



City of Lemon Grove
City Council Regular Meeting Agenda

Tuesday, March 1, 2016, 6:00 p.m.
Lemon Grove Community Center
3146 School Lane, Lemon Grove, CA

The City Council also sits as the Lemon Grove Housing Authority, Lemon Grove Sanitation District Board, Lemon Grove Roadway Lighting District Board, and Lemon Grove Successor Agency

Call to Order

Pledge of Allegiance

Changes to the Agenda

Presentation

Introduction of Captain Garmo, San Diego Sheriff's Department | Rancho San Diego Command

Recognition of Deputy Katrantzis, San Diego Sheriff's Department

Public Comment

(Note: In accordance with State Law, the general public may bring forward an item not scheduled on the agenda; however, the City Council may not take any action at this meeting. If appropriate, the item will be referred to staff or placed on a future agenda.)

1. Consent Calendar

(Note: The items listed on the Consent Calendar will be enacted in one motion unless removed from the Consent Calendar by Council, staff, or the public. Items that are pulled will be considered at the end of the agenda.)

A. Approval of Meeting Minutes

February 16, 2016 – Regular Meeting

Members present: Sessom, Gastil, Jones, Mendoza, and Vasquez

B. City of Lemon Grove Payment Demands

Reference: Gilbert Rojas, Interim Finance Director

Recommendation: Ratify Demands

C. Waive Full Text Reading of All Ordinances on the Agenda

Reference: Jim P. Lough, City Attorney

Recommendation: Waive the full text reading of all ordinances included in this agenda; Ordinances shall be introduced and adopted by title only

D. City of Lemon Grove Investment Policy (2016)

The City Council will consider the Investment Policy which provides descriptions of how the City's funds are to be invested during 2016.

Reference: Gilbert Rojas, Interim Finance Director

Recommendation: Adopt Resolution

E. Regional Transportation Congestion Improvement Plan

The City Council will consider SANDAG Board of Director's 2 percent increase to the Regional Transportation Congestion Improvement Plan (RTCIP) fee that is collected by local jurisdictions to fund improvements to the regional arterial system.

Reference: Mike James, Public Works Director

Recommendation: Adopt Resolution

F. Recruitment of Hearing Officers for Code Enforcement Citation Appeals

The City Council will consider approving the recruitment of Hearing Officers for Code Enforcement Citation appeals.

Reference: David De Vries, Acting Development Services Director

Paolo Romero, Code Enforcement Officer

Recommendation: Authorize Recruitment

2. New Business

A. Annual Financial Report for Fiscal Year 2014-15

The City Council will receive the Fiscal Year 2014-15 independent audit report prepared by Badawi & Associates.

Reference: Gilbert Rojas, Interim Finance Director

Recommendation: Receive Presentation

B. Recreation Focus Group Presentation

The City Council will receive the Recreation Focus Group's presentation regarding their findings on the broader topics of recreation services.

Reference: Mike James, Public Works Director

Recommendation: Receive Presentation

3. Public Hearing

A. Planned Development Permit Modification PDP-006-09M1

The City Council will consider a requested to amend Planned Development Permit PDP06-009, to modify the project floor plan, roof, and siding materials.

Reference: Dave DeVries, Acting Development Services Director

Recommendation: Conduct Public Hearing and Adopt Resolution

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City.
(GC 53232.3 (d) states that members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.)
Department Director Reports (Non-Action Items)

Closed Session

Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to paragraph
(2) or (3) of subdivision (d) of Section 54956.9:
One Case

Adjournment

In compliance with the Americans with Disabilities Act (ADA), the City of Lemon Grove will provide special accommodations for persons who require assistance to access, attend and/or participate in meetings of the City Council. If you require such assistance, please contact the City Clerk at (619) 825-3800 or email sgarcia@lemongrove.ca.gov prior to the meeting. A full agenda packet is available for public review at City Hall.

**MINUTES OF A MEETING OF
THE LEMON GROVE CITY COUNCIL**

February 16, 2016

The City Council also sits as the Lemon Grove Housing Authority, Lemon Grove Sanitation District Board, Lemon Grove Roadway Lighting District Board, and Lemon Grove Successor Agency

Call to Order

Members present: Mayor Mary Sessom, Mayor Pro Tem George Gastil, Councilmember Jerry Jones, and Councilmember Racquel Vasquez.

Members absent: Councilmember Jennifer Mendoza (arrived at 6:07 p.m.)

City Staff present: Lydia Romero, City Manager; Dave DeVries, Acting Development Services Director; Miranda Evans, Assistant Planner; James P. Lough, City Attorney; Mike James, Public Works Director; Lt. May, Sheriff's Department; Gilbert Rojas, Interim Finance Director; and Steve Swaney, Division Fire Chief.

Public Comment

John L. Wood commented on HWY 94 and Massachusetts construction signs are still up.

Helen Ofield, speaking for the Board of the Lemon Grove Historical Society commented that at the end of March they will sponsor Vietnam Remembered.

1. Consent Calendar

A. Approval of City Council Minutes

February 2, 2016 Regular Meeting

B. Ratification of Payment Demands

C. Waive Full Text Reading of All Ordinances and Resolutions on the Agenda

Action: Motion by Councilmember Mayor Pro Tem Gastil, seconded by Councilmember Vasquez, to approve the Consent Calendar passed, by the following vote:

Ayes: Gastil, Jones, Vasquez

Absent: Mendoza

Abstain: Sessom

2. A. General Plan Update Public Outreach Summary and Draft Considerations

Dave DeVries, reported that the City Council recently identified an update to the Lemon Grove General Plan as a priority goal in FY15-16. The City Council contracted with the Cal Poly San Luis Obispo (SLO) Master in City & Regional Planning (MCRP) Design Studio on August 4, 2015 to provide public outreach, analyze the existing General Plan, prepare a community profile, and draft a General Plan Update. Subsequently, the City Council formed a 14 member adhoc focus group to advise city staff and the SLO Design Studio on its efforts with the General Plan outreach and assisted with identifying issues and opportunities.

During January 2016, in order to build on the efforts of the SLO Design Studio, City staff contracted with CityPlace Planning and Circulate San Diego to lead community workshops related to the General Plan and assist in the review of the SLO Design Studio's draft General Plan. CityPlace Planning prepared the City's 2014 Health & Wellness Element and the city of Vista's General Plan which was adopted in 2012. Circulate San Diego is known as regional advisors on street design, complete streets, and circulation.

The City's current General Plan was adopted in 1996. Subsequently, the City has adopted the 2001 Broadway Commercial Project Specific Plan, the 2005 Downtown Village Specific Plan, the 2006 Bikeways Master Plan, the 2010-2020 Housing Element and the 2014 Health & Wellness Element. A General Plan serves as the blueprint for the city's future and provides a vision for the community. There are seven mandatory elements and the state has guidelines and mandates related to the adoption of General Plans. The following provides further detail on the timeline for adoption of the General Plan Update:

- September to December 2015 – Community outreach conducted by (SLO) Design Studio (completed)
- October 2015 to June 2016 – Coordination with General Plan focus group members
- Thursday January 21, 2016 at 7pm – Community Workshop 1 on community design and economic development by CityPlace Planning (completed)
- Saturday January 30, 2016 at 9am – Community Workshop 2 on street development and circulation by Circulate San Diego (completed)
- Tuesday February 16, 2016 at regularly scheduled City Council meeting – Public hearing overview of community outreach and review of draft considerations.
- March 2016 – Request for Qualifications (RFQ) for consultants to prepare EIR. Contract awarded.
- February to June 2016 – General Plan Update drafted by SLO Design Studio in coordination with city staff, CityPlace Planning, and Circulate San Diego. Additional contract work will be required after the SLO Design Studio team provides there final deliverables.
- June 2016 – Public hearing to review draft to City Council. Public Noticing commences.
- July 2016 – Public hearing to review revised final draft to Council. CEQA and State Clearinghouse noticing process commences.
- October 2016 – City Council adopts General Plan Update and certifies final EIR.

Mr. DeVries noted that Rick Engineering Company has been contracted to prepare an expanded Downtown Village Specific Plan and will include traffic and land use analysis of the expanded downtown area. The preparation of the background report and technical analysis has commenced and public outreach is expected to begin in March 2016. Staff intends to make the expanded Downtown Village Specific Plan area into a Special Treatment Area for the draft General Plan (placeholder) which will be replaced with the new Specific Plan with an expected adoption date in mid to late 2017.

The entire SLO Design Studio team led by Professor Kelly Main, Claudia Tedford, Principal with CityPlace Planning, and Brian Gaze, Director of Programs with Circulate San Diego have provided their attached summaries of their community outreach efforts and draft ideas for your consideration and are here to present their findings. Outreach was extensive and estimates show that over 1,000 community members were reached as a result of the outreach program which has resulted in over 450 completed community surveys.

