avolve SAAS Solution and related Professional Services (the "Initial Purchase") from Avolve and, pay for such purchases directly; and

WHEREAS Avolve and Customer now desire to provide the terms and conditions under which Avolve will provide the Initial Purchase to Customer, as well provide the terms and conditions for the Customer to purchase other Professional Services from Avolve, without the assistance of Financing Company or another paying agent;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth herein, Avolve and Customer agree as follows.

### SECTION A. – AVOLVE SAAS SOLUTION

1. Avolve SAAS Solution.
  - a. Use Rights. Subject to Customer's compliance with all the terms and conditions of this Agreement, Avolve grants to Customer a non-exclusive, non-transferable, non-sublicensable right during the subscription term ("Subscription Term") identified in the Implementation SOW (attached hereto as Exhibit 2) to permit Users to use the Avolve SAAS Solution identified in the Implementation SOW for Customer's internal business operations, solely for the specific Business Unit(s) as further set forth in the Implementation SOW. Should Customer desire to reorganize any such Business Unit, it shall provide Avolve written notice as soon as possible following the determination of reorganization, so that Avolve may review the planned reorganization to determine if it is consistent with the Business Unit limitation in this use rights grant and, if not, what additional fees will be required due to Customer's reorganization to include additional Business Units. As used in this Agreement, "User" means authorized Customer employees and third parties that require access to the Avolve SAAS Solution in connection with the Customer's internal business operations, such as the Customer's administrators, contractors, reviewers, and applicants. There may be different types/levels of Users for the Avolve SAAS Solution, such as administrator Users, if so identified in the Implementation SOW.
  - b. Storage. The Avolve SAAS Solution will include for the initial Subscription Term the amount of storage set forth in the Implementation SOW. Customer acknowledges that should Customer exceed the included storage limits after Avolve has sent notice to Customer in accordance with Avolve's then-current standard storage limits and data backup practices (available upon request), additional charges will be incurred by Customer. Avolve shall invoice Customer for any such additional incurred charges, and Customer shall pay such invoices, in accordance with Section C of this Agreement. Avolve may, in its sole discretion, modify the amount of standard storage included at no additional charge with the

Avolve SAAS Solution, with such modification to become effective upon the effective date of any renewal term provided that Avolve provides Customer written notice of such modification at least ninety days in advance of the expiration of the then-current Subscription Term.

- c. Restrictions on Use. Customer will not, and will ensure that its Users do not: (i) except as expressly stated herein, copy, reproduce, distribute, republish, download, display, host or transmit in any form or by any means, including but not limited to electronic, mechanical, photocopying, recording, or other means, any part of Avolve SAAS Solution or any other Avolve materials; (ii) use the Avolve SAAS Solution or any other Avolve materials to provide services to third parties (e.g., business process outsourcing, service bureau applications or third party training); (iii) assign, sublicense, sell, lease, loan, resell, sublicense or otherwise distribute or transfer or convey the Avolve SAAS Solution or any other Avolve materials, or pledge as security or otherwise encumber Customer's rights under this Agreement; (iii) make any use of or perform any acts with respect to the Avolve SAAS Solution or any other Avolve materials other than as expressly permitted in accordance with the terms of this Agreement; or (iv) use the Avolve SAAS Solution components other than those specifically identified in the Implementation SOW and then only as part of Avolve SAAS Solution as a whole, even if it is also technically possible for Customer to access other Avolve SAAS Solution components; or (v) modify, further develop or create any derivative works of, disassemble, decompile, reverse engineer or otherwise attempt to obtain or perceive the source code from which any part of Avolve SAAS Solution is compiled or interpreted, or access or use Avolve SAAS Solution in order to build a similar or competitive product or service; (vi) allow use of the Avolve SAAS Solution or any other Avolve materials by anyone other than authorized Users; (vii) publish any results of benchmark tests run on Avolve SAAS Solution; (viii) unless otherwise expressly authorized in writing by Avolve, use the Avolve SAAS Solution in connection with any software product or tools, or any other software as a service not provided by Avolve; and (ix) input, upload, transmit or otherwise provide to or through Avolve SAAS Solution or any systems used by Avolve anything that is unlawful, injurious, or contains, transmits or activates any harmful code. Customer acknowledges that nothing herein will be construed to grant Customer any right to obtain or use the source code from which Avolve SAAS Solution is delivered. Customer shall not tamper with or attempt to disable any security device or protection used by Avolve SAAS Solution or any other Avolve materials, nor shall Customer damage, destroy, disrupt or otherwise impede or harm in any manner the Avolve SAAS Solution or any systems used by Avolve. Customer agrees to take all commercially reasonable steps to ensure that Users abide by the terms of this Agreement and expressly agrees to indemnify Avolve, its officers, employees, agents and subcontractors from and against all claims, liabilities, losses, damages and costs (including reasonable attorney fees) suffered by Avolve arising from a breach by the User of the conditions of this Agreement.
- d. High-Risk Activities. The Avolve SAAS Solution is not fault-tolerant and is not designed, manufactured, or intended for use or resale as online control equipment in hazardous environments requiring fail-safe performance, such as in the operation of nuclear facilities, aircraft navigation or communication systems, air traffic control, direct life support machines or weapons systems, in which the failure of the Avolve SAAS Solution or derived binaries could lead directly to death, personal injury, or severe physical or environmental damage. The Avolve SAAS Solution is also not designed or intended for use with Federal Tax Information (FTI) as defined in the Internal Revenue Service Publication 1075 (IRS 1075) or criminal justice information ("CJI"), such as fingerprint records and criminal histories. Customer shall not use the Avolve SAAS Solution for any of these high-risk activities, including without limitation transmitting, storing or otherwise processing any FTI or CJI with the Avolve SAAS Solution.
- e. Project Administrator. Customer agrees, if not already designed in the Implementation SOW, to promptly designate in writing one person to be the Customer's point person responsible for all communications with Avolve (the Customer's "Project Administrator"). The Project Administrator is responsible for project administration duties as documented in the Avolve systems guides, statements of work, and documentation (collectively, the "Documentation"), as provided for time to time by Avolve to Customer.



- f. Customer Connection. During the Term, the Customer is responsible for obtaining and maintaining connection to the Avolve SAAS Solution, including the Internet connection. Avolve shall not be responsible for any inadequacy or lack of functionality of Customer's connection to the Avolve SAAS Solution or the inability of the Customer's computer, telecommunications provider, or other equipment and capabilities to access or use the Avolve SAAS Solution.
- g. Third Party Service Providers and Components. Notwithstanding anything to the contrary in this Agreement or any other documents between Avolve and Customer, Customer acknowledges and agrees as follows.
1. The Avolve SAAS Solution and its component parts are protected by copyright and other propriety rights of Avolve and one or more third party software vendors (including Oracle and Open Text Corporation ("OTC")) (all such third party vendors, including without limitation Oracle and OTC, shall be referred to herein as "third party vendors" or "third party software vendors"). Customer may be held directly responsible by such third party vendors for acts relating to the Avolve SAAS Solution component parts that are not authorized by this Agreement. Customer's use of such third party software is limited to only in conjunction with Avolve SAAS Solution and Customer acknowledges that it is not allowed to modify such third party software or use it independent from Avolve SAAS Solution. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE CUSTOMER WAIVES, AND WILL CAUSE ITS USERS TO WAIVE, ALL CLAIMS AND CAUSES OF ACTION AGAINST SUCH THIRD PARTY SOFTWARE VENDORS THAT ARISE UNDER THIS AGREEMENT.
  2. If Customer purchases from Avolve hosting of the Avolve SAAS Solution on the Microsoft® Windows Azure™ platform, the terms and conditions for such cloud services as such may be updated by Microsoft Corporation from time to time, are found online on at <https://www.microsoft.com/licensing/docs/customeragreement>. Customer should review the documents available on this website carefully to be sure that Customer reviews the appropriate customer agreement. If Customer has purchased Microsoft Cloud for US Government, review the customer agreement for Microsoft Cloud for US Government. If Customer is purchasing commercial access, the customer agreement for commercial access for the United States applies. Upon Customer's request, Avolve will provide Customer with assistance on finding and/or a copy of the appropriate Microsoft customer agreement. Customer acknowledges and agrees THAT (A) THE HOSTED SERVICES WILL BE PERFORMED SOLELY AND EXCLUSIVELY SUBJECT TO THE APPLICABLE MICROSOFT CORPORATION'S CUSTOMER AGREEMENT (the "Microsoft Customer Agreement) , (B) THAT AVOLVE DOES NOT GUARANTY MICROSOFT CORPORATION'S OBLIGATIONS PURSUANT TO THE MICROSOFT CUSTOMER AGREEMENT, AND (C) NOR CAN AVOLVE GRANT ANY WARRANTIES OR ADDITIONAL TERMS TO THE CUSTOMER AS TO THE HOSTED SERVICES UNDER THIS AGREEMENT. THE HOSTED SERVICES ARE SOLELY GOVERNED BY THE MICROSOFT CUSTOMER AGREEMENT, TO WHICH AVOVLE IS NOT A PARTY. Microsoft Corporation makes certain service level commitments to its customers, which are available online in the Microsoft Corporation's SLAs at <https://azure.microsoft.com/en-us/support/legal/sla/summary/>. If Customer desires to make a claim under the Microsoft Corporation SLAs, Customer shall submit the claim through Avolve. Avolve will escalate the claim to Microsoft Corporation for review. If Microsoft Corporation determines that a credit is due, Avolve will credit Customer the amount Microsoft Corporation has paid to Avolve for the SLA credit promptly after receiving the credit from Microsoft Corporation.

- h. Compatibility Updates. Avolve will make commercially reasonable efforts to update the Avolve SAAS Solution, if and as required, to cause it to operate under new versions or releases of current operating systems and internet browsers, within fifteen (15) months of general availability.
- i. Passwords, Access. Customer may designate and add Users and shall provide and assign unique passwords and user names to each authorized User pursuant to Avolve's then-current protocols. At Avolve's discretion, Users may be added either by Avolve or directly by Customer. Customer shall ensure that multiple Users do not share a password or user name. Customer further acknowledges and agrees that it is prohibited from sharing passwords and/or user names with unauthorized users. Customer will be responsible for the confidentiality and use of its Users passwords and user names. Avolve will act as though any electronic communications it receives under such passwords, user names, and/or account numbers have been sent by Customer. Customer agrees to immediately notify Avolve if it becomes aware of any loss or theft or unauthorized use of any of passwords, user names, and/or account numbers. Customer agrees not to access Avolve Cloud by any means other than through the interfaces that are provided by Avolve.
- j. Transmission Of Data. Customer understands that the technical processing and transmission of Customer Data is necessary to use of the Avolve SAAS Solution, and consent to Avolve's interception and storage of Customer Data. Customer understands that its Users or Avolve may be transmitting Customer Data over the Internet, and over various networks, only part of which may be owned by Avolve. Avolve is not responsible for any portions of Customer Data that are lost, altered, intercepted or stored without authorization during the transmission of Customer Data across networks not owned by Avolve.
- k. Customer Responsibilities. Customer will (a) be responsible for Users' compliance with this Agreement, (b) be responsible for the accuracy, quality and legality of Customer Data and the means by which it acquired Customer Data, (c) be responsible for cooperating and assisting Avolve as reasonably requested by Avolve to facilitate performance of its obligations and exercising of its rights under this Agreement, (d) use the Avolve SAAS Solution and any other materials provided by Avolve only in accordance with the Documentation and applicable laws and government regulations, including complying with all applicable legal requirements regarding privacy and data protection so as to not violate the intellectual property, privacy or any other rights of any third parties, and (e) use commercially reasonable efforts to prevent any security breach, including any unauthorized access to or use of the Avolve SAAS Solution. Should Customer become aware of any actual or threatened security breach, Customer shall promptly notify Avolve and take all reasonable and lawful measures within its control that are necessary to stop the activity or threatened activity and to mitigate its effects (including, where applicable, by discontinuing and preventing any unauthorized access to the Avolve SAAS Solution). Customer shall provide sufficient notice to, and obtain sufficient consent from, its Users and any other party providing personal data to Avolve and its suppliers (including the Microsoft Corporation) to permit the processing of data by Avolve and its supplier, and their respective affiliates, subsidiaries, and service providers solely to the extent such processing of data is expressly allowed for under this Agreement, including for the purpose of disclosing it to law enforcement or other governmental authorities as directed by Avolve solely to the extent Avolve is required to do so by law, or otherwise mutually agreed to in writing by the parties.
- l. Data Backup. The Avolve SAAS Solution is programmed to perform data backups of Customer Data stored within the Avolve SAAS Solution in accordance with Avolve's then-current standard storage limits and data backup practices (available upon request). Additional data backups may be purchased for an additional fee from Avolve and such additional data backup services shall be documented in an SOW pursuant to Section B of this Agreement. In the event of any loss, destruction, damage or corruption of Customer Data caused by Avolve or the Avolve SAAS Solution, Avolve, as its sole obligation and liability and as Customer's sole remedy, will use commercially reasonable efforts to restore Customer Data from Avolve's most current backup of Customer Data.