Notifications were sent via listserve, newsflash, and updates were posted on social media and the General Plan Update webpage. Focus group members and community workshop attendees were also notified.

Providing input from the SLO Design Studio, Focus Group members, the consultants, members of the community focus group are listed below:

Addison Hokhmah
Rose Kelly
Hannah Kornfeld
Jana Schwartz
Kai Lord-Farmer
Ellen Keating

Councilmember Vasquez excused herself from the City Council meeting.

Public Speaker(s)

The following members of the public spoke on the General Plan Update Public Outreach Summary and Draft Considerations:

Bob Jones
Tom Clabby
Frank Gormlie
John L. Wood

Feedback and direction was given from Council to Planning.

Action: Motion by Mayor Sessom, seconded by Mayor Pro Tem Gastil, to close the public hearing passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza

Absent: Vasquez

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City. (GC 53232.3 (d))

Councilmember Jones attended a SANDAG transportation committee meeting.

Councilmember Mendoza attended Assemblywoman Weber's State of the District Address, and SANDAG Regional Planning Committee Meeting, Lemon Grove Clergy Association, and Soroptimist of Lemon Grove meetings.

Councilmember Gastil attended the East County Chamber of Commerce Annual Gala and a MTS Board meeting.

Mayor Sessom attended recent SANDAG meetings.

Department Director Reports

Dave DeVries thanked City Council for their time this evening.

Gilbert Rojas, Interim Finance Director introduced himself.

Lydia Romero reported on a City Manager's conference she attended.

James Lough thanked City Council for treating his Deputy City Attorney well.

Adjournment

There being no further business to come before the City Council, Housing Authority, Sanitation District Board, Lemon Grove Roadway Lighting District Board, and the Lemon Grove Successor Agency the meeting was adjourned at 8:30 p.m.

Susan Garcia

Susan Garcia, City Clerk

City of Lemon Grove Demands Summary

Approved as Submitted:

Gilbert Rojas, Interim Finance Director

For Council Meeting: 03/01//16

ACH/AP Checks 02/08/16-02/19/16

1,121,342.28

Payroll - 2/16/16

111,350.68

Total Demands

1,232,692.96

Check No	Vendor No	Vendor Name	Check Date	Vendor Name	Check Amount	Check Amount
CHECK NO	INVOICE NO	VENDOR NAME	CHECK DATE	Description	INVOICE AMOUNT	CHECK AMOUNT
ACH	296117096	US Bank Equipment Finance	02/08/2016	Defibrillator Lease-Contract Payment 2/11/16	1,663.30	1,663.30
ACH	4154920380	SDG&E	02/09/2016	Electric Usage: St Light 12/31/15-1/31/16	2,774.26	2,774.26
ACH	3568860625	SDG&E	02/09/2016	Electric Usage: St Light 12/31/15-1/31/16	1,245.91	1,245.91
ACH	Feb2 16	US Treasury	02/09/2016	Federal Taxes 2/2/16	23,887.71	23,887.71
ACH	2/9/2016	Pitney Bowes Global Financial Services LLC	02/10/2016	Postage Usage 2/9/16	250.00	250.00
ACH	Jan20-Feb2	Calpers Supplemental Income 457 Plan	02/11/2016	457 Plan 1/20/16-2/2/16	4,511.00	4,511.00
ACH	Jan16	Wells Fargo Bank	02/11/2016	Bank Service Charge - Jan'16	757.71	757.71
ACH	Jan6-Feb2	California Public Empl Retirement System	02/12/2016	Pers Retirement 1/6/16-2/2/16	70,536.71	70,536.71
ACH	Stmnt 1/28/16	Home Depot Credit Services	02/16/2016	Home Depot Purchases - Jan'16	530.28	530.28
ACH	Feb18 16 Feb4 16	Southern CA Firefighters Benefit Trust	02/17/2016	LG Firefighters Benefit Trust 2/18/16 LG Firefighters Benefit Trust 2/4/16	830.70 830.70	1,661.40
ACH	1000155773	City of San Diego	02/17/2016	Metropolitan Sewerage System FY16- QTR 3	575,490.00	575,490.00
ACH	42-98	California Public Empl Retirement System	02/17/2016	1959 Survivor Benefit 7/1/15-6/30/16	2,646.00	2,646.00
ACH	2/17/2016	Pitney Bowes Global Financial Services LLC	02/18/2016	Postage Usage 2/17/16	250.00	250.00
ACH	Feb16 16	Employment Development Department	02/18/2016	State Taxes 2/16/16	5,886.84	5,886.84
ACH	2/18/2016	Pitney Bowes Global Financial Services LLC	02/19/2016	Postage Usage 2/18/16	250.00	250.00
5176	291811	Ace Uniforms & Accessories, Inc	02/10/2016	Uniforms - Brackney	531.86	531.86
5177	20160127	Air Pollution Control District	02/10/2016	Emission Fee Renewal - Engine	309.00	309.00
5178	2/1/2016 1/31/2016	AT&T	02/10/2016	Phone Service - Feb'16 Fire Backup Phone Line- 1/1/16-1/31/16	414.63 34.31	448.94
5179	4452374	Bearcom	02/10/2016	Portable Radios Monthly Contract- 1/22/16-2/21/16	150.00	150.00
5180	670493-9 671271-9	BJ's Rentals	02/10/2016	Propane Propane	26.46 26.46	52.92
5181	15737630	Canon Financial Services Inc	02/10/2016	Canon Copier Contract Charge - Feb'16 Basement	81.35	81.35
5182	30662	Cesar's Electrical Systems Specialist	02/10/2016	Fire Alarm Inspection Repairs- Rec Ctr 1/21/16	229.62	229.62
5183	AR136309	City of Chula Vista	02/10/2016	Animal Control Services- Nov 15	16,340.15	16,340.15
5184	2731 2732 2733 2734 2735 2736	Clark Telecom & Electric Inc.	02/10/2016	Parking Lot Light Maintenance- Dec'15 Street Light Repairs - Dec'15 Street Light Dig Alert Mark Outs - Dec'15 Traffic Signal Maintenance- Dec'15 Traffic Signal Repairs - Dec'15 Traffic Signal Dig Alert Mark Outs - Dec'15	137.33 4,044.28 221.18 1,170.00 1,763.78 375.12	7,711.69
5185	16CTOFLGN07	County of San Diego- RCS	02/10/2016	800 MHZ Network - Jan'16	2,887.50	2,887.50
5186	2/1/2016 1/20/2016 2/1/2016 1/30/2016	Cox Communications	02/10/2016	Main Phone/Fire- 2/1/16-2/29/16 Phone/PW Yard/2873 Skyline- 01/19/16-02/18/16 Phone/City Hall- Jan'16 Peg Circuit Svc - 1/30/16-2/29/16	394.45 211.92 828.41 2,941.15	4,375.93
5187	5020	Crest Equipment Inc	02/10/2016	Safe Routes to School-Palm/Golden 1/1/16-1/29/19 Draw #2	216,895.59	216,895.59