- m. Ownership. Customer acknowledges and agrees that Avolve owns all right, title, and interest in and to all intellectual property rights (including all derivatives or improvements thereof) in the Avolve SAAS Solution and any suggestions, enhancements requests, feedback, recommendations or other information provided by Customer or any of its Users related to the Avolve SAAS Solution. Customer's use rights to the Avolve SAAS Solution and the related materials supplied by Avolve pursuant to this Agreement are strictly limited to the right to use the proprietary rights in accordance with the terms of this Agreement. No right of ownership, expressed or implied, is granted under this Agreement.
2. Security. The security, privacy and data protection commitments set forth in this Agreement only apply to products and services provided by Avolve directly to Customer and do not include any products or services resold by Avolve hereunder, including any hosting services provided by Microsoft Corporation pursuant to the Customer's Microsoft Customer Agreement.
- a. Security Program. Avolve has implemented and maintains an information security program that incorporates administrative, technical, and physical safeguards designed to protect the security, confidentiality, and integrity of the Customer Data provided by Customer and its Users to Avolve in accordance with this Agreement.
- b. Annual Audit. Avolve will use commercially reasonable efforts to conduct an annual security audit of Avolve using an independent third party selected by Avolve. Upon the Customer's written request, a copy of the final report from any such audit shall be promptly provided the Customer. The Customer agrees that any such reports or other information provided to Customer concerning any audit shall be the Confidential Information of Avolve.
- c. Security Breach. Avolve will notify Customer promptly and in no event later than one (1) business day following Avolve's discovery of a Data Security Breach (defined below) and shall (i) undertake a reasonable investigation of the reasons for and the circumstances surrounding such Data Security Breach and (ii) reasonably cooperate with Customer in connection with such investigation, including by providing Customer with an initial summary of the results of Avolve's investigation as soon as possible, but in all cases within two (2) business days after the date Avolve discovered or reasonably suspected a Data Security Breach, and then regular updates on the investigation as it progresses; (iii) not make any public announcements relating to such Data Security Breach without Customer's prior written approval, which shall not be unreasonably withheld; (iv) use commercially reasonable efforts to take all necessary and appropriate corrective action reasonably possible on Avolve's part designed to prevent a recurrence of such Data Security Breach; (v) collect and preserve evidence concerning the discovery, cause, vulnerability, remedial actions and impact related to such Data Security Breach, which shall meet reasonable expectations of forensic admissibility; and (vi) if requested by Customer, at Customer's cost, provide notice to individuals or entities whose Confidential Information was or may have been affected in a manner and format specified by Customer. In the event of any Data Security Breach is caused by Avolve, Customer shall have, in addition to all other rights and remedies available under this Agreement, law and equity, the right to terminate the Agreement upon thirty (30) days prior written notice. For purposes of this Agreement, the term "Data Security Breach" shall mean any of the following occurring in connection with Customer Data in connection with Customer's and its Users' authorized use of the Avolve SAAS Solution: (a) the loss or misuse of Customer Data; and (b) disclosure to, or acquisition, access or use by, any person not authorized to receive Customer Data, other than in circumstances in which the disclosure, acquisition, access or use is made in good faith and within the course and scope of the employment with Avolve or other professional relationship with Avolve and does not result in any further unauthorized disclosure, acquisition, access or use of Customer Data.
- d. Signatures. The parties shall use electronic signatures for all agreements unless otherwise prohibited by law. Prior to any public disclosure of any document containing a signature, the signature shall be redacted by the disclosing party in a manner which renders it illegible and unable to be copied.

3. Suspension Right. Avolve reserves the right to include disabling devices in the service and software provided under this Agreement and to use such disabling devices to suspend access and/or use when any payment is overdue or when Avolve believes that Users are using the Avolve SAAS Solution and/or any other materials or services provided by Avolve hereunder not in accordance with the Documentation, this Agreement and/or applicable laws and government regulations. In addition, if Customer is using Microsoft Corporation for hosting services, Microsoft Corporation may terminate or suspend Customer's hosting services in accordance with the Customer's Microsoft Customer Agreement and, should this happen, Customer will not be able to access the Avolve SAAS Solution. Customer agrees that Avolve shall not be liable to Customer, Users or to any third party for any suspension or inability to access the Avolve SAAS Solution pursuant to this Section A(3). If suspended for failure to pay, upon payment in full of all amounts overdue (including any interest owed), Customer may request the reactivation of its account. Avolve shall reactivate promptly after receiving in advance all applicable reactivation fees, provided that Avolve has not already terminated this Agreement.
4. Ownership and Disposition of Customer Owned Data, Hosting Location. "Customer Data" refers to the data provided by the Customer that resides in the Customer's Avolve SAAS Solution environment, including any plan review, project drawings and associated project documents. Customer shall own all Customer Data that may reside within Contractor's hosting environment, to include Disaster recovery site, equipment and media. Contractor is granted no rights hereunder to use the Customer Data except to the extent necessary to fulfill its obligations to Customer under this Agreement. Unless approved in writing by Customer, Avolve shall host the Avolve SAAS Solution provided to Customer hereunder from a data center located within the United States. Upon termination or expiration of Customer's right to use the Avolve SAAS Solution for any reason other than Customer's uncured material breach, for the first thirty (30) calendar days following termination or expiration, Customer may request in writing that Avolve provide a copy of Customer's then-current Customer Data and, for no additional cost, Avolve shall provide a copy in a mutually agreed upon format on media supplied by the Customer. If the parties are unable to mutually agree upon the format or the media supplied by Customer is not acceptable to Avolve, Avolve will use commercially reasonable efforts to still provide a copy of the Customer Data but Avolve may charge a reasonable professional services fee for increased costs incurred. After this time period has expired, Avolve has no further obligation to retain the Customer Data and shall use commercially reasonable efforts to promptly delete all Customer Data from the Avolve SAAS Solution.
5. Verification. Avolve shall be permitted to audit (at least once annually and in accordance with Avolve standard procedures, which may include on-site and/or remote audit) the usage of the Avolve SAAS Solution and any other materials provided by Avolve to Customer. Customer shall cooperate reasonably in the conduct of such audits. In the event an audit reveals that (i) Customer underpaid fees to Avolve and/or (ii) that Customer has used in excess of the use rights granted herein, Customer shall pay such underpaid fees for such excess usage. Reasonable costs of Avolve's audit shall be paid by Customer if the audit results indicate usage in excess of the authorized quantities or levels. Avolve reserves all rights at law and equity with respect to both Customer's underpayment of fees and usage in excess of the authorized quantities or levels.

## **SECTION B. – PROFESSIONAL SERVICES AND SOWS**

1. Statements of Work. From time-to-time during the Term of this Agreement, the parties may enter into statements-of-work (each being an "SOW") for Avolve SAAS Solution use rights (including additional storage) and/or Professional Services on terms mutually agreed in writing between the parties in the SOW, including, without limitation, scope of services, expected deliverables, milestone dates, acceptance procedures and criteria, fees and other such matters. No SOW shall be binding until executed by both parties. Each SOW will be incorporated into and subject to this Agreement. In the case of any conflict between the SOW and this Agreement, this Agreement shall control unless the SOW specifically states otherwise.

## SECTION C. – GENERAL TERMS AND CONDITIONS

### 1. Fees.

- a. Implementation SOW and Additional Storage Fees. The Implementation SOW includes the Avolve SAAS Solution subscription fees, as well as the training and implementation professional services; which, unless set forth otherwise in the Implementation SOW, shall be invoiced by Avolve in full, in advance on the Effective Date. Additional storage fees shall be as set forth in the then-current standard storage limits and data backup practices document, a copy of which is available from Avolve upon request. Additional storage fees will be invoiced in accordance with the then-current standard storage limits and data backup practices document.
- b. Other SOWs. Any SOWs that Avolve and the Customer may execute from time to time during the Term of this Agreement shall include within them the applicable fees, including whether the Avolve SAAS Solution subscription fees and/or Professional Services fees are being paid by Customer through Financing Company, by Customer through another paying agent, or by Customer directly to Avolve. Unless otherwise specified in the SOW, Professional Services fees will be invoiced as the Professional Services are delivered and Avolve SAAS Solution subscription fees will be invoiced yearly, in advance, in full at the time the SOW is executed.
- c. General Terms. Unless set forth otherwise in an SOW, payment on all invoiced amounts shall be due thirty (30) days from receipt of invoice, with past due amounts accruing interest at the rate of the lesser of either 18% per annum or the maximum amount as allowed by law. The City considers payments as being made on the day a check is dated.

Avolve will invoice for the Avolve SAAS Solution subscription fees yearly, in advance, with the first invoice being issued on the Effective Date of this Agreement. The Customer agrees to pay all invoiced subscription fees net thirty (30) days from receipt of invoice, with past due amounts accruing interest at the rate of the lesser of either 18% per annum or the maximum amount as allowed by law. All fees are due in advance, irrevocable and non-refundable (except as expressly set forth otherwise in this Agreement). Customer agrees to provide Avolve with complete and accurate billing and contact information.

2. Taxes. Fees and other charges described in this Agreement do not include federal, state or local sales, foreign withholding, use, property, excise, service, or similar transaction taxes ("Tax(es)") now or hereafter levied, all of which shall be for Customer's account. Any applicable direct pay permits or valid tax-exempt certificates must be provided to Avolve prior to the execution of this Agreement. If Avolve is required to pay Taxes, Customer shall reimburse Avolve for such amounts.
3. Term. Except if terminated earlier in accordance with this Section C(3), this Agreement shall commence on the Effective Date and shall continue for the longer of either (a) the expiration of the Subscription Term for the Avolve SAAS Solution or (b) the completion of all Professional Services under all SOWs. Except as otherwise provided in any SOW, UPON THE EXPIRATION OF THE INITIAL TERM, THE SUBSCRIPTION TERM SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE RENEWAL TERMS EACH EQUAL TO TWELVE (12) MONTHS. THE ANNUAL SUBSCRIPTION PRICE FOR YEARS 2 AND 3 SHALL BE \$82,650 AND \$95,160, RESPECTIVELY. SUBSEQUENT YEARS WILL BE PRICED AT THE LESSER OF A 5% INCREASE OVER THE PREVIOUS 12 MONTH PERIOD, OR AVOLVE'S THEN CURRENT FEES FOR CUSTOMER'S THEN CURRENT USAGE, UNLESS EITHER PARTY PROVIDES NOTICE OF NON-RENEWAL AS SET FORTH IN THIS SECTION C(3). Avolve will provide notice of non-renewal or a notice of the fees due for each Renewal Term at least sixty (60) days prior to the commencement of the Renewal Term. If a notice of fees is provided, it will be in the form of an invoice. Customer acknowledges that it is its responsibility to provide a current email address to Avolve and to monitor such address for such notices. Customer may elect not to renew a Subscription Term by providing notice to Avolve at least thirty (30) days prior to the commencement of the Renewal Term. Avolve will provide, upon renewal, updates to all business

operation documentation that was required at execution of this contract, such as certificates of insurance and proof of Escondido business license.