5223	Feb2 16	Vantage Point Transfer Agents-457	02/10/2016	ICMA Deferred Compensation Pay Period Ending 2/2/19	580.77	580.77
5224	1/12/2016 1/20/2016	Verizon Wireless	02/10/2016	City Phone Charges- 12/13/15-1/12/16 EOC Router/Emer Phone Lines/Tablets- 12/21/15-1/20/16	367.47 297.85	665.32
5225	Voytovich	Voytovich, Brian	02/10/2016	Refund/Voytovich,Brian/Bus Lic Renewal Fees Overpayment	54.00	54.00
5226	71009890 71011120 71015566 71015567 71019586 71023482 71023483	Vulcan Materials	02/10/2016	Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt	205.74 89.39 128.02 260.30 153.68 89.39 89.39	1,015.91
5227	55526	Anthem Blue Cross EAP	02/17/2016	Employee Assistance Program - Feb'16	165.00	165.00
5228	Feb16 16	California State Disbursement Unit	02/17/2016	Wage Withholding Pay Period Ending 2/16/16	267.00	267.00
5229	15782372	Canon Financial Services Inc	02/17/2016	Canon Copier Contract Charge - 2/11//16	642.60	642.60
5230	1000157180	City of San Diego	02/17/2016	Municipal Sewer Transportation- FY16- QTR 2	6,857.67	6,857.67
5231	81661661 81662059	Corelogic Information Solutions Inc	02/17/2016	Image Requests- Jan16 RealQuest Graphics Package- Jan16	5.50 300.00	305.50
5232	201600080	County of San Diego/Assessor/Recorder	02/17/2016	Recording Services- 1/13/16-1/22/16	98.00	98.00
5233	1/30/2016 2/5/2016	Cox Communications	02/17/2016	Internet/Community Ctr- 1/30/16-2/29/16 Phone/Rec Ctr/ 3131 School Ln- 2/4/16-3/3/16	75.00 97.73	172.73
5234	3074	D- Max Engineering Inc	02/17/2016	Palm St & Golden Ave Inspections - 1/1/16-1/31/16	542.70	542.70
5235	01160560	DAR Contractors	02/17/2016	Animal Disposal- Jan16	174.00	174.00
5236	Dershem	Dershem, Hoa	02/17/2016	Refund/ Dershe, Hoa/ Processing Fee Waived	30.00	30.00
5237	29807	Dokken Engineering	02/17/2016	Map Reviews-8040 Lincoln/Golden Ave Row/Citymark/Mt Vernon - Jan16	1,436.25	1,436.25
5238	2/8-11/16	Esgil Corporation	02/17/2016	75% Building Fees- 2/8/16-2/11/16	2,415.62	2,415.62
5239	53622	EW Truck & Equipment Company, Inc.	02/17/2016	Peterbuilt LGPW29 Repairs	972.03	972.03
5240	72469601	Hawthorne Machinery Co	02/17/2016	Equipment Rental- Wheel Loader 1/22/16-1/25/16	1,204.60	1,204.60
5241	16-3912	I love a Clean San Diego	02/17/2016	ILACSD Day Without a Bag/Comm Outreach 1/1/16-1/31/16	90.00	90.00
5242	113656 113657 113658	Knott's Pest Control, Inc.	02/17/2016	Monthly Bait Stations- Berry St - Feb'16 Monthly Bait Stations- Civic Ctr - Feb'16 Monthly Bait Stations- Sheriff - Feb'16	70.00 60.00 45.00	175.00
5243	28138	KTU + A Planning + Landscape Architecture	02/17/2016	Prof Serv: Main St Promenade Phase2- Dec1-31, 2015	13,162.63	13,162.63
5244	1479V 1506V	Lemon Grove Truck Body & Equipment, Inc.	02/17/2016	Yellow Trailer Repair Yellow Trailer Repair	310.00 600.00	910.00
5245	Jan16 Jan16 Jan16 Jan16 Jan16	Lounsberry Ferguson Altona & Peak LLP	02/17/2016	General 01163-00002 - Jan'16 Code Enforcement 01163-00003 - Jan'16 DOF 01163-00017 - Jan'16 Affordable Housing 01163-00019 - Jan'16 Cost-Share Agreement 00023 - Jan'16	5,488.04 6,231.60 98.70 135.21 1,599.00	13,552.55
5246	1206	Miller Spatial Services, LLC	02/17/2016	GIS Analyst Services- Update Drainage Data	7,000.00	7,000.00
5247	13097230	Motorola Solutions, Inc.	02/17/2016	3 Radios	15,193.20	15,193.20
5248	Nguyen	Nguyen, Quan	02/17/2016	Refund/ Nguyen,Quan/Dog License	46.35	46.35
5249	WO-25997	Office Advantage, Inc.	02/17/2016	Office Supplies	28.46	28.46
5250	97334	Penske Ford	02/17/2016	LGPW01- Repair & Maint.- '12 Ford F350	837.29	837.29
5251	PD-30479	Plumbers Depot Inc	02/17/2016	Fiber Class Poles	507.60	507.60
5252	Jan16	SDG&E	02/17/2016	Gas & Electric 12/21/15-1/21/16	19,692.42	19,692.42
5253	364207	Sun Badge Company	02/17/2016	Badge- Hayward	145.46	145.46
5254	761185 763012	Superior Ready Mix Concrete LP	02/17/2016	Recycled Class II Recycled Class II	85.50 76.87	162.37

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.D
Mtg. Date March 1, 2016
Dept. Finance

Item Title: City of Lemon Grove Investment Policy (2016)

Staff Contact: Gilbert Rojas, Interim Finance Director

Recommendation:

Adopt a resolution (Attachment B) approving the City's Investment Policy for 2016.

Item Summary:

Each year, staff prepares an Investment Policy for City Council review. The staff report (**Attachment A**) provides a description of how the City's funds are invested and a summary of the proposed policy dictating how the City's funds are to be invested in 2016.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| ☒ Not subject to review | ☐ Negative Declaration |
| ☐ Categorical Exemption, Section | ☐ Mitigated Negative Declaration |

Public Information:

- | | | |
|--|---|---|
| ☒ None | ☐ Newsletter article | ☐ Notice to property owners within 300 ft. |
| ☐ Notice published in local newspaper | ☐ Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Resolution (includes City of Lemon Grove Investment Policy for 2016)

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.D

Mtg. Date March 1, 2016

Item Title: City of Lemon Grove Investment Policy (2016)

Staff Contact: Gilbert Rojas, Interim Finance Director

Discussion:

The City of Lemon Grove's Investment Policy directs the City Treasurer to invest for safety, liquidity and yield. Using the current policy, the following table shows a summary from the City, Sanitation District, Roadway Lighting District and former Community Development Agency (now known as the Successor Agency) at the end of December 2016.

	BOOK VALUE	% OF TOTAL	YIELD
Local Agency Investment Fund (LAIF)	\$13,645,168	68.74%	0.32%
Multi-Bank Securities, Inc.	\$ 4,418,713	22.26%	1.56%
US Bank	\$ 1,783,590	8.99%	-0.08%
San Diego County Pool	\$ 2,386	.01%	0%
TOTAL	\$19,849,857	100%	

In the past, the City divided its surplus funds between the San Diego County Pool and LAIF. Beginning in January 2015, the City expanded its investment portfolio to include Multi-Bank Securities, Inc. (MBS), a national fixed income institutional broker-dealer. The advantage to MBS Securities is that it has an online bond platform in which staff can view, transact and compare bond inventory from over 100 brokers. In that way, staff will be able to take advantage of longer investment periods, which will result in a better yield than the City is currently realizing. However, it should be noted that interest rates continue to be low and are not projected to increase significantly in the near term.

The City has sufficient funds in short-term investments to be able to meet its financial obligations for the next six months.

While the City invests in LAIF, the County Pool, and MBS for the majority of its surplus funds, the required Successor Agency bond reserves are invested in US Bank, which currently offers minimal interest and are subject to market gains and losses. The bond holders require these funds to be held by US Bank.

The City of Lemon Grove Investment Policy states that "the City Treasurer shall annually render a statement of investment policy to the City Council for consideration at a public meeting." The policy sets guidelines for prudent investment of the City's surplus funds and requires City Council authorization for non-approved investments. The City of Lemon Grove Investment Policy for 2016 is presented for the City Council's consideration.

Attachment B

RESOLUTION NO. 2016-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE CALIFORNIA APPROVING THE CITY OF LEMON GROVE INVESTMENT POLICY FOR 2016

WHEREAS, the City of Lemon Grove and its component units (the Lemon Grove Roadway Lighting District, the Lemon Grove Sanitation District, and the Successor Agency) retain surplus funds for operational purposes; and

WHEREAS, it is prudent to invest these surplus funds in interest bearing investments; and

WHEREAS, the California Government Code Sections 53600-53686 allow municipal agencies to invest in various instruments; and

WHEREAS, the City Council desires to maximize the safety, liquidity and yield of its investments; and

WHEREAS, the City Council has reviewed the 2016 Investment Policy (Exhibit 1) to assure the best financial plan for the City's surplus funds.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

1. Approves the City of Lemon Grove Investment Policy 2016 (Exhibit 1); and
2. Directs the City Treasurer to make investments in accordance with said policy.

/////
/////

EXHIBIT 1

CITY OF LEMON GROVE INVESTMENT POLICY 2016

POLICY STATEMENT

This policy is intended to provide guidelines for the prudent investment of surplus funds, those monies not immediately needed to pay demands against the City of Lemon Grove, the Lemon Grove Roadway Lighting District and the Lemon Grove Sanitation District (collectively referred to below as "City") by vendors and other claimants. The City Treasurer is responsible for investing the surplus funds in accordance with the California Government Code, Sections 53601, 53607, and 53635.

This policy is based upon state law, City ordinance and prudent money management.

SCOPE

This policy applies to all funds under the control of the City Treasurer. The funds are accounted for in the City's Annual Financial Report and include all funds of the City.

PRUDENCE

In accordance with California Government Code Section 53600.3, investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

INVESTMENT OBJECTIVES

The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City Treasurer to invest funds to the fullest extent possible. The overall investment objective is to enhance the economic condition of the City while insuring the safety of funds invested.

The three criteria for selecting investments, in order of priority are: safety, liquidity and yield. These are to be taken into consideration when making investment decisions in accordance with California Government Code Section 53600.5.

- A) SAFETY: Safety of principal is the primary objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- B) LIQUIDITY: Liquidity is the secondary objective. The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.
- C) YIELD: Yield is the third objective. The highest yield possible shall be sought, provided that the basic criteria of safety and liquidity have been met.

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.E
Mtg. Date March 1, 2016
Dept. Public Works

Item Title: **Regional Transportation Congestion Improvement Plan Fee Amendment**

Staff Contact: Mike James, Public Works Director

Recommendation:

Adopt a resolution (**Attachment B**) amending the Regional Transportation Congestion Improvement Plan Fee.

Item Summary:

The Transnet Extension Ordinance Regional Transportation Congestion Improvement Plan (RTCIP) fee is a transportation mitigation fee collected by local jurisdictions to fund improvements to the regional arterial system. Each year, the SANDAG Board of Directors (Board) may adjust the minimum fee charged.

On February 26, 2016, the Board approved a 2 percent increase to the RTCIP fee from \$2,310 to \$2,357 per new dwelling unit. The staff report (**Attachment A**) details the purpose of the RTCIP fee, the rationale for the 2 percent fee increase, and how future development will be affected.

Fiscal Impact:

The increase of the fee by \$47 per new dwelling unit will have negligible fiscal impact.

Environmental Review:

☒ Not subject to review

☐ Categorical Exemption, Section

☐ Negative Declaration

☐ Mitigated Negative Declaration

Public Information:

☒ None

☐ Newsletter article

☐ Notice to property owners within 300 ft.

☐ Notice published in local newspaper

☐ Neighborhood meeting

Attachments:

A. Staff Report

B. Resolution

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.E

Mtg. Date March 1, 2016

Item Title: **Regional Transportation Congestion Improvement Plan Fee Amendment**

Staff Contact: Mike James, Public Works Director

Discussion:

On March 18, 2008, the City Council adopted Ordinance No. 372, establishing the requirements and procedures to impose the Regional Transportation Congestion Improvement Plan (RTCIP) fee. The intent of the RTCIP fee is to augment funding for transportation improvements to the Regional Arterial System (RAS). The following roadways in the City that are a part of the RAS include:

- Broadway - Spring Street to College Avenue
- College Avenue - North City limits to Federal Boulevard
- Federal Boulevard - Highway 94 to College Avenue
- Lemon Grove Avenue - Highway 94 to Lisbon
- Massachusetts Avenue - North City limits to Lemon Grove Avenue
- Sweetwater Road - Broadway to South City limits

On April 15, 2008, City Council adopted Resolution No. 2782 establishing the RTCIP fee at \$2,000 per new residential housing unit. Since that time and including this year, the RTCIP fee has been increased eight times by the San Diego Association of Governments Board of Directors, each time by approximately 2 percent, from \$2,000 to \$2,357. The RTCIP fee is collected prior to issuance of building permits for new residential housing units. Failure by the City to collect the RTCIP fee may result in forfeiture of TransNet funds for the following fiscal year.

Since the fee was implemented in 2008, the City has collected a total of \$455,177, with 58% of the total funds collected in FY 2015-16. It is anticipated that the \$47 increase in the fee will not have a significant impact on the forecasted amount to be received in FY 2016-17.

It is important to note that in FY 2015-16 the interpretation of the RTCIP requirement of the *TransNet* Ordinance states that each city may program all RTCIP fees rather than expend before seven years has passed from the point that the city collected the fee. At this time, staff continues to recommend that all RTCIP fees received are programmed to be expended on the Lemon Grove Avenue Realignment Project.

Conclusion:

Staff recommends that the City Council adopt the resolution (**Attachment B**) amending the Regional Transportation Congestion Improvement Plan fee.

RESOLUTION NO. 2016-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA AMENDING THE REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PLAN FEE

WHEREAS, on March 18, 2009, City Council adopted Ordinance No. 372, establishing the requirements and procedures to impose the Regional Transportation Congestion Improvement Plan (RTCIP) fee; and

WHEREAS, the intent of the RTCIP fee is to provide and retain purchasing power for funding transportation improvements to the Regional Arterial System (RAS); and

WHEREAS, the City has six streets that are a part of the RAS (these include Broadway, College Avenue, Federal Boulevard, Lemon Grove Avenue, Massachusetts Avenue, and Sweetwater Road); and

WHEREAS, on April 15, 2008, City Council adopted Resolution No. 2782 establishing the RTCIP fee at \$2,000 per residence for new construction; and

WHEREAS, the fee may adjust on July 1 of each year as approved by the San Diego Association of Governments (SANDAG); and

WHEREAS, on February 26, 2016, the SANDAG Board of Directors approved the minimum 2 percent increase to the RTCIP fee, from \$2,310 to \$2,357, effective July 1, 2016; and

WHEREAS, it is anticipated that the increase in the fee will not have a significant impact on the forecasted amount to be received in FY 2016-17; and

WHEREAS, amending the RTCIP fee will allow the City to recover costs that would otherwise be absorbed by the General Fund or TransNet Fund.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

1. Increases the RTCIP fee for each newly constructed residential unit to two thousand three hundred and fifty seven dollars (\$2,357); and
2. Implements the amended RTCIP fee on July 1, 2016.

/////
/////

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.F
Mtg. Date March 1, 2016
Dept. Development Services

Item Title: **Recruitment of Hearing Officers for Code Enforcement Citation Appeals**

Staff Contact: David De Vries, Acting Development Services Director
Paolo Romero, Code Enforcement Officer

Recommendation:

That the City Council authorize staff to conduct a recruitment of hearing officers for code enforcement citation appeal hearings.

Item Summary:

The City of Lemon Grove Municipal Code (LGMC) Chapter 1.24 provides the authority to issue administrative citations for violations of the City municipal code. The LGMC provides for escalating fines and late payment penalties for noncompliance and eventually, property liens when the fines and penalties exceed \$2,000. A recipient of an administrative citation may contest the violation or whether he or she is the Responsible Person for the violation. The City Council may fill a panel of no less than three and no more than six code enforcement citation appeal hearing officers from a list of candidates provided by staff. Currently, there is only one appeal hearing officer authorized by Council. The City Council will review the applications and appoint hearing officers at a subsequent meeting. The City Manager will then select a hearing officer at random from the panel of hearing officers selected by City Council for an administrative citation hearing. Staff recommends that the City Council authorize the recruitment of hearing officers for code enforcement citation appeals.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| ☒ Not subject to review | ☐ Negative Declaration |
| ☐ Categorical Exemption, Section | ☐ Mitigated Negative Declaration |

Public Information:

- | | | |
|--|---|---|
| ☒ None | ☐ Newsletter article | ☐ Notice to property owners within 300 ft. |
| ☐ Notice published in local newspaper | ☐ Neighborhood meeting | |

Attachments:

- A. Resolution
- B. City of Lemon Grove Administrative Citation Procedures Manual

RESOLUTION NO. 2016-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING THE RECRUITMENT OF HEARING OFFICERS FOR CODE ENFORCEMENT CITATION APPEAL HEARINGS

WHEREAS, the Code Enforcement Division of the Development Services Department works in partnership with residents and businesses of Lemon Grove to promote and maintain a safe and desirable living and working environment; and

WHEREAS, the City of Lemon Grove Municipal Code Section 1.24.030 provides the authority to issue administrative citations for violations of the City municipal code; and

WHEREAS, the purpose of the municipal code section is to encourage compliance with community standards by applying a monetary penalty for continuing violations; and

WHEREAS, the City of Lemon Grove Municipal Code Section 1.24.070 provides a recipient of an administrative citation the option to appeal the citation or whether he or she is the Responsible Person for the violation; and

WHEREAS, the City Council will review the applications and appoint hearing officers at a subsequent meeting; and

WHEREAS, per Lemon Grove Municipal Code Section 1.24.090, the City Council may fill a panel of no less than three and no more than six Hearing Officers from a list of candidates provided by staff and the City Manager will select a hearing officer at random from the panel of hearing officers selected by City Council for administrative citation hearings; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

1. Approves the immediate recruitment of hearing officers for code enforcement citation appeal hearings.
2. Delegates to the City Manager the authority to establish the recruitment process and return to the City Council with a list of potential applicants. The City Council shall choose Hearing Officer panelists from local residents who apply except, in the case of matters involving specialized experience, the Hearing Officer(s) are not required to be residents of the City.