4. Termination. In addition to any termination rights that may be set forth in a specific SOW, either party may (a) terminate this Agreement for convenience upon sixty days prior written notice to the other party and (b) terminate this Agreement for material breach in the event that the other party materially breaches this Agreement and thereafter has failed to cure such material breach (or commenced diligent efforts to cure such breach that are reasonably acceptable to the terminating party) within thirty (30) days after receiving written notice thereof. Without prejudice to either party's rights to terminate set forth in the prior sentence, if Customer has purchased from Avolve hosting of the Avolve SAAS Solution on the Microsoft® Windows Azure™ platform, and Microsoft Corporation terminates the Customer's Microsoft Customer Agreement during a Subscription Term, Avolve and Customer shall act in good faith to determine a mutually acceptable replacement provider promptly upon receiving notice of Microsoft Corporation's intent to terminate the Customer's Microsoft Customer Agreement. Upon termination by either party, Customer shall be provided all data stored on Customer's behalf by Avolve, in accordance with Section A(4).
5. Force Majeure. Any delay or nonperformance of any provision of this Agreement (other than for the payment of amounts due hereunder) caused by conditions beyond the reasonable control of the performing party shall not constitute a breach of this Agreement, and the time for performance of such provision, if any, shall be deemed to be extended for a period equal to the duration of the conditions preventing performance.
6. Confidentiality. Each party shall use commercially reasonable efforts to hold confidential information ("Confidential Information") of the other in confidence. All Confidential Information (including but not limited to data) shall (i) remain the sole property of the disclosing party and (ii) be used by the receiving party only as authorized herein. Information will not be considered to be Confidential Information if (i) available to the public other than by a breach of this agreement; (ii) rightfully received from a third party not in breach of any obligation of confidentiality, (iii) independently developed by or for a party without access to Confidential Information of the other; (iv) lawfully known to the receiving party at the time of disclosure, (v) produced in compliance with applicable law, securities reporting requirement or a government or court order, provided the other party is given notice and an opportunity to intervene unless prohibited by law; or (vi) it does not constitute a trade secret and more than three (3) years have elapsed from the date of disclosure. If Avolve receives a request for Customer Data (either directly or as redirected to Avolve by the Microsoft Corporation), then Avolve shall redirect the law enforcement agency to request that data directly from Customer. If compelled to disclose Customer Data to law enforcement, then Avolve shall within five business days notify Customer and provide a copy of the demand, unless legally prohibited from doing so. To the extent required by law, Customer shall notify individual Users that their data may be processed for the purpose of disclosing it to law enforcement of other governmental authorities as directed by Avolve, and shall obtain the User's consent to the same.
7. Indemnification; Limitation of Liability.
  - Indemnification. If a third party makes a claim against the Customer that any Customer's use of the Avolve SAAS Solution in accordance with the terms of this Agreement infringes such third party's intellectual property rights, Avolve, at its sole cost and expense, will defend Customer against the claim and indemnify Customer from the damages, losses, liabilities, costs and expenses awarded by the court to the third party claiming infringement or the settlement agreed to by Avolve, provided that Customer: (i) notifies Avolve promptly in writing of the claim; (ii) gives Avolve sole control of the defense and any settlement negotiations; and (iii) gives Avolve reasonable assistance in the defense of such claim. If Avolve believes or it is determined that the Avolve SAAS Solution has violated a third party's intellectual property rights, Avolve may choose to either modify the Avolve SAAS Solution to be non-infringing or obtain a license to allow for continued use, or if these alternatives are not commercially reasonable, Avolve may terminate Customer's use rights and refund any unused, prepaid fees Customer may have paid to Avolve. Avolve will not indemnify the Customer to the extent that the alleged infringement arises from (1) the combination, operation, or use of the Avolve SAAS Solution with products, services, information, materials, technologies,

business methods or processes not furnished by Avolve; (2) modifications to the Avolve SAAS Solution, which modifications are not made by Avolve; (3) failure to use updates to the Avolve SAAS Solution provided by Avolve; or (4) use of Avolve SAAS Solution except in accordance with any applicable Documentation or specifications. Interfaces developed exclusively by Avolve using Avolve's standard APIs, and configuration changes made within the Avolve-provided user interface to the product by Avolve shall not constitute modifications for purposes of this section. Customer development of API interfaces not authorized by Avolve Software, or the use of API calls for pushing or pulling data to or from the Avolve SaaS system that has a negative impact to the performance or functionality of the system requiring Avolve Software assistance for resolution are not covered. This includes modifications to workflows and the overall system configurations available to the customer.

- a. This section provides THE SOLE, EXCLUSIVE, AND ENTIRE LIABILITY OF AVOLVE AND ITS LICENSORS TO CUSTOMER, AND IS CUSTOMER'S SOLE REMEDY, WITH RESPECT TO THE INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS.
- b. Limitation of Liability. In no event will Avolve be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with this agreement, including without limitation use of the Avolve SAAS Solution and the provision of the Professional Services. Except for direct damages and expenses associated with Avolve's obligation to indemnify Customer pursuant to Section C (7) (a), Avolve's aggregate, cumulative liability for damages and expenses arising out of this Agreement, whether based on a theory of contract or tort, including negligence and strict liability, will be limited to the amount of fees received by Avolve under this Agreement. Such fees reflect and are set in reliance upon this limitation of liability. The limited remedies set forth in this Agreement shall apply notwithstanding the failure of their essential purpose.

8. Support; Warranties.

- a. Support. During the Customer's Subscription Term, at no additional cost to the Customer, Avolve shall provide the Avolve SAAS Solution in accordance with Avolve's Service Level Agreement (attached hereto as Exhibit 1).
- b. Warranties. Customer warrants and covenants that it owns or otherwise has and will have the necessary rights and consents in and relating to the Customer Data so that, as received by Avolve and processed in accordance with this Agreement, they do not and will not infringe, misappropriate or otherwise violate any intellectual property rights, or any privacy or other rights of any third party or violate any applicable laws or and government regulations, including but not limited to all foreign, United States federal and United States state recording laws. If Customer is purchasing from Avolve resold rights to Microsoft Cloud for US Government, Customer further warrants that it is one of the following: (i) a bureau, office, agency, department or other entity of the United States Government; (ii) any agency of a state or local government in the United States; (iii) any United States county, borough, commonwealth, city, municipality, town, township, special purpose district, or other similar type of governmental instrumentality established by the laws of Customer's state and located within Customer's state jurisdiction and geographic boundaries; or (iv) a federally-recognized tribal entity performing tribal governmental functions and eligible for funding and services from the US Department of Interior by virtue of its status as an Indian tribe.
- c. Disclaimer. Avolve AND ITS SUPPLIERS AND LICENSORS DISCLAIM ALL OTHER WARRANTIES STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO WARRANTY IS GIVEN AS TO ACCURACY, ERROR-FREE OR UNINTERRUPTED SERVICE. CUSTOMER ASSUMES ALL RESPONSIBILITY FOR DETERMINING WHETHER THE SERVICES, ANY AVOLVE MATERIALS, THE AVOLVE SAAS SOLUTION OR THE INFORMATION GENERATED THEREBY IS ACCURATE OR SUFFICIENT FOR ITS PURPOSES. EACH PARTY DISCLAIMS ALL LIABILITY AND INDEMNIFICATION

OBLIGATIONS FOR ANY HARM OR DAMAGES CAUSED BY ANY THIRD-PARTY HOSTING PROVIDERS. Avolve makes no warranties or conditions as to any services or products distributed under a third-party name, copyright, trademark or trade name that may be offered with or incorporated with the Avolve SAAS Solution or Professional Services provided by Avolve hereunder (such as the Microsoft hosting services). To the maximum extent permitted by law, Avolve will have no liability in connection with the third-party services or products.

9. Notices: Any notices being given by this Agreement shall be in writing and shall be effective if delivered personally, sent by prepaid courier service, sent by prepaid mail, or sent by facsimile or electronic communication (confirmed on the same or following day by prepaid mail). All correspondence shall be addressed to the parties as follows:

If to Avolve:

Mr. Jay Mayne

CFO

Avolve Software Corporation  
21001 N. Tatum Blvd, Suite 1630-503  
Scottsdale, AZ 85050

If to Customer:

Robert Van De Hey

Chief Information Officer

City of Escondido  
201 N. Broadway

Escondido, CA 92025

10. Governing Law. This Agreement will be governed by and construed in accordance with the laws of Customer's state of domicile.
11. Entire Agreement. This Agreement, together with any SOWs, constitutes the entire agreement and understanding between the parties and supersedes any prior agreements, representation, or understandings, whether oral or written, relating to the services provided hereunder.
12. Severability. Should any court of competent jurisdiction declare any term of this Agreement void or unenforceable, such declaration shall have no effect on the remaining terms hereof.
13. Assignment. These services and any other information or rights provided by Avolve, may not be sold, leased, assigned, sublicensed or otherwise transferred in whole or in part. Customer may not assign this Agreement or the benefits there from in whole or in part without the prior written consent of Avolve, which consent shall not be unreasonably withheld. Any assignment made in conflict with this provision shall be voidable at the option of Avolve.
14. Independent Contractor. Avolve is an independent contractor and not an employee of the Customer. Any personnel performing services under this Agreement on behalf of Avolve shall at all times be under Avolve's exclusive direction and control. Avolve shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of services under this Agreement and as required by law. Avolve shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and worker's compensation insurance.
15. Amendment. This Agreement may only be modified by written amendment signed by authorized representatives of both parties.
16. Hierarchy. The following order of precedence shall be applied in the event of conflict or inconsistency between provisions of the components of this Agreement: (i) this Agreement and (ii) the applicable Avolve Support SLA or SOW. Notwithstanding the foregoing, if any part of the Avolve Support SLA or SOW expressly states that it shall control over the Agreement, it shall so control.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

**Avolve Software Corporation**

**City of Escondido**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT 1 – SERVICES SERVICE LEVEL AGREEMENT (SLA)  
 SUPPORT PROCESS AND SERVICE LEVEL AGREEMENT**

Avolve’s current support process and service level commitments (“Support”) are defined below.

**Support Portal.** Avolve provides Support through its Support Portal (<https://support.avolvesoftware.com>). All issues can be logged using the portal or through an on-call support number. Customer personnel receive Support Portal login credentials promptly following purchase of rights to use the Avolve SAAS Solution. After a login is received, the Customer may enter, track, update, and report on trouble ticket, as well as communicate with Avolve helpdesk staff via phone, email, web meeting, and/or ticket notes. Help, FAQs, Documentation, and a Knowledge-base are also available at the Avolve support portal.

**Support Hours. 8 AM – 5 PM MST, Monday through Friday (excluding standard holidays).**

**Planned Downtime.** Avolve or its third-party agent may render the Avolve SAAS Solution unavailable in order to perform upgrades, updates, patches, enhancements and routine maintenance activities, so long as the Avolve SAAS Solution is only unavailable to Customer and its Customer Users outside of the hours of 7 AM through 9 PM East Coast Time on business days during the Subscription Term. Avolve shall provide no less than five (5) days advance notice to Customer of any planned downtime. Customer acknowledges that in the case of emergencies, Avolve or its third-party agents may render the Avolve SAAS Solution unavailable in order to address the emergency. In such situations, if reasonably feasible, Avolve will provide notice to Customer in advance of rendering the Avolve SAAS Solution unavailable or, if not reasonably feasible, notice to Customer promptly following the rendering of the Avolve SAAS Solution unavailable. Customer understands and agrees that Avolve shall not be liable for any such interruption in access to the Avolve SAAS Solution for downtime occurring pursuant to this paragraph (collectively, referred to herein as “Planned Downtime”).

**On-Site Emergency Support.** Customer may request on-site emergency operational support services as a separate and distinct billable service. In such cases and at its discretion, Avolve will dispatch appropriate technical staff to deliver on-site technical services.

**Problem Determination and Resolution.** Avolve resources are allocated to resolve reported problems based on the severity level as described in the following table. Avolve uses commercially reasonable efforts to provide a prompt acknowledgement, acceptable resolution, workaround, or a plan for the provision of a resolution or acceptable workaround in the timeframe set forth below:

Incident Response, Resolution, and Restoration Times					
Severity Level	System Down	Critical	High	Medium	Low
Response Time	1 hour	4 business hours	12 business hours	24 business hours	48 business hours
Resolution Time	Reasonable Best Effort	Reasonable Best Effort	Reasonable Best Effort	Reasonable Best Effort	Reasonable Best Effort
Incident Reports	24 Hours	n/a	n/a	n/a	n/a

\*Normal Business Hours: 8:00 a.m. through 5:00 p.m. Mountain Standard Time, Monday through Friday (excluding standard holidays).



### Support Classification Definitions:

- **Response Time.** Once a problem has been reported, the Customer receives an acknowledgement by email, chat, phone or the through the support portal. Avolve will begin the process of problem determination and resolution at this point. The time the ticket is submitted, and the response time will be logged to ensure SLA is met.
- **Status Updates.** During the problem determination and resolution process, Customer may receive regular communications, via email, chat, phone, or the support portal, as to the status of the problem determination and resolution. All communications should be logged in Avolve's support system including date, time, and contact name. This helps Avolve and the customer determine the status and duration of the issue reported. Any communications outside the support portal, unless scheduled by Avolve Support such as an online conference (e.g., Zoom or Teams), will not be considered as part of Avolve's SLA. Tickets forwarded to Avolve Development/QA or 3<sup>rd</sup> Party Software company for further analysis or patch development, may result to delayed updates to the customer.
- **Resolution Time.** It is the time the issue should be resolved. In some instances, a resolution may still be a temporary fix beyond the viable workaround. This incident occurs if the solution requires a product patch and/or product upgrade that result to a longer resolution schedule.
- **Severity Re-classification.** Avolve and the Customer can reclassify the severity of a ticket if required.

### Severity Type Definitions:

- **System Down:** A complete system failure impacting Customer's ability to use the system that affects their business operations. From a time management perspective, it is urgent and important. Examples of a system down severity is when all users are unable to login or various errors occur simultaneously for all users. Avolve Support will respond to the ticket within 1 hour and try to restore the system within 4 hours. Customer's administrators, IT, and/or users experiencing the issue may need to be available to help address specific tickets. If it requires further investigation and longer resolution time, a temporary workaround (i.e., restoration) will be determined with the Customer to allow operations to proceed during business or non-business hours. Status updates will be provided periodically, on a System Down tickets 24x7 until resolution. Infrastructure issues are often resolved quickly by service or system restart. Any potential system alerts will be promptly addressed in an effort to avoid issues from reoccurring. Avolve will create a new ticket with a low severity rating if the issue has been resolved but require further root-cause analysis.
- **Critical:** An application failure impacting 1 or more end-users' ability to use the system and affects critical operations that need to be addressed immediately. From a time management perspective, it is urgent and important for some users. Examples of a critical severity is when 1 or more users are unable to upload files, batch stamp approved plans, open several files, or run reports after several attempts. Avolve Support will respond to the issue within 4 hours and try to resolve the issue within 6 hours. Customer's administrators, IT, and/or users experiencing the issue may need to be available to help address specific issues. If it requires further investigation and longer resolution time, a temporary workaround (i.e., restoration) will be determined with the customer to allow operations to proceed during business hours. Critical tickets will be immediately worked on until restoration from Monday to Friday (excluding US holidays) and within business hours. Any issue that requires work beyond work hours will be addressed on the following workday and within business hours. Avolve will create a new ticket with a low severity rating if the issue has been resolved but require further root-cause analysis.
- **High:** An error that causes Avolve product to fail with minimal business impact. From a time management perspective, it is not urgent but important. Examples of a high severity are intermittent but frequent operational errors that need to be addressed. Avolve Support will respond to the issue



within 12 business hours and try to resolve the issue within 24 business hours. If it requires further investigation and longer resolution time, a temporary workaround will be determined with the customer to allow operations to proceed during business hours. Support will work on the issue from Monday to Friday (excluding US holidays) and within business hours. Any issue that requires work beyond business hours will be addressed on the following workday and within business hours. Avolve will create a new ticket with a low severity rating if the issue has been resolved but require further root-cause analysis.

- **Medium:** An error that causes Avolve product to fail with no significant business impact. From a time management perspective, it is not urgent and slightly important to some users. Examples of a medium severity are how-to questions, or specific issues only occurring to a single end-user. Avolve Support will respond to the issue within 24 business hours and resolve the issue within reasonable best efforts. Support will work on the issue from Monday to Friday (excluding US holidays) and within business hours. Any issue that requires work beyond business hours will be addressed on the following workday and within business hours.
- **Low:** A service request for a new feature, additional documentation, or an explanation of product functionality that does not impact business operations. From a time management perspective, it is not urgent with low importance. Avolve Support will respond to the issue within 48 business hours and resolve the issue within reasonable best efforts. Support will work on the issue from Monday to Friday (excluding US holidays) and within business hours. Any issue that requires work beyond business hours will be addressed on the following workday and within business hours.

**Unsupported Issues.** Avolve does not cover under Support, and the SLA does not include the following conditions (collectively, the “Unsupported Issues”).

- Any Avolve SAAS Solution use not covered by an active support contract and/or not in compliance with a valid agreement with Avolve. Authorized users of the Avolve SAAS Solution are entitled to Support as part of their use fee.
- End-user’s computer hardware/software configurations such as OS (e.g., Linux or older Windows versions) or browser versions not supported by Avolve.
- Problems caused by misuse or misapplication of the Avolve SAAS Solution, including any anomalies and/or failures in test or production operating environments that impact the Avolve SAAS Solution and are determined to have their cause due to unwarranted Customer decisions, actions, system modification, policies and/or procedures. Interfaces created exclusively by Avolve using Avolve’s standard APIs, and configuration changes made exclusively by Avolve within the Avolve-provided user interface to the product shall not constitute misuse or misapplication and are not considered unwarranted for purposes of this section. Customer development of API interfaces not authorized by Avolve Software, or the use of API calls for pushing or pulling data to or from the Avolve SaaS system that has a negative impact to the performance or functionality of the system requiring Avolve Software assistance for resolution are not covered. This includes modifications to workflows and the overall system configurations available to the customer.
- Problems caused by Customer’s custom application code authorized to be developed using Avolve APIs as set forth in the documentation accompanying such API and the Customer’s Agreement.
- Problems caused by updates or upgrades of 3rd party applications that are integrated with Avolve products and/or services.



- All Training programs, regardless of software version updates and/or upgrades.
- On-premises type of support including but not limited to: (a) End-user's Windows configuration issues; (b) On-prem firewall or other security device configuration; (c) On-prem VPN, proxy servers, or other internal devices that connect to the Avolve SaaS solution; (d) Customer DNS, SSL certifications, or Azure AD configurations and updates if used for the Avolve SaaS solution; (e) On-prem or end-user's network performance monitoring and updates; (f) End-User browser support; (g) User-modified and new workflows or eforms. Additional services may be purchased for an additional fee.
- Any other reasons expressly set forth in the Customer's Agreement.

Avolve, in its sole discretion, shall determine whether any of the foregoing exclusions are applicable to Customer. Any services provided for exclusions shall be paid by Customer at Avolve's then-current rates, as well as all travel and other expenses incurred by Avolve in providing such services.

**Customer's Obligations for Operational Support.** To facilitate clear and consistent communication and timely issue resolution, Customer shall designate up to four contact persons for technical support processes. These individuals are responsible for initiating support requests, communicating with Avolve technical support personnel, and monitoring the support process with Avolve. Timely Customer response to Avolve requests for information during issue resolution is a necessary pre-requisite to Avolve's providing Support. Avolve also requires remote access to the Customer system for the purpose of problem determination and analysis. Where reasonably necessary to provide Support, Customer shall provide Avolve's technical support personnel reasonable, remote access capabilities into Customer's systems. Upon Avolve's request, Customer will also provide reasonable supporting data to aid in the identification and resolution of the issue.

### Service Level Commitments

Uptime commitment. Per Avolve's SaaS agreement, Avolve will use commercially reasonable efforts to make the Avolve SAAS Solution available. The Annual Uptime Percentage has 2 components: The infrastructure uptime, which is dependent on Microsoft's SLA; Avolve software, which is 99.5%, excluding Planned Downtime. In the event that Avolve does not meet this uptime commitment, Customer will be eligible to receive a service credit for 10% of the monthly fee for each one (1) hour of downtime, up to Customer's Pro-Rated Monthly Subscription Fee.

### Definitions

- "Annual Uptime Percentage" is calculated by subtracting from 100% the percentage of 10-minute periods during a calendar month in which the Avolve SAAS Solutions was Unavailable to Customer.
- "Availability" means the ability to log into the Avolve SAAS Solution.
- "Claim" means a claim for a service credit Customer submits by opening a support case with Avolve, on the basis that the hosted Avolve SaaS Product infrastructure has been Unavailable to Customer during a service month.
- "Pro-Rated Monthly Subscription Fee" is calculated by dividing the Customer's applicable annual Avolve SAAS Solution subscription fee by twelve.
- "Unavailability" means the inability to log into the Avolve SAAS Solution.

### Service Credit Requests

To receive a service credit, Customer must notify Avolve and submit a Claim within thirty (30) days from the incident that would be the basis for the claim. To be eligible, the Claim must include (a) the dates, times, description and duration of each incident experienced; and (b) the Customer's event logs or any other system telemetry that



document the errors and corroborate the claimed Unavailability (any confidential or sensitive information should be removed). Failure to provide a timely Claim, which includes all the required information, will disqualify the Claim and Customer from receiving a service credit. If Avolve validates the Claim, then Avolve will promptly issue the service credit.

### **Service Credit Provisions**

Service credits are Customer's sole and exclusive remedy for any failure of Avolve to provide the Avolve SAAS Solution in accordance with the terms of the Agreement. Service credits shall be a credit toward future services only and do not entitle Customer to any refund or other payment from Avolve. Service credits may not be transferred, applied to another account, exchanged for, or converted to monetary amounts.

The maximum service credits awarded with respect to Claims the Customer submits in any calendar month shall not, under any circumstance, exceed in the aggregate the Customer's Pro-Rated Monthly Subscription Fee for such month. Avolve will use all information reasonably available to it to validate Claims and make a good faith judgment on whether a service credit should be applied to the Claim.

### **SLA Exclusions**

This SLA does not apply to any Availability or Unavailability of the Avolve SAAS Solution:

- During Planned Downtime;
- Caused by Unsupported Issues;
- Caused by factors outside of Avolve's or Avolve's hosting company's control, including any force majeure event or interruption or impediment to Internet access or related problems;
- That result from Customer's equipment, software or other technology and/or third party equipment, software or other technology, including any third party hosting providers;
- That resulted from Planned Maintenance or associated to beta, evaluation, non-production systems, and trial services accounts;
- That result from any actions or inactions from Customer or any third party, including employees, Users, agents, contractors, or vendors, or anyone gaining access to the hosted Avolve SaaS Product infrastructure by means of Customer's (and its Users') passwords or equipment;
- Arising from Avolve's suspension and termination of Customer's right to use the hosted infrastructure in accordance with the Agreement; and
- That result from Avolve application software implementation errors caused by Customer's configuration, customization, installation, or human errors.
- Avolve, in its sole discretion, shall determine whether any of the foregoing exclusions are applicable to Customer. Avolve may, but is not obligated to, issue a Service Credit in Avolve's sole discretion where Customer's use of the Avolve SAAS Solution may be Unavailable due to factors other than expressly provided here in this SLA.



# City of Escondido, CA

## ProjectDox® ePlan Solution Proposal

February 28, 2023



Prepared by your Avolve Software Representative

Bruce Crawford  
Director NorCal Northwest Sales  
4835 East Cactus Road  
Suite 420  
Scottsdale, AZ 85254  
[www.avolvesoftware.com](http://www.avolvesoftware.com)

Telephone: 415-272-9435  
Email: [bcrawford@avolvesoftware.com](mailto:bcrawford@avolvesoftware.com)



February 28, 2023

City of Escondido, CA  
201 North Broadway  
Escondido, CA 92025  
ATT: Andrew Firestine

We are pleased to propose ProjectDox from Avolve Software. Based on our discussions to date and information derived from an all-day meeting with various Escondido departments and stakeholders, we have prepared a comprehensive proposal and implementation plan, including the implementation of Avolve Best In Class workflows for Building, Planning, Engineering and Fire.

Avolve Best In Class workflows represent the consolidation and refinement of tens of thousands of customer interactions, design and development hours spent addressing customers electronic plan review needs, and more.

Avolve's ProjectDox product and professional services is unrivaled leading the nation in the number of dedicated ePlan installations, jurisdiction size, years of ePlan experience, the complexity of ePlan projects managed and deployed, and features and functions that support optimum flexibility and ease of-use by departments and citizenry alike.