/////
/////



CITY OF LEMON GROVE

Administrative Citation Procedures Manual

SECTION I – INTRODUCTION

Lemon Grove Municipal Code Section 1.12.012 provides the authority to issue administrative citations for violations of the City Municipal Code (hereafter “City Code or “Code”). The City Code provides for escalating fines for noncompliance. The Code also defines the service procedures for issuing a citation, addresses hardship waivers, and identifies the process for appeals. The purpose of this Code section is to induce compliance by applying a monetary penalty for continuing violations.

The purpose of this Procedures Manual is to establish the process by which Municipal Code Section 1.12.012 is implemented by the City. The operational policies and procedures identified in this Procedures Manual are compliant with applicable Municipal Code sections.

SECTION II – VIOLATIONS APPROPRIATE FOR ADMINISTRATIVE CITATION

The Code allows for the use of various tools to encourage or require abatement of Code violations. The issuance of an administrative citation for a Code violation serves as a tool for those violations that do not impose immediate health and safety risk. The issuance of a citation should be used for violations that are clear-cut, relatively un-complex and easily correctable. As with any enforcement tool, the decision to use administrative citations should include assessment of how effective it is likely to be in gaining compliance and whether or not it is appropriate to the situation.

SECTION III – ADMINISTRATIVE CITATION ISSUANCE POLICY

A. To Whom Citations Can Be Issued

An administrative citation may be issued to the party responsible for the violation. In general, the Responsible Person as defined in the Municipal Code Section 1.12.012 will be one or more of the following:

1. The owner, tenant, or occupant of real property;
2. The holder or the agent of the holder of any permit, entitlement, or review;
3. The party or the agent of a party to an agreement covered by Chapter 1 of the Municipal Code;
4. The owner or the authorized agent of any business, company, or entity subject to Chapter 1 of the Municipal Code; or

Attachment B

4. An order to the Responsible Person(s) to correct the violation(s) within a specified time period.
5. The amount of the fine for the violation(s).
6. An explanation of how the fine is to be paid and the deadline for making payment of the fine.
7. A notification that the payment of the fine does not excuse or discharge the failure to correct the violation.
8. A notice of the right and process to appeal the administrative citation.
9. The name and signature of the enforcement officer.

D. Fine Schedule

The administrative citation form should indicate whether the administrative citation is a warning or the amount of the fine. If the violation is not a critical health and safety risk, the enforcement officer shall first allow the Responsible Person(s) to abate the violation(s) within a 15-day warning period.

In the event the violation(s) are not corrected within the warning period, fines shall be assessed in the following amounts:

1. \$100 for the first administrative citation fine if the violation(s) are not corrected within the specified time and/or if the same violation occurs within the next 18-month period.
2. \$200 for the second administrative citation fine if the violation(s) are not corrected within the specified time and/or if the same violation occurs within the next 18-month period.
3. \$500 for the third administrative citation fine if the violation(s) are not corrected within the specified time and/or if the same violation occurs within the next 18-month period.
4. \$1,000 for the fourth administrative citation fine if the violation(s) are not corrected within the specified time and/or if the same violation occurs within the next 18-month period.

E. Satisfaction of Citation

If a warning administrative citation is issued and the violation(s) is corrected within the specified warning period, the case shall be closed. However, if fines are levied,

Attachment B

Hearing Officers). The Hearing Officer shall be selected randomly by the City Manager, or by his or her appointee, prior to setting the date of the appeal hearing.

Any Hearing Officer residing or owning property within 500 feet of the subject property of the appeal shall be excluded from the selection process for that specific appeal hearing.

D. Request for Rescheduling a Hearing

The City will accommodate requests made by the person requesting an appeal hearing, provided that the request is made at least five (5) days prior to the scheduled hearing. Requests for rescheduling within five (5) days of the hearing may be considered for good cause (illness, death, emergency situation, etc.) and must be substantiated. The City Manager will consider whether to reschedule the hearing. This determination is final and not subject to judicial review.

E. Hearing Procedure

The following describes the rules and procedures for conducting an appeal hearing:

1. The appeal hearing cannot occur until the following have been completed:
 - a. An appeal hearing has been appropriately requested by the responsible person by submitting a Request for an Appeal Hearing form.
 - b. The Responsible Person has deposited the administrative citation fine in advance or a hardship waiver has been issued.
 - c. A hearing has been established not less than fifteen (15) days and not more than sixty (60) days from the date of the request for the appeal hearing. The Responsible Person shall be notified of the date, time and place of the hearing, and the Hearing Officer's name at least ten (10) days prior to the hearing date.
 - d. At least ten (10) days prior to the hearing, the City shall provide the Responsible Person with copies of the citations, reports and other documents that will be submitted to the Hearing Officer at the time of the hearing.
2. City staff should not have contact with the Hearing Officer regarding the hearing subject so as the Hearing Officer can maintain an attitude of neutrality and objectivity at all times.
3. City staff will arrange for the hearing, provide a hearing room and ensure that a tape recorder is in place.

Attachment B

is presented at the hearing, the Hearing Officer may issue a finding which incorporates the agreement. Such a finding shall authorize or approve the terms of the agreement to ensure its validity and shall be entitled to an Administrative Enforcement Order by Stipulation.

G. Hearing Officer Authority

After conducting an appeal hearing and weighing the testimony and evidence presented, the Hearing Officer can make one of two decisions: 1) affirm the issuance of the administrative citation, or 2) excuse the administrative citation. The Hearing Officer's decision shall be final.

The Hearing Officer may impose conditions and deadlines to correct any violations or require payment of outstanding penalties. The Hearing Officer may also assess reasonable administrative costs for scheduling and processing of the hearing and subsequent actions. The Hearing Officer does not have authority to reduce the fine.

H. Judicial Review

Either the City or the person in receipt of an administrative citation may request review of the appeal hearing decision with the San Diego Superior Court. Judicial review of a citation may not occur without first exhausting all available administrative remedies.

SECTION V – CITATION FINES (WAIVERS AND PENALTIES)

A. Failure to Pay Fines

If the Responsible Person fails to pay the fines imposed through the administrative citation within the time specified on the citation, the City may file a claim with the Small Claims Court or the Superior Court for recovery of the fine. In the event the courts are used to recover fines, the City may also recover the costs associated with the Hearing Officer, court fees, and collection costs.

The City may also or in addition to court action, impose a code enforcement lien in the amount of the fine plus interest and late charges, on the real property upon which the violation occurs. Any lien imposed shall be recorded in the Office of the San Diego County Recorder.

B. Late Payment Penalty

Any Responsible Person that fails to pay a fine on or before the date payment is due shall be liable for payment of a late charge in the amount of 25 percent of the fine. Delinquent fines shall also accrue interest at the rate of 10 percent per month, excluding late payment penalties.

Attachment B

C. Selection of Hearing Officer Panel

The City Council may fill a panel of no less than three and no more than six Hearing Officers. Hearing Officers may apply in writing for consideration for Council selection at any time, if the panel is not full. The Council may conduct interviews with the full Council or may appoint a sub-committee of members of the Council to administer the selection process. The full Council must ratify the appointment of a Hearing Officer to the panel.

D. Term of Hearing Officer

The term of the Hearing Officer shall be no more than three years. However, the Council may re-appoint a Hearing Officer through the selection process identified in the previous section. To create appropriate conclusion of terms, the Council may decide periodically, on a case-by-case basis, to reduce the length of a term to two years to create staggered terms on the Hearing Officer panel.

E. Hearing Officer Compensation

A Hearing Officer shall be compensated \$75 per appeal hearing. For purposes of this Section, an "appeal hearing" shall include, but not be limited to, all appeals consolidated into a single hearing and any subsequent continuance or future dates until a final determination is rendered by the Hearing Officer. This amount is for travel, preparation time, conducting the hearing, and preparing the written decision. There shall be no additional payment in the event the Hearing Officer is requested to testify at a court proceeding. In the event the hearing is canceled after the Notice of Hearing has been established, the Hearing Officer shall be compensated \$40. In the event, the Hearing Officer is disqualified or recuses him/herself under Section F below, no compensation shall be paid.

F. Conflict of Interest

Hearing Officers are required to disqualify themselves from serving as the Hearing Officer for a particular case if they have a personal or business relationship or any other type of relations, with any of the involved parties which might cause them to have a conflict of interest, bias or prejudice in regard to the case to be heard.

In the event that the Hearing Officer believes that a conflict of interest does not exist but might be perceived, he or she is required to disclose to both the City and the appealing party the nature of any relationship that might cause such a perception at least eight (8) days prior to the hearing date. Either of the parties may then request that a new Hearing Officer be selected, provided that such request is made known to the Hearing Officer within two (2) business days of such notification.