Our proposal will directly address City of Escondido's desire to increase transparency both inside and outside the organization, create plan review efficiency and optimize the applicant and reviewer experience, track all review activities with increased downstream/upstream visibility, and ultimately accelerate jobs and revenues driving economic development.

We appreciate the opportunity to work to earn your business and look forward to partnering with you on this important initiative.

Regards,

Bruce Crawford





# Executive Summary

## **ProjectDox will address City of Escondido's core needs and much more**

### **Ease of Use:**

ProjectDox guides your customer (applicant) through their participation in the plan review process. Once a review starts, the applicant immediately receives an email with instructions on how to upload their plan set. Each applicant interaction has a step-by-step instruction and videos to guide the applicant along the way. System interactions quickly become familiar for completing a submission correctly, addressing plan set corrections and downloading the approved plan set.

### **Review Efficiency**

Avolve customers have reported 60-75% efficiency improvements overall, allowing more to be done with existing staff. Become a highly competitive community for attracting new business growth development.

- Multiple departments and external agencies can participate in a review, collaborate together (no additional licensing required)
- Review comments are auto assembled for all reviewing departments and outside agencies into a single applicant communication of record for all review cycles
- All participants, including the applicant, know what they need to do next, and when it is due (reminders automatically sent by the system)
- Automation of process steps like stamping, applicant digital certifications, notifications, and reminders

### **Process Insight**

Each part of the review process is tracked across each review cycle, providing full insight on SLAs, departmental overloads, efficiency, and workload trends. These analytics are available as dashboard reports by managerial/supervisor levels. CBOs, Planning and Engineering Directors can have dashboards to key/strategic project reviews, departmental analytics to support budget requests, and more. A full record of "everything" communicated to the applicant and their responses is captured and available for archival record. Your applicant has a self-serve ability to track the project review status, reducing inbound inquiry calls, with presentation of any time delays that may have resulted from them. Jurisdictions can choose to enable applicant insight to review comments as the review progresses, allowing them to get an earlier start on changes or corrections required.

### **Process Solution with View & Markup**

- The system operates by permit type, assigns the applicant, appropriate reviewers, coordinators, and external agencies their tasks to complete
- Reviewers work concurrently, not sequentially.
- Workflows can optionally move forward if 3rd party agencies don't respond by policy set due date
- The software auto assembles all review comments, and it records all applicant communication and responses across each cycle as one single review list for all to view. Applicants can review and respond to these comments online or offline in Microsoft Excel
- Automation efficiency – managing review comments, file stamping, digital signature verification, group assignments, and verifying markup corrections as to new versions
- Full process analytics and dashboards providing insight, transparency, and applicant/jurisdictional accountability



## Quote Delivered To

Andrew Firestine  
 201 North Broadway  
 Escondido, CA  
 92025

Development Services Director  
 afirestine@escondido.org

City of Escondido, CA  
 (760) 839-4671

Date of Quote: 2/28/2023

Quote Valid Until: 3/31/2023

## ProjectDox ePlan Solution Pricing Agreement

### SAAS

Product Name	Product Code	Description	Qty	Unit Price	Total Price
Test Environment Light-Level Capacity ProjectDox SaaS License	SAAS.PDO X-T.L	<p>Software as a Service (SaaS) for ProjectDox on a Test Environment. Designed for organizations who plan to use the system for development and/or testing with approximately 5 concurrent users and approximately 500 permits per year.</p> <p>Software included for Production:</p> <ul style="list-style-type: none"> <li>• ProjectDox Software Subscription</li> <li>• Unlimited Workflow license</li> </ul> <p>Services included for SaaS Production:</p> <ul style="list-style-type: none"> <li>• Set up and installation of ProjectDox</li> <li>• Managed services</li> <li>• Annual ProjectDox upgrades</li> </ul> <p>Test Environment Safeguard: Avolve security policy limits access to the Test environment. External users including the customer's IT can be provided limited VPN access to the Test servers and database such as creation and testing of custom reports. VPN access will be made available upon request at additional cost.</p>	12	\$980.00	\$11,760.00
Production Environment Light-Level Capacity ProjectDox SaaS License	SAAS.PDO X-P.L	<p>Software as a Service (SaaS) for ProjectDox on a Production Environment. Designed for organizations who have approximately 75 concurrent users and 3,000 permits per year.</p> <p>Software included for SaaS Production:</p> <ul style="list-style-type: none"> <li>• ProjectDox Software Subscription</li> </ul>	12	\$6,000.00	\$72,000.00



		<ul style="list-style-type: none"> <li>• Unlimited Workflow license</li> </ul> <p>Services included for SaaS Production:</p> <ul style="list-style-type: none"> <li>• Set up and installation of ProjectDox</li> <li>• Managed services</li> <li>• Annual ProjectDox upgrades</li> <li>-Technical Support</li> </ul> <p>Production Environment Safeguard: Avolve security policy limits access to the Production environment. External users including the customer's IT will not be allowed direct access to the Production servers and database. Any development or testing can be performed on the Test environment.</p>				
SaaS Cityworks Integration	SaaS-CW.Int	<p>Avolve and Cityworks SaaS integration with ProjectDox and Cityworks Permit Licensing and Land (PLL)</p> <p>Integration includes:</p> <p>PLL with ProjectDox:</p> <ul style="list-style-type: none"> <li>- Create Projects</li> <li>- Get Permit Info</li> <li>- Get Contact Info</li> <li>- Get Default Reviews</li> <li>- Add/Remove Plan Reviews</li> <li>- Update Plan Reviews</li> </ul> <p>Get Fee Balances</p> <ul style="list-style-type: none"> <li>- Update Project Status Approved</li> </ul>	1	\$6,000.00		\$6,000.00
TES-Video License Subscription	TES-VLS	TES-Video License Subscription	1	\$5,400.00		\$5,400.00
<b>YEAR 1 SaaS Cost Reduction</b>						<b>-\$16,680.00</b>
<b>SaaS Total:</b>						<b>\$78,480.00</b>

## TRAINING

Product Name	Product Code	Description	Qty	Unit Price		Total Price
Introduction to ProjectDox	TES-INTRO	The Training and Educational Services course includes a flexible mixture of lecture and hands-on lab time to familiarize the user with the basic features of ProjectDox. This 3 hour instructor lead course will review how to access a project, view a file, use the search feature and communication tools to efficiently	4	\$1,125.00		\$4,500.00



		use and communicate using the ProjectDox application. This course is limited to a max of 12 persons per session/course.				
Workflow & Project Administration for Coordinators/Admins	TES-WF.PA.CA	Instructor led lecture, demonstration, and hands-on activity to teach coordinating and administrative staff the e-plan review process using ProjectDox, ProjectFlow eForms and associated administrative tools. Course participation is estimated at 6 hours	3	\$3,575.00		\$10,725.00
Workflow & Markup Training for Reviewers	TES-WF.MU.R	Instructor led lecture, demonstration, and hands-on activity to learn the workflow review process and Viewer tools and features. Course participation is estimated at 6 hours.	4	\$3,350.00		\$13,400.00
ProjectDox Bundled Training Services	PKG-PDOX.TRN	Package Includes: 2 Introduction to ProjectDox 1 Workflow and Markup Training for Reviewers 1 Workflow and Project Administration for Coordinators 1 System Administration Training 1 Community Training  Package is limited to 12 Unique Users	1	\$13,050.00		\$13,050.00
<b>Training Sub-Total:</b>						<b>\$41,675.00</b>

**PROFESSIONAL SERVICES**

Product Name	Product Code	Description	Qty	Unit Price		Total Price
SaaS Cityworks Integration Services	PS-225	Avolve configuration services to implement the SaaS Cityworks integration subscription.	8 hrs	\$1,800.00		\$1,800.00
Best-in-Class Level 1 ProjectFlow PLUS Services	PS-225	BIC Plus Setup Services Level 1 for Workflows: Building	136 hrs	\$30,600.00		\$30,600.00
Best-in-Class Level 1 ProjectFlow PLUS Services	PS-225	BIC Plus Setup Services Level 1 for Workflows: Planning	136 hrs	\$30,600.00		\$30,600.00
Best-in-Class Level 2 ProjectFlow CORE Services	PS-225	BIC Core Setup Services Level 2 for Workflows: Fire	50 hrs	\$11,250.00		\$11,250.00
Best-in-Class Level 1 ProjectFlow CORE Services	PS-225	BIC Core Setup Services Level 1 for Workflows: Engineering	70 hrs	\$15,750.00		\$15,750.00
<b>**Professional Services Discount</b>						<b>-\$9,000.00</b>
<b>Professional Services Sub-Total:</b>						<b>\$81,000.00</b>



<p><b>Unless otherwise stated, pricing does not include any applicable taxes that may be applied at invoicing. Travel and Expenses are not included in this total and will be invoiced as incurred.</b></p> <p>First year SaaS shall be invoiced upon execution of Agreement. Payment for the total amount is due net thirty (30) days from the date of Initial Invoice. Payment via EFT. See notes for details.</p> <p>Customer will be invoiced each month for the number of Professional Services hours at the hourly rate (\$202.50) consumed during the previous month. A short description of each time entry and a time tracking spreadsheet will accompany the invoice each month including the number of hours remaining in the project budget.</p> <p>Additional Professional Services hours beyond what is provided for in this proposal will be billed at an hourly rate of \$225. This rate is locked for 18 months post go live.</p> <p>Year 1 SaaS: \$78,480 Year 2 SaaS: \$82,650 Year 3 SaaS: \$95,160</p> <p>Training: Escondido may purchase additional training classes at the rate listed in the Training section above. Rates will be locked for 18 months post go live.</p>	<p><b>Grand Total:</b></p>	<p><b>\$201,155</b></p>
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**Additional Pricing Information (not in scope) - the information below is for Avolve Entry-Level SaaS**

<p>Production Environment Entry-Level Capacity ProjectDox SaaS License</p>	<p>SAAS.PDOX -P.E</p>	<p>Software as a Service (SaaS) for ProjectDox on a Production Environment. Designed for organizations who have approximately 100 concurrent users and 7,000 plan checks per year.</p> <p>Software included for Production:</p> <ul style="list-style-type: none"> <li>• ProjectDox Software Subscription</li> <li>• Unlimited Workflow license</li> </ul> <p>Services included for SaaS Production:</p> <ul style="list-style-type: none"> <li>• Set up and installation of ProjectDox</li> <li>• Managed services</li> <li>• Annual ProjectDox upgrades</li> </ul> <p>Production Environment Safeguard: Avolve security policy limits access to the Production environment. External users including the customer's IT will not be allowed direct access to the Production servers and database. Any development or testing can be performed on the Test environment.</p>	<p>12.00</p>	<p>\$9,000.00</p>	<p>\$108,000.00</p>
<p>Test Environment Entry-Level Capacity ProjectDox SaaS License</p>	<p>SAAS.PDOX -T.E</p>	<p>Software as a Service (SaaS) for ProjectDox on a Test Environment with. Designed for organizations who plan to use the system for development and/or testing with approximately 10 concurrent users and approximately 2,000 permits per year.</p> <p>Software included for Test:</p> <ul style="list-style-type: none"> <li>• ProjectDox Software Subscription</li> <li>• Unlimited Workflow license</li> </ul> <p>Services included for SaaS Test:</p> <ul style="list-style-type: none"> <li>• Set up and installation of ProjectDox</li> <li>• Managed services</li> <li>• Annual ProjectDox upgrades</li> <li>• Technical Support</li> </ul> <p>Test Environment Safeguard: Avolve security policy limits access to the Test environment. External users including the customer's IT can be provided limited VPN access to the Test servers and database such as creation and testing of custom reports. VPN access will be made available upon request at an additional cost.</p>	<p>12.00</p>	<p>\$2,000.00</p>	<p>\$24,000.00</p>



# ProjectDox

Electronic Document Management & Collaboration Solution

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City of Escondido  
Exhibit 2: Proposed Statement of Work  
February 28, 2023



21001 N Tatum Blvd, Ste 1630-503, Phoenix, Arizona 85050



## EXECUTIVE SUMMARY

This Statement of Work will focus on SaaS (Software as a Service) of a Production and Test Environment and the implementation of ProjectDox Best in Class workflows addressing the Customer's needs for Four (4) Best in Class plan review processes. The goal is to implement ProjectDox and a Cityworks permitting system integration for ProjectDox utilizing web services, in a standardized, off the shelf manner. We will leverage Avolve best practices and built-in configuration and modifications features, to meet the most effective functionality required to achieve the highest business value for the customer (the "Project").

## SCOPE OF WORK

### PHASE 1 SETUP

The project kickoff will be scheduled between Avolve Software and the customer to start the project and the setup of the Production SaaS environment including installation of the below purchased workflows. Additional activities will include the development and acceptance of the project plan and identification of one 30-minute weekly status calls to occur each week over this 31-week project. Additional environments (Test) will be factored into the project plan and implemented based on the sales order/agreement.

- System Setup
- Video Subscription Enabled

### PHASE 2 CONFIGURATION & INTEGRATION

The Avolve project manager will work with the Customer to schedule configuration workshop sessions with the Customer project team to complete the Configuration Worksheet and complete the base setup using standard templates and design to expedite the project while providing the best business value for the below workflows. This includes three (3) 2-hour sessions to cover each workflow. Any design requirements identified during this phase outside of the design of the BIC workflow process and/or requiring development will be scoped and presented in a separate Statement of Work or Change Order.

- Building
- Planning
- Engineering
- Fire

The Integration Configuration section of the Configuration Worksheet that will be reviewed with the Customer project team and used to acquire the required data and API (Application Program Interface) connection/credential information to complete the defined integration. This includes two (2) 2-hour sessions.

Integration between ProjectDox and Cityworks requires the Cityworks permitting system to have the required API's/web services to facilitate the communication. If APIs are not currently present and functional, the Customer will need to provide the resources to develop and test any new required services and Avolve will assist in testing. Any additional integration points other than what is described below would be considered additional scope and would require additional professional services (assurance services) to cover design, development, and testing. Direct database calls are not supported. Below is a description of the integration and visual reference of the integration touchpoints denoted by a gear icon are found in the below workflow diagram.

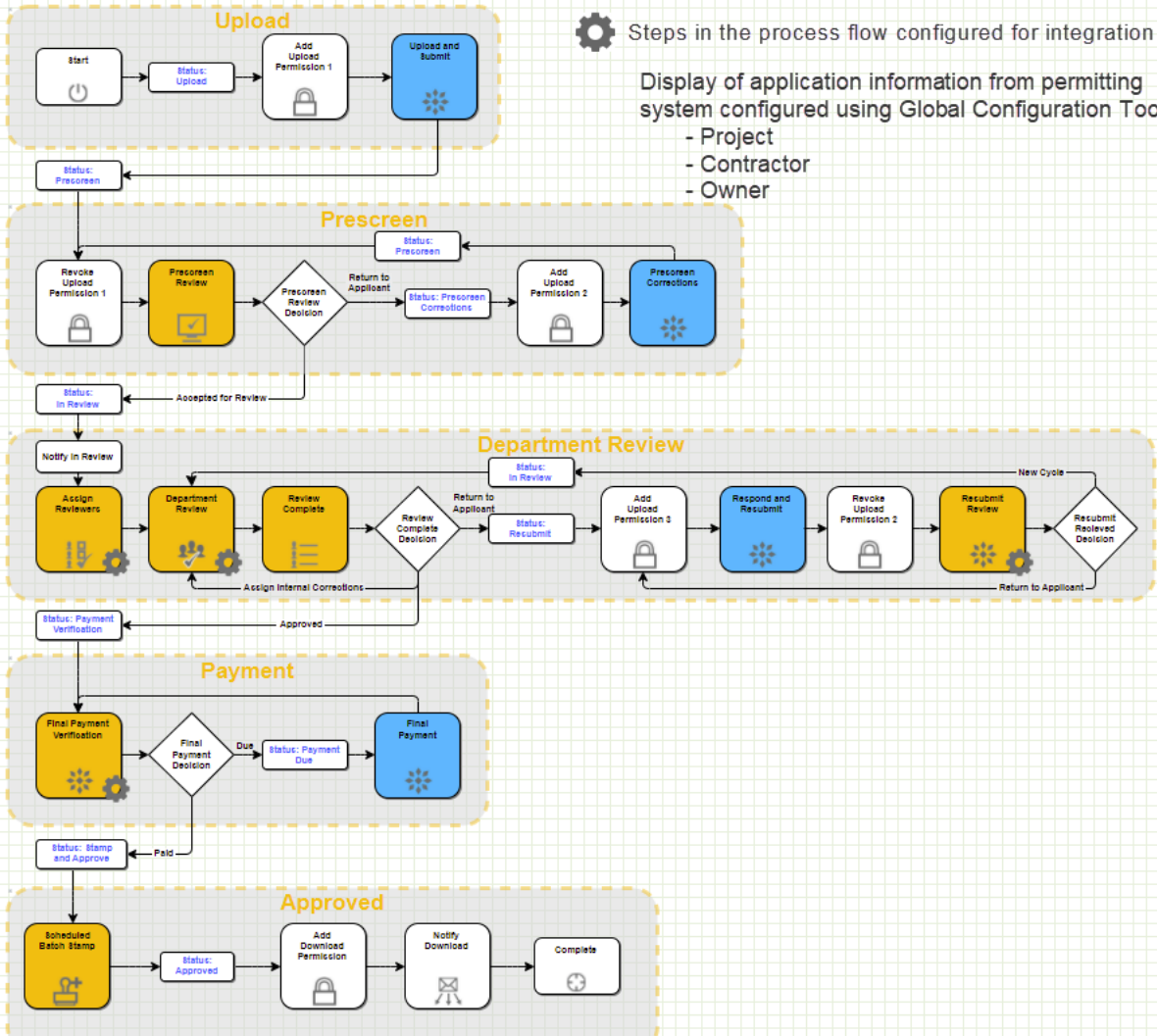


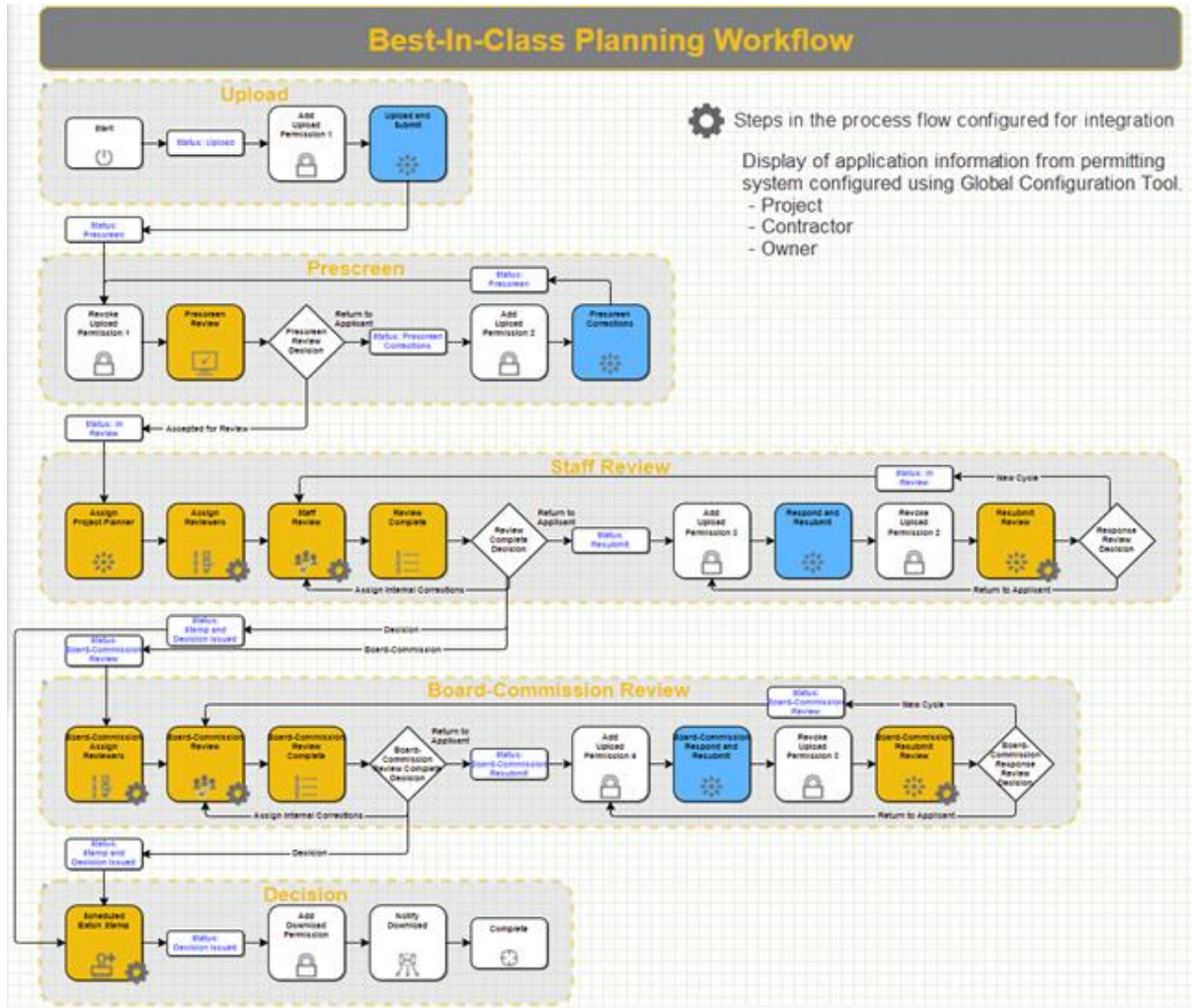


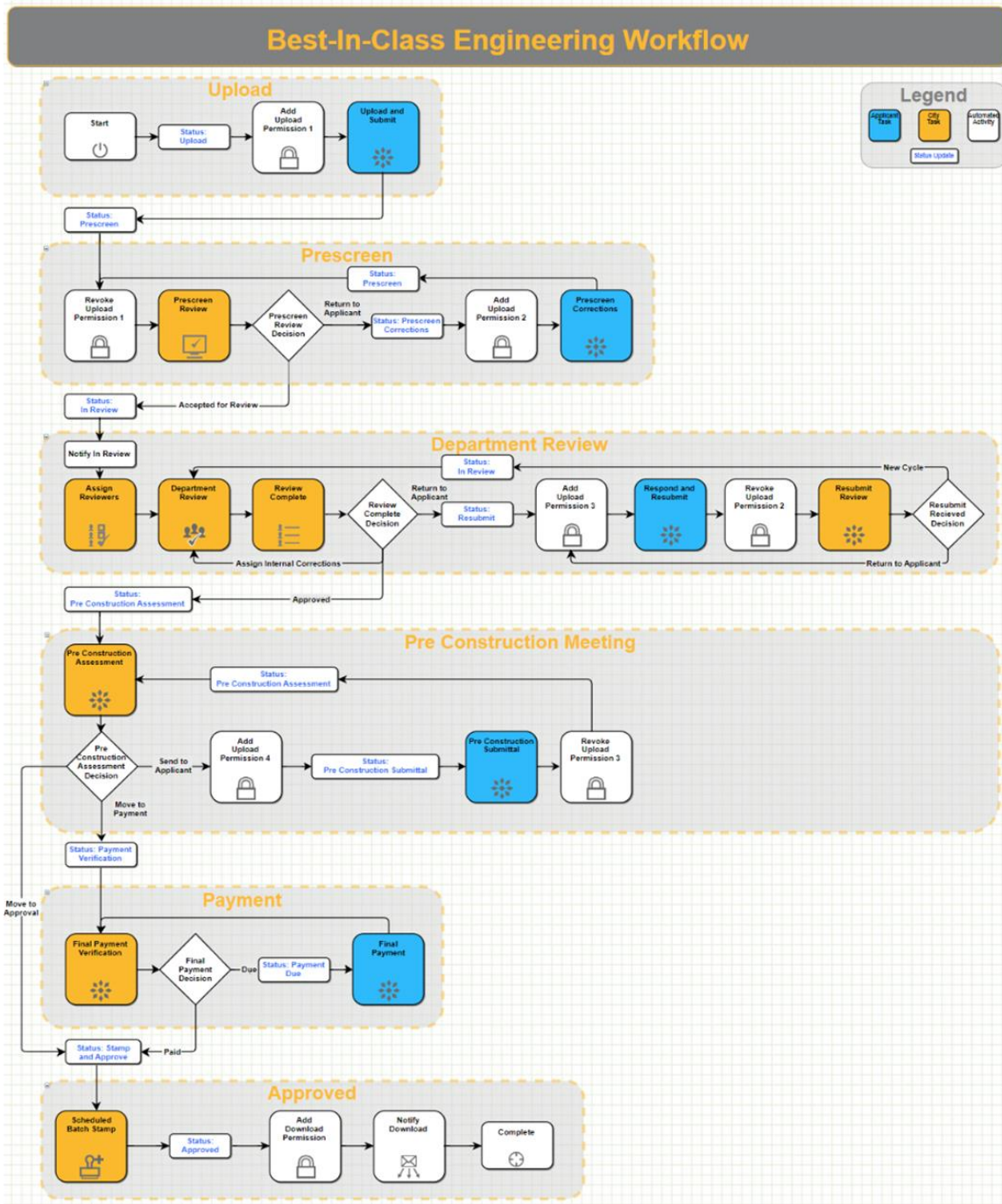
- Cityworks permitting system integration includes:
  - Project Creation – calls the project creation API services in the associated permitting system to create a new permit
  - Get Permit Information– calls the API services to retrieve defined permit information from permitting system, i.e., building details, zoning type, square footage, etc. Information available varies per permitting system.
  - Get Contact Information– calls the API services to retrieve defined contacts and associated information, i.e., applicant name, address, phone, contractor name, address, phone, etc. Information available varies per permitting system.
  - Get Default Reviews – calls the API services to retrieve the predefined setup of review groups to be assigned during the Assign Reviewers task in ProjectDox. These groups are then automatically selected (checked) in the Assign Reviewers eForm.
  - Add/Remove Plan Reviews – as plan reviews (Department Review) are assigned or unassigned, this is posted to the permitting system by adding/deleting/de-activating the associated reviews.
  - Update Plan Reviews – Push of data to provide the permitting system with the following data related to the plan review:
    - Reviewer Name
    - Reviewer Department
    - Review Cycle
    - Review Status (Approved, Rejected, Waived, Canceled)
    - Date Completed
  - Get Fee Balance - calls the API services to retrieve any fee balance. Some permitting systems APIs (Application Program Interface) can also supply details of fees due, but most only provide a current balance.
  - Update Project Status Approved – Push final status or log event of approved to permitting system API indicating to the permitting system that all reviews are approved in ProjectDox.