In the event that the Hearing Officer does not disqualify her/himself or does not announce a relationship that might be perceived as a potential conflict of interest and either party

Attachment B

- c. That a particular complaint is under investigation.
2. The City shall advise the complaining party that the complaint has been received and is under investigation.
3. Upon request, in accordance with the Public Records Act, the City shall disclose:
 - a. The date on which a citation has been set for court trial,
 - b. The date which has been set for a hearing before a Hearing Officer,
 - c. The fact that a civil lawsuit has been filed and served.
4. Upon the closing of a case initiated by a private party's complaint, the complainant will be advised of the result, if so requested by the complainant.
5. Any information developed during the investigation shall be released only to City personnel actively and directly involved in the enforcement action.



CITY OF LEMON GROVE ADMINISTRATIVE CITATION

A) TYPE OF VIOLATION

Circle One: Warning 1st Citation \$100 2nd Citation \$200 3rd Citation \$500 4th Citation \$1,000

Payment of \$_____ is due no later than _____ to the City of Lemon Grove.
The City accepts cash, check or credit card.

If the violation is not corrected by the date specified therein and/or payment is not received by the date above, the next level of citation may be issued, other enforcement actions may occur, and penalties may be assessed (25% and interest at the rate of 10% per month). Payment of fine does not excuse or discharge the failure to correct violation identified below.

B) RESPONSIBLE PARTY INFORMATION

Person Cited: _____
(Last Name) (First Name)

Circle One: Property Owner Tenant Business Owner Other _____

Mailing Address: _____

Business Name (if applicable): _____

C) VIOLATION(S) INFORMATION

Date (Violation Observed): _____ Time (Violation Observed): _____

Location of Violation: _____
(Street Address) (APN)

Violation(s) Observed (Code Section and Description):

D) CORRECTION(S) REQUIRED (with date to complete corrections)

E) SERVICING CITATION INFORMATION

Enforcing Officer Name _____ Phone No. _____ Signature _____ Date _____

Person Cited – Signature Acknowledging Receipt _____ (Date) _____

Citation Served (circle one): In Person By Mail Posted on Property

This citation may be appealed within thirty (30) days from date of correction identified in Section D. To request an appeal, a Request an Appeal Hearing form (available at City Hall) should be completed and returned to City Hall. In the event a Hardship Waiver is requested, the Request for an Appeal Hearing and Hardship Waiver forms are required within fifteen (15) days from the correction date identified in Section D.



CITY OF LEMON GROVE

3232 Main Street
Lemon Grove, CA 91945
Telephone (619) 825-3800
Fax (619) 825-3804

REQUEST FOR APPEAL HEARING FOR AN ADMINISTRATIVE CITATION

Name: _____

Address of Violation: _____

Day Phone: _____ Other Phone: _____

Mailing Address (if different): _____

Violation of Code (see Section C of Citation): _____

Please state the reason(s) for the request. The Municipal Code allows the recipient of an Administrative Citation to contest whether a violation(s) exist or whether they are the Responsible Person. If you require more space, please attach additional sheets.

Appellant's Statement

I declare under penalty of perjury that the facts stated are true and correct to the best of my knowledge.

Signature _____ Date _____

Process for Submitting Request for an Appeal Hearing:

- 1) An individual requesting an appeal hearing must submit this form to the City **on or before 30 days** from the date of correction identified in Section D of the Citation.
- 2) The individual requesting an appeal **must deposit with the City the amount of the citation fine** along with this form.
- 3) If the individual requesting the appeal hearing requests a Hardship Waiver, this form and the Request for a Hardship Waiver are due **on or before 15 days** from the date of correction identified in Section D or the Citation.
- 4) A Request for Hardship Waiver form is available at City Hall.
- 5) A hearing will be established between 15 and 60 days from receipt of this form with a Hearing Officer appointed by the City Council of the City of Lemon Grove.

OFFICIAL USE ONLY

Received on: _____ Within Deadline: _____ Completed Form: _____
Date Yes or No Yes or No

Attachment B



CITY OF LEMON GROVE

3232 Main Street
Lemon Grove, CA 91945
Telephone (619) 825-3800
Fax (619) 825-3804

REQUEST FOR HARDSHIP WAIVER FOR ADVANCE DEPOSIT REQUIREMENT

Name: _____

Address of Violation: _____

Day Phone: _____ Other Phone: _____

Mailing Address (if different): _____

Fine Amount on Citation: _____ Present Employer: _____

Social Security #: _____ Driver's License # _____

List of Family Members Living with You:

<u>Name</u>	<u>Relationship</u>	<u>Age</u>	<u>Employer</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total Family Income (before taxes and deductions from ALL sources):

Employment:	\$ _____	Child Support:	\$ _____
Spouse Employment:	\$ _____	Spousal Support:	\$ _____
Unemployment:	\$ _____	Pension/Retirement:	\$ _____
Welfare/SSI/ADC:	\$ _____	Other:	\$ _____

TOTAL INCOME: \$ _____

Monthly Expenses

Rent/Mortgage:	\$ _____	Payroll Deductions:	\$ _____
Child Care:	\$ _____	Medical Expenses:	\$ _____
Transportation Costs:	\$ _____		

TOTAL EXPENSES: \$ _____

Attachment B



CITY OF LEMON GROVE

3232 Main Street
Lemon Grove, CA 91945
Telephone (619) 825-3800
Fax (619) 825-3804

NOTICE OF APPEAL HEARING FOR ADMINISTRATIVE CITATION

DATE

Requestor: John Doe
1111 Anywhere Street
City, State zipcode

Please be informed that your request for an Appeal Hearing for Administrative Citation shall be heard as follows:

Date: May xx, 2006
Time: 10:00 A.M.
Location 3232 Main Street
Lemon Grove, CA
City Hall Conference Room

The hearing procedures shall be in accordance with the Lemon Grove Municipal Code Section 1.12.012 and the Administrative Citation Procedures Manual (see attachment).

You may have legal representation at the hearing. However, you must provide written notification to the Hearing Officer and the City's Enforcement Officer of the attorney's name, address, and phone number at least seven (7) calendar days prior to the hearing:

Assigned Hearing Officer: Mr. or Ms. _____, Hearing Officer
c/o Robert Larkins
3232 Main Street
Lemon Grove, CA 91945

Failure of the Responsible Person, either personally or through counsel, to appear at the appeal hearing shall constitute a forfeiture of the fine and will exhaust his or her administrative remedies. As an option, you are afforded one opportunity to reschedule the hearing, only if the request is made at least five (5) days prior to the scheduled hearing. Requests for rescheduling within five (5) days of the hearing must be considered for good cause (illness, death, emergency situation, etc.) and must be substantiated. The Hearing Officer will consider whether to reschedule the hearing. The request to reschedule the hearing must be made in writing and delivered or received at the address above at least five (5) days before the scheduled hearing.

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 2.A
Mtg. Date March 1, 2016
Dept. Finance

Item Title: Annual Financial Report for Fiscal Year 2014-15

Staff Contact: Gilbert Rojas, Interim Finance Director

Recommendation:

Receive and file the annual Financial Report for Fiscal Year 2014-15 (Attachment A)
--

Item Summary:

The City contracted with Badawi & Associates to complete the Fiscal Year 2014-15 independent audit. The Audit has been completed and staff presents the annual Financial Report for the Fiscal Year ending on June 30, 2015 (Attachment A). Mr. Ahmed Badawi, CPA will be available to the City Council to answer questions. In the interest of time, Mr. Badawi has provided a slide presentation that the Council can review at their convenience.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| ☒ Not subject to review | ☐ Negative Declaration |
| ☐ Categorical Exemption, Section | ☐ Mitigated Negative Declaration |

Public Information:

- | | | |
|--|---|---|
| ☒ None | ☐ Newsletter article | ☐ Notice to property owners within 300 ft. |
| ☐ Notice published in local newspaper | ☐ Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Slide Presentation

Attachment A

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 2.A

Mtg. Date March 1, 2016

Item Title: **Annual Financial Report for Fiscal Year 2014-15**

Staff Contact: Gilbert Rojas, Interim Finance Director

Discussion:

The City of Lemon Grove **Annual Financial Report** for the Fiscal Year Ended June 30, 2015 was provided separately to the City Council members. Copies are available for the public at Lemon Grove City Hall (3232 Maim Street, Lemon Grove, CA or by contacting Gilbert Rojas, Interim Finance Director at (619) 825-3800 or grojas@lemongrove.ca.gov.