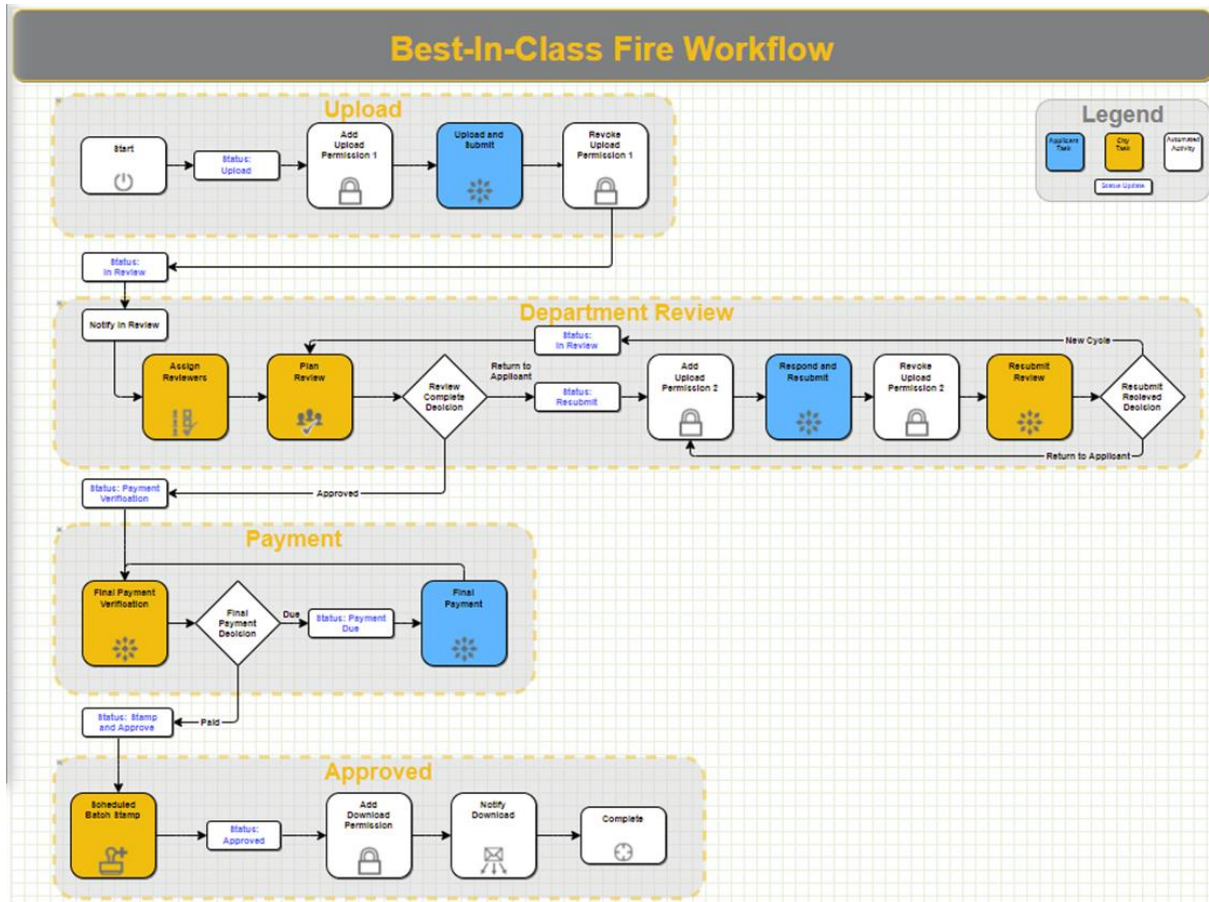


## Best-In-Class Building Workflow









**PHASE 3 PROJECT TEAM TRAINING**

The Avolve training team will schedule a training session to educate the project team on the key concepts and features of the application and workflow to provide knowledge on how to begin unit testing of the workflow(s). This course will include basic navigation of the system, creating and editing annotations on plans and how this relates to the roles within the application and workflow for plan review. All courses are limited to 12 persons per course session maximum.

**PHASE 4 ACCEPTANCE TESTING**

**Integration Unit Testing (IUT)**

The Integration Unit testing phase is conducted over a 10-business day per period that includes the delivery of the designed process, validation of the design by the Customer and resolution to design issues by Avolve before starting the next sprint. The Avolve team will provide guidance to the Customer on methods to test the designed process and system meeting with the customer to work towards acceptance of the designed integrated product. Customer will validate the integration and document any identified issues in the Tracking Log document provided by the Avolve project manager. Avolve will resolve any identified issues to allow the customer retest to gain acceptance.



### End to End User Acceptance Testing

The Avolve project manager will meet with the Customer to assist in the review and issue resolution for the functional end-to-end system. This phase is conducted over a 10-business day period and will allow the Customer to test and validate the full design of the system and the designed workflow(s). Any identified issues shall be added to the Tracking Log document provided by the Avolve project manager. Avolve will resolve any identified in scope issues to allow the customer to retest to gain acceptance.

Completion and acceptance of the testing will initiate the promotion of the code from the Production system to the Test system to prepare for go-live training.

- Setup of Test Environment
- Code Promotion from Production to Test

### PHASE 5 TRAINING

Avolve education specialists will deliver the courses below to the Jurisdictions staff. The courses will train 60 persons and will be delivered based on the project plan rollout. A maximum of 12 persons per course is enforced except for the Community Outreach (TES-OUT). This demonstration/lecture session is targeted for the design community and is intended to be conducted for larger audiences (25+) to educate and promote the new processes.

It is recommended that training sessions be organized with participants of similar technological abilities to allow for the most efficient delivery and retention of the materials. Additional training beyond the courses below may be added, or additional training may be performed post-go-live by leveraging the assurance services funds afforded by the project.

- Delivery of classes for all products/modules as purchased

Quantity	Total # of Users	Class Size	Course Name	Est Length	Target Audience
1	12	12	Project Team Training	5 hrs.	Jurisdiction Project Team involved in UAT Testing
6	72	12	Introduction to ProjectDox	3 hrs.	Plan Reviewer, Intake/Permit Technicians, Project Coordinators, Administrators
5	60	12	Workflow & Markup Training for Plan Reviewers	6 hrs.	Plan Review Staff
4	48	12	Workflow Coordination and Project Administration	6 hrs.	Intake/Permit Technician Staff, Project Planners, Day-to-Day Supervisors/Administrators
1	12	12	System Administration	4 hrs.	Business Power Users, IT (Information Technology)
1	25+	25+	Community Outreach	2 hrs.	Public/Customers



## PHASE 6 GO LIVE/LAUNCH

The Avolve project manager will assist the customer with any product related errors or questions regarding the software for a period of 30 days post go-live. After the 30 day go-live period the project will be considered complete, and the customer shall be introduced and transitioned to the Avolve support team. The extension of support from the project manager can be extended with the purchase of post go live subscription services program.

- Go-Live
- Transition to Support

## CLIENT SUCCESS SERVICES SUBSCRIPTION

Service may be used at any time during the project to assist with additional scope identified during the project. The subscription term is initiated post the initial systems Go-Live to provide continued support by your Avolve project team to ensure seamless adoption and change management for the newly added process and system. Subscription hours consumed are reported monthly to the Customer and may not exceed the hours of the subscription. Hours not consumed at the end of the subscription period will be forfeited.

## ACCEPTANCE PROCESS

There will be Key Deliverables within the identified phases of the project as identified in the Project Activities/Deliverables Schedule which will be subject to acceptance by the Customer ("Acceptance"). Upon completion of each Key Deliverable, Avolve will request from the Customer a written response/acceptance within five (5) business days after receipt thereof. Notwithstanding the foregoing or anything to the contrary in the Purchase Agreement, all other Deliverables provided under this Statement of Work shall be deemed to have been accepted by the Customer upon delivery. If Customer does not approve, reasons for rejection must be clearly noted. Avolve will then work with the Customer to come to agreement on obtaining approval. The Customer shall be deemed to accept any such Key Deliverable which the Customer does not accept or reject within such period. This acceptance will initiate the invoice of the milestone, if applicable.

## AVOLVE PROJECT PLAN AND PROCESS

Promptly following execution of this Statement of Work, the parties shall meet to discuss the general project schedule, which will be organized around the standard Avolve project On-Boarding process. Within 2 weeks, the initial project plan will be created and sent to the Customer. The Project Plan contains a schedule, a list of tasks in a schedule format, assignments of specific team members over specific times and communication status reporting processes. The Project Plan is a living document that will be reviewed throughout the term of this Agreement and may be adjusted as reasonably necessary, as agreed to from time to time by the parties involved.

## PROJECT ASSUMPTIONS AND CAVEATS

1. This Project was scoped based upon purchase of ProjectDox Best In Class, understanding that the site will be hosted by Avolve and configured per established Best-In-Class standards. This understanding forms the basis



for Avolve's pricing and the Deliverables to be provided under this Statement of Work. Any deviation from these requirements will require a change order and may increase costs or the estimated time of Project completion.