City of Lemon Grove

Lemon Grove, California

Basic Financial Statements

For the year ended June 30, 2015



BADAWI & ASSOCIATES

City of Lemon Grove

For the year ended June 30, 2015

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Required Supplementary Information (Unaudited):	
Budgets and Budgetary Accounting.....	76
Defined Benefit Pension Plan	79
Other Post Employment Benefits (OPEB)	83
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Gas Tax Special Revenue Fund	96
Parkland Dedication Special Revenue Fund	97
Supplemental Law Enforcement Service Special Revenue Fund	98
Sundry Grants Special Revenue Fund.....	99
CDBG Special Revenue Fund	100
TDA Special Revenue Fund	101
Lighting District Special Revenue Fund	102
Transnet Special Revenue Fund	103
Storm Water Special Revenue Fund	104
Household Hazardous Waste Special Revenue Fund	105
Wild Flower Assessment Service Special Revenue Fund	106
PEG (Public/Education/Government) Special Revenue Fund	107
Serious Traffic Offender Program Special Revenue Fund.....	108
Street Construction Capital Projects Fund.....	109
Main Street Promenade	110
Sidewalk Reserve Capital Projects Fund.....	111
Safety Capital Purchases Capital Projects Fund	112
Transportation Mitigation Capital Projects Fund.....	113
Internal Service Funds:	
Combining Statement of Net Position	116
Combining Statement of Revenues, Expenses and Changes in Net Position	117
Combining Statement of Cash Flows.....	118



BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Lemon Grove
Lemon Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lemon Grove, California (City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

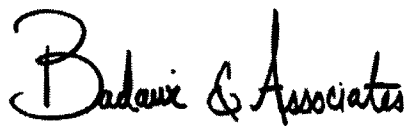
Address:

Phone:

Fax:

To the Honorable Mayor and Members of the City Council
of the City of Lemon Grove
Lemon Grove, CA
Page 3

The combining and individual nonmajor fund financial statements, and budgetary comparison information on pages 88-118 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and budgetary comparison information on pages 88-118 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Oakland, California
February 1, 2016

Honorable Mayor and City Council
City of Lemon Grove
3232 Main Street
Lemon Grove, California

City Hall
619-825-3800

As management of the City of Lemon Grove (City) we offer readers of the City's Annual Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year that ended June 30, 2015. The management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, and identify any material deviations from the approved budget.

Readers are encouraged to consider the information presented in this document, in conjunction with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflow of resources by \$75.5 million.
- The net position value increased from the previous year by \$4.4 million, or 6.26 percent.
- The City's governmental funds reported a combined ending fund balance of \$16.0 million, an increase from the previous year of \$2.9 million, or 22 percent. This is due to several factors, including revenue increases as well as grant revenues due from prior year projects. These increases were partially offset by capital expenditures.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

A major component of the Financial Section of the City's Annual Financial Report is the Basic Financial Statements, and is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, and development services. The business-type activity of the City is the Lemon Grove Sanitation District.

Statement of Activities: This statement presents information showing how the City's net position changed during the most recent fiscal year. All changes in position are reported as soon as the underlying events giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

The following schedule shows condensed financial information from the statement of activities:

Comparative Statements of Activities						
June 30, 2015 and 2014						
(Amounts in Millions)						
	Governmental Activities			Business-type Activities		
	2015	2014	Change	2015	2014	Change
Revenues:						
Program revenues:						
Charges for services	\$2.3	\$1.5	\$0.8	\$6.6	\$5.9	\$0.7
Operating grants and contributions	2.3	1.5	0.8	-	-	-
Capital grants and contributions	1.5	1.6	(0.1)	-	-	-
Total program revenues	6.1	4.6	1.5	6.6	5.9	0.7
General revenues:						
Taxes:						
General property taxes	3.7	4.0	(0.3)	-	-	-
Sales tax	3.8	4.3	(0.5)	-	-	-
Franchise tax	1.0	1.0	-	-	-	-
Investment earnings	-	-	-	-	-	-
Other	2.1	-	2.1	-	-	-
Transfers	0.7	1.5	(0.8)	(0.7)	-	(0.7)
Total general revenues	11.3	10.8	0.5	(0.7)	-	(0.7)
Total Revenues	17.4	15.4	2.0	5.9	5.9	-
Expenses:						
General government	2.0	2.0	-	-	-	-
Public safety	9.2	8.8	0.4	-	-	-
Public works	1.6	3.4	(1.8)	-	-	-
Community development	2.2	1.0	1.2	-	-	-
Sanitation	-	-	-	3.9	4.6	(0.7)
Interest on long-term debt	-	-	-	-	-	-
Total Expenses	15.0	15.2	(0.2)	3.9	4.6	(0.7)
Increase (decrease) in net position	2.4	0.2	2.2	2.0	1.3	0.7
Net position - beginning (as restated)	52.4	56.8	(4.4)	18.6	19.1	(0.5)
Net position - ending	\$54.8	\$57.0	(\$2.2)	\$20.6	\$20.4	\$0.2

The governmental activities increased the City's net position by \$2.4 million. Governmental program revenues offset 41 percent of program expenditures, a 10.7% increase when compared with prior year. General revenues and transfers of \$11.3 million exceeded total expenditures. There was a 4.6 percent increase to governmental activities net position.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Below are three notes of particular interest.

Note 2 – Cash and Investments: The City's total cash and investments at the end of the fiscal year totaled \$26.7 million. Approximately \$11.3 million was invested with the Local Agency Investment Fund. Approximately \$1.5 million was held and invested by bond trustees, and the balance was deposited in the City's checking accounts.

Note 5 – Capital Assets: Capital assets for the City's governmental activities were valued at \$41.8 million, net of accumulated depreciation. Capital assets for the City's business-type activities were valued at \$5.7 million. This investment in capital assets includes land, buildings, construction in progress, equipment, vehicles, and infrastructure.

Note 6 – Long-Term Liabilities: The City had a total long-term debt outstanding of \$1.0 million. The majority of this amount, \$499,861, is comprised of compensated absences. The City's total long-term debt decreased this year by \$193,601 due to net increases in its OPEB liability and its claims payable. The City's business-type activity does not have long-term debt.

Required Supplementary Information

The required supplementary information is comprised of budgetary comparisons for the General Fund and the Housing Fund.

The City adopts an annual budget for its General Fund and all other funds. A comparison between budget and actual is incorporated in the financial report to demonstrate compliance with the budget. The original budget was adopted in June 2014.

The General Fund Budgetary Comparison Schedule shows that, for this fiscal year, the General Fund experienced a gain of expected revenues and transfers of \$247,930, while the expenditures were over what was expected by \$709,709. The actual revenues and expenditures resulted in a net gain of \$648,500. The difference between expected gain and actual is \$59,500.

REQUESTS FOR INFORMATION

The Annual Financial Report is designed to provide a general view of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director at the City of Lemon Grove, 3232 Main Street, Lemon Grove, CA 91945, (619) 825-3800, or grojas@lemongrove.ca.gov.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lemon Grove
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 6,850,485	\$ 16,123,402	\$ 22,973,887
Receivables:			
Accounts, net	1,985,984	629,633	2,615,617
Prepays	173,307	65,549	238,856
Total current assets	9,009,776	16,818,584	25,828,360
Noncurrent assets:			
Restricted cash and investments	25,000	-	25,000
Notes receivable	8,109,956	-	8,109,956
Due from Successor Agency	3,160,741	-	3,160,741
Property held for resale	377,952	-	377,952
Capital assets:			
Capital assets, not being depreciated	7,874,401	260,314	8,134,715
Capital assets, depreciated, net	33,971,695	5,389,956	39,361,651
Total capital assets	41,846,096	5,650,270	47,496,366
Total noncurrent assets	53,519,745	5,650,270	59,170,015
Total assets	62,529,521	22,468,854	84,998,375
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow - pension related amounts	20,682	11,471	32,153
Deferred outflow - employer pension contributions	744,268	152,442	896,710
Total deferred outflows of resources	764,950	163,913	928,863
LIABILITIES			
Accounts payable	1,673,126	78,031	1,751,157
Accrued wages	87,543	18,342	105,885
Interest payable	789	-	789
Deposits payable	145,820	-	145,820
Unearned revenue	-	-	-
Claims payable, due within one year	50,000	-	50,000
Compensated absences, due within one year	214,115	-	214,115
Capital lease payable, due within one year	21,833	-	21,833
Total current liabilities	2,193,226	96,373	2,289,599
Noncurrent liabilities:			
Net OPEB obligation	320,469	-	320,469
Net pension liability	4,392,070	1,601,757	5,993,827
Claims payable, due in more than one year	175,895	-	175,895
Compensated absences, due in more than one year	499,601	-	499,601
Total noncurrent liabilities	5,388,035	1,601,757	6,989,792
Total liabilities	7,581,261	1,698,130	9,279,391
DEFERRED INFLOW OF RESOURCES			
Deferred inflow - pension related amounts	856,212	334,560	1,190,772
Total deferred inflow of resources	856,212	334,560	1,190,772
NET POSITION			
Net investment in capital assets	41,846,096	5,650,270	47,496,366
Restricted:			
Construction of capital assets	1	-	1
Streets, highways, bikeways, public transit and other related purposes	872,976	-	872,976
Community development	3,538,767	-	3,538,767
Public safety	207,744	-	207,744
Housing	8,684,194	-	8,684,194
Unrestricted	(292,780)	14,949,807	14,657,027
Total net position	\$ 54,856,998	\$ 20,600,077	\$ 75,457,075