2. Avolve will have full access to the project team upon approval of the Project Manager, through the customer's project management program (Teamwork). Customer and Avolve agree that updating Teamwork will be the responsibility of customer. This access may require the team members of the customer to dedicate specific time to specific detailed tasks within the Project Plan. Team member tasks will be more clearly defined during the kickoff and planning sessions and documented in the Project Plan. The Avolve PM will work with the customer's project manager on the scheduling of meetings and requirements gathering sessions with the City.
3. Customer and its third parties and/or subcontractors will fulfill any hardware/software requirements, including the purchase/development of APIs (Application Program Interface) for integration to allow for communication between Avolve Software and the Customer's permitting system in a timely fashion to keep the Project Plan on schedule.
4. This best approach package to implementation relies on partnership with the jurisdiction to achieve desired go-live goals. To that end, a not to exceed of 400 hours have been allocated to the project for professional service. Should the customer cause or contribute to the delay of any Deliverable, extend scope of schedule and/or scope of work incremental costs may be associated and may result in compilation of a formal Change Order to denote said changes.
5. Cancellation or rescheduling requests within 72 hours of an upgrade and/or training date may result in a 20% cancellation fee. The 20% fee will be calculated on the total services for the project minus any Assurance Services.
6. All parties will reasonably prioritize their efforts to meet the Project Plan schedule in order to achieve a rapid roll out model. It is understood by all parties that multiple tasks may be in process at one time and Avolve may have more than one Professional Services team member working on the project at one time.
7. Client will provide adequate Project management for their own resources, and/or third parties, to collaborate with Avolve's project manager. Client subject matter experts and applicable users will be accessible and available in a timely fashion and for adequate and reasonable durations. Avolve will make sure that scheduling of meetings is done in advance of these resource allocations.
8. Avolve has scoped and intends to fully leverage ProjectDox as is, utilizing all built in configuration features to set up the processes using the Configuration Worksheet as a guide to meet business needs.
9. Any optional items chosen in the Purchase Agreement/Sales Order are not included here and would require a modification to this Statement of Work.
10. Customer understands that an ePlan Life Cycle implementation is a significant digital transformation enterprise project that requires dedicated change management from the Customer's staff. This will be key for the success of the Customer.
11. Work will not begin until an executed copy of all paperwork is complete. Work will begin at the earliest date at which Avolve resources and Customer resources are available or as otherwise agreed to.





12. Avolve and Customer agree to cooperate in good faith to complete the Services and Deliverables in a timely and efficient manner.
13. Recording of Avolve provided training or UAT (user acceptance testing) sessions is not permitted unless noted within the Statement of Work.
14. All training classes, unless otherwise noted, are limited to 13 persons maximum per class unless noted otherwise in this SOW.
15. In the event the Customer delays the progression of the implementation and Avolve Software resources are placed on-hold and/or removed from the project, all hours that have been completed to that point will be invoiced. Avolve Software will not guarantee Project Managers and/or Technical Avolve resources will be available to re-deploy immediately upon resolution of the issue. Avolve requires 4 weeks' notice of intent to restart the project, to assess available resources to determine the next available timeframe and communicate any restart costs to restart the project.

*\*Configuration options are as described by ProjectDox documentation and as evidenced by ProjectDox administration screens. Minor changes to Avolve ProjectDox Best Practices (Best in Class) workflows are changes to activate/deactivate and/or parametrize with variables, existing steps in the Best Practices workflows. Customization of additional products and modules are to be within the bounds and scope of the respective core product(s) and modifications are limited to those that are allowed by core product design.*

#### CHANGE CONTROL PROCESS

The "Change Control Process" is that process which shall govern changes to the scope of the Project during the life of the Project. The Change Control Process will apply to new components and to enhancements of existing components. The Change Control Process will commence at the start of the Project and will continue throughout the Project's duration. Additional procedures and responsibilities may be outlined by the Project Manager identified on the signature page to the Agreement and will be included in the Project Plan if mutually accepted.

Under the Change Control Process, a written "Change Request" (attached) will be the vehicle for communicating any desired changes to the Project. It will describe the proposed change; the reason for the change and the effect the change may have on the Project. The Project Manager of the requesting party will submit a written Change Request to the Project Manager for the other parties.

All parties must sign the approval portion of the Change Request to authorize the implementation of any change that affects the Project's scope, schedule or price. Furthermore, any such changes that affect the scope of this SOW, schedule or price will require an amendment to the SOW and/or any other part of the Purchase Agreement.

#### PRICING, TRAVEL AND EXPENSE

Pricing and payment terms are as set forth in the Purchase Agreement/Sales Order.

- Professional Service hours will be invoiced monthly as time and materials based on the rate for the applicable resources. Avolve will provide monthly balances for hours remaining for the project.
- Training will be invoiced as courses are completed at the identified fixed price provided in the Purchase Agreement/Sales Order.
- Travel and Expenses are estimated to be \$12,500.00 and will be invoiced to customer as incurred for trips to the Customer offices. Customer will only be invoiced for actual expenses incurred.



**PROJECT ACTIVITIES / DELIVERABLES PAYMENT SCHEDULE**

Preliminary project and deliverable schedules are provided and are subject to change based on discussions to occur post the kick-off of the project, provided that both the Customer and Avolve Software agree to the updated terms in writing. The project scope and associated costs are based on a 31-week implementation schedule.

**31 WEEK SCHEDULE, BEGINNING APRIL 3**

Schedule	Deliverable
Week 1 – Kick Off	<ul style="list-style-type: none"> <li>Project Kick Off Meeting</li> <li>Project Plan</li> </ul>
Week 2 – System Setup	<ul style="list-style-type: none"> <li>ProjectDox system delivered for use</li> </ul>
Week 3-5 – Configuration Sessions (Building & Planning)	<ul style="list-style-type: none"> <li>Configuration Workshops</li> <li>Integration Workshops</li> </ul>
Week 6-8– Configuration Sessions (Engineering & Fire)	<ul style="list-style-type: none"> <li>Configuration Workshops</li> <li>Integration Workshops</li> </ul>
Week 9-11 – Customer Configuration Worksheet Completion	
Week 12-14 – Customer Configuration Worksheet Completion	
Week 15-16– Configuration (Building/Planning)	
Week 17-18 – Configuration (Engineering/Fire)	
Week 19 – Integration Configuration	<ul style="list-style-type: none"> <li>Deliver Functional System</li> </ul>
Week 20 – Project Team Training	<ul style="list-style-type: none"> <li>Scheduled Project Team Training Course</li> <li>Applicant, Reviewer and Coordinator Quick Reference Guides</li> </ul>
Week 21-23 – User Acceptance Integration Unit Testing (Building/Planning)	



Week 21-23 – User Acceptance Integration Unit Testing (Engineering/Fire)	
Week 24-27 – User Acceptance Workflow Testing (Building/Planning)	<ul style="list-style-type: none"> <li>• Provide final system configuration worksheet</li> </ul> Provide final Configuration Requirements Document or CRD
Week 24-27 – User Acceptance Workflow Testing (Engineering/Fire)	<ul style="list-style-type: none"> <li>• Provide final system configuration worksheet</li> <li>• Provide final Configuration Requirements Document or CRD</li> </ul>
Week 28 – Test Environment Setup	<ul style="list-style-type: none"> <li>• Functional Test Environment</li> </ul>
Week 29-30 – Go Live Training	<ul style="list-style-type: none"> <li>• Go Live Training as identified in the SOW</li> </ul>
Week 31 – Go Live (Building, Planning, Engineering, Fire)	<ul style="list-style-type: none"> <li>• Launch of System</li> <li>• Launch of Building &amp; Planning Workflows</li> </ul>

	Client Success Services	<ul style="list-style-type: none"> <li>• Subscription is initiated post the initial system Go Live 30-business day period. Subscription is for 48 hours over the term of 6 months.</li> </ul>	Sign Off Client Success Services Subscription
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For the avoidance of any doubt, all right, title and interest in and to the Deliverables (including without limitation the above Key Deliverables), as well as the intellectual property rights to such Deliverables, shall belong to Avolve, subject to the limited license granted to the Customer pursuant to the Licensing Agreement.



**STATEMENT OF WORK ACCEPTANCE**

Once fully executed, this document will become the Statement of Work for the Project defined in this document. Avolve and Customer's signatures below authorizes Avolve to begin the services described above and indicates Customer's agreement to pay the invoices associated with these services delivered as described.

**AUTHORIZED SIGNATURES**

**Avolve Software Corporation**


**City of Escondido, CA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT A: CHANGE REQUEST FORM**

		Avolve Software Change Request Form <i>City of Somewhere</i>	
/			
<b>GENERAL INFORMATION</b>			
Change Request # (CR)			
Project/City/County			
Requestor Name			
Description of Change	<i>[Enter a detailed description of the change being requested]</i>		
Date Submitted			
Priority	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High <input type="checkbox"/> Required
Reason for Change Request	<i>[Enter a detailed description of why the change is being requested]</i>		
Project Artifacts Impacted	<i>[List other artifacts affected by this change]</i>		
Assumptions/Risks	<i>[Document assumptions or comments regarding the requested change]</i>		
Comments/Considerations	<i>[Enter additional comments]</i>		
Attachments/References			
<b>ESTIMATES</b>			
Total Estimated Development Hours	<i>[#hrs]</i>	<i>[Enter the hour impact of the requested change]</i>	
Total Estimated Development Duration	<i>[#dys]</i>	<i>[Enter the duration impact of the requested change]</i>	
Schedule Impact	<i>[WBS]</i>	<i>[Detail the impact this change may have on schedules]</i>	
Cost Impact	<i>[Cost]</i>	<i>[Detail the impact this change may have on cost]</i>	
Comments/Recommendations			
PM Approval Signature			
Date Signed			
IDS Approval Signature			
Date Signed			
<b>CITY OF SOMEWHERE AUTHORIZATION</b>			
Customer Approval Signature			
Date Signed			
Avolve Software 01/01/2015		Page 1 of 1	



March 8, 2023

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**Item No. 16: APPOINTMENT OF COUNCIL AD-HOC  
SUBCOMMITTEE ON  
HOMELESSNESS -**

- On February 15, 2023, Mayor Dane White requested that an item be placed on the Future Agenda for the appointment of a council Ad-Hoc Subcommittee on homelessness. No materials available for this item.



# CITY of ESCONDIDO

FUTURE AGENDA

3/15/2023 - BOARD & COMMISSION INTERVIEWS

3/22/2023

PRESENTATION: State of the City

**CONSENT CALENDAR** - (R. VOGT) - FISCAL YEAR 2022 STATE HOMELAND SECURITY GRANT PROGRAM AND BUDGET ADJUSTMENT - It is requested that the City Council adopt Resolution No. 23-25 authorizing the Escondido Fire Department to accept Fiscal Year 2022 State Homeland Security Grant funds in the amount of \$114,919; authorize the Fire Chief or his designee to execute grant documents on behalf of the City; and approve budget adjustments needed to spend grant funds.

**CONSENT CALENDAR** - (A. FIRESTINE) - GENERAL PLAN and CLIMATE ACTION PLAN ANNUAL PROGRESS REPORT - Request the City Council review and receive the General Plan Annual Progress Report ("APR"), documenting the City of Escondido's ("City") progress on implementing the General Plan and Climate Action Plan, and authorize submittal of the report to the State Office of Planning and Research ("OPR"), the State Department of Housing and Community Development ("HCD"), and the San Diego Association of Governments ("SANDAG").

**PUBLIC HEARING** - (A. FIRESTINE) - ANNUAL ACTION PLAN AMENDMENT - Request the City Council approves the recommendation to make a substantial amendment in the Annual Action Plans of 2019, 2020, and 2021 to eliminate program funding for playground equipment replacement (\$775,000), fitness court in Washington Park (\$130,040), debris team (\$52,000) and use unallocated funds to increase the funding of already approved projects: Creek Trail Fencing (\$250,000) and the Old Escondido Lighting Project (\$400,000).

**PUBLIC HEARING** - (A. FIRESTINE) - HOME-ARP ALLOCATION PLAN AND ADMINISTRATIVE FUNDING - Request the City Council's approval for the HOME-ARP allocation plan and use of administrative funding. The City was awarded a one-time investment grant called HOME-ARP in fall 2021 for \$2,262,839 to assist individuals or households who are experiencing or at-risk of homelessness and other vulnerable populations. The City proposes to use these funds to create 15 affordable housing units for extremely low-income 0-30% households with a preference for those experiencing homelessness and add a 1 FTE housing navigator to the Housing & Neighborhood Services Division Team to assist Escondido residents find or maintain housing.

**PUBLIC HEARING** - (A. FIRESTINE) - AMENDMENT TO THE ADOPTED 2021-2029 HOUSING ELEMENT - Request the City Council approve the recommendation to adopt the General Plan Amendment to update the City's adopted Housing Element for the 6th Cycle planning period from April 15, 2021, to April 15, 2029.

**CURRENT BUSINESS** - (C. MCKINNEY) - CALIFORNIA CENTER FOR THE ARTS ESCONDIDO MANAGEMENT AGREEMENT

3/29/23 - NO MEETING