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,401,817)	\$ -	\$ (1,401,817)
(7,336,353)	-	(7,336,353)
629,954	-	629,954
(741,513)	-	(741,513)
(789)	-	(789)
(8,850,518)	-	(8,850,518)
-	2,625,635	2,625,635
-	2,625,635	2,625,635
\$ (8,850,518)	\$ 2,625,635	\$ (6,224,883)
3,786,926	-	3,786,926
3,800,925	-	3,800,925
44,525	-	44,525
962,845	-	962,845
2,027,437	-	2,027,437
10,622,658	-	10,622,658
10,795	36,677	47,472
648,500	(648,500)	-
11,281,953	(611,823)	10,670,130
2,431,435	2,013,812	4,445,247
52,425,563	18,586,265	71,011,828
\$ 54,856,998	\$ 20,600,077	\$ 75,457,075

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Funds Financial Statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

Housing Fund accounts for the housing assets transferred from the former redevelopment agency, and the revenues and expenditures for the project area related to low and moderate income housing.

City of Lemon Grove
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 15,992,891
---	----------------------

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable	\$ 7,874,401
Depreciable, net	33,971,695
Total capital assets	41,846,096

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	1,573,826
--	-----------

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as liability in the Governmental Funds Balance Sheet.	(789)
--	-------

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	984,324
---	---------

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.	744,268
---	---------

For cost sharing pension plans, on the government-wide statements certain differences created due to differences in proportion are deferred and amortized over a period of time. There are no transactions recorded on the governmental fund statements.	20,682
--	--------

In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension and differences due to changes in proportion are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.	(856,212)
---	-----------

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

		Internal Service Funds	Government- Wide Statement of Net Position
Claims and judgments payable - due within one year	\$ (50,000)	\$ 50,000	\$ -
Compensated leave payable - due within one year	(214,115)	-	(214,115)
Capital lease payable - due within one year	(21,833)	-	(21,833)
Net pension liability	(4,392,070)	-	(4,392,070)
Compensated leave payable - due after one year	(499,601)	-	(499,601)
Claims and judgments payable - due after one year	(175,895)	175,895	-
Net OPEB obligation	(320,469)	-	(320,469)
Total long-term liabilities	\$ (5,673,983)	\$ 225,895	(5,448,088)

Net Position of Governmental Activities	\$ 54,856,998
--	----------------------

See accompanying Notes to Basic Financial Statements.

City of Lemon Grove

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	2,852,402
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense.		1,290,907
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds		(1,735,474)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable decreased compensated leave liabilities in the Government-Wide Statement of Net Position.		67,438
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(62,452)
Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.		(744,268)
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.		555,917
Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.		(789)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.		207,754
Change in Net Position of Governmental Activities	\$	2,431,435

See accompanying Notes to Basic Financial Statements.

City of Lemon Grove
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities Enterprise Fund Sanitation	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and investments	\$ 16,123,402	\$ 1,185,023
Accounts receivable, net	629,633	196
Prepays	65,549	-
Total current assets	16,818,584	1,185,219
Noncurrent assets:		
Restricted cash and investments	-	25,000
Capital assets:		
Land	3,724	-
Construction in progress	256,590	-
Depreciable infrastructure	11,890,247	-
Depreciable equipment	1,366,481	-
Accumulated depreciation	(7,866,772)	-
Total capital assets	5,650,270	-
Total noncurrent assets	5,650,270	25,000
Total assets	22,468,854	1,210,219
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflow - pension related amounts	11,471	
Deferred outflow - employer pension contributions	152,442	
Total deferred outflows of resources	163,913	-
LIABILITIES		
Current liabilities:		
Accounts payable	78,031	-
Accrued wages	18,342	-
Claims payable, due within one year	-	50,000
Total current liabilities	96,373	50,000
Noncurrent liabilities:		
Claims payable, due in more than one year	-	175,895
Net pension liability	1,601,757	-
Total noncurrent liabilities	1,601,757	175,895
Total liabilities	1,698,130	225,895
DEFERRED INFLOW OF RESOURCES		
Deferred inflow - pension related amounts	334,560	-
Total deferred outflows of resources	334,560	-
NET POSITION		
Net investment in capital assets	5,650,270	-
Unrestricted	14,949,807	984,324
Total net position	\$ 20,600,077	\$ 984,324

See accompanying Notes to Basic Financial Statements.

City of Lemon Grove
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

	Business-Type Activities Enterprise Fund Sanitation	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 5,992,591	\$ -
Cash received from user departments	-	3,362
Cash payments to employees	(1,080,130)	-
Cash payments to suppliers for goods and services	(2,685,077)	(741)
Net cash provided by (used in) operating activities	2,227,384	2,621
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfer from other departments	(648,500)	-
Purchase of capital assets	(42,346)	-
Net cash provided by (used in) capital and related financing activities	(690,846)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	36,677	40,391
Net cash provided by investing activities	36,677	40,391
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,573,215	43,012
CASH AND CASH EQUIVALENTS - Beginning of year	14,550,187	1,167,011
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 16,123,402</u>	<u>\$ 1,210,023</u>
FINANCIAL STATEMENT PRESENTATION:		
Cash and investments	\$ 16,123,402	\$ 1,185,023
Restricted cash and investments with fiscal agents	-	25,000
Total	<u>\$ 16,123,402</u>	<u>\$ 1,210,023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	\$ 2,625,635	\$ 167,363
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	256,628	-
Loss on disposal of capital asset	12,946	-
Changes in assets and liabilities:		
Accounts receivable	(581,335)	3,362
Prepays	(64,621)	-
Deferred outflow of resources - employer contribution	(21,874)	-
Deferred outflow of resources - pension related amounts	(11,471)	-
Accounts payable	(13,336)	-
Accrued wages	18,342	-
Net pension liability	(328,090)	-
Deferred inflow of resources - pension related amounts	334,560	-
Claims payable	-	(168,104)
Total adjustments	(398,251)	(164,742)
Net cash provided by (used in) operating activities	<u>\$ 2,227,384</u>	<u>\$ 2,621</u>

See accompanying Notes to Basic Financial Statements.

City of Lemon Grove
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency to the Lemon Grove Community Development Agency Private Purpose Trust Fund
ASSETS	
Cash and investments	\$ 1,759,621
Cash and investments with fiscal agent - restricted	1,804,359
Accounts receivable	452
Notes receivable	3,640,200
Prepays	65,000
Property held for resale	689,910
Capital assets:	
Non-depreciable	
Land	5,845,452
Construction in progress	412,528
Depreciable	
Infrastructure	316,636
Total assets	14,534,158
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	328,909
Deferred outflow - pension related	2,448
Deferred outflow - employer pension contributions	32,535
Total deferred outflows of resources	363,892
LIABILITIES	
Liabilities:	
Accounts payable	5,708
Accrued wages	2,802
Interest payable	456,844
Due to City of Lemon Grove	3,160,741
Bonds payable, due in less than one year	660,000
Total current liabilities	4,286,095
Noncurrent liabilities:	
Net pension liability	341,856
Bonds payable, due in more than one year	24,426,462
Total noncurrent liabilities	24,768,318
Total liabilities	29,054,413
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - pension related amounts	71,403
Total deferred outflows of resources	71,403
NET POSITION	
Net position:	
Net position held for dissolution of the Community Development Agency	(14,227,766)
Total net position	\$ (14,227,766)

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting and Measurement Focus, Continued*

Proprietary Fund Financial Statements, Continued

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the Sanitation Enterprise Fund and Self Insurance Internal Service Funds as proprietary funds of the City.

Sanitation Enterprise Fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Internal service fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

Self Insurance Internal Service Fund accounts for all financial transactions related to the City's self-insurance program. The service is provided to other Citys or agencies of the City on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has ^{one} two types of fiduciary funds, an agency fund and a private-purpose trust fund. Agency funds are used to account for the assets held for distribution by the City as an agent for another entity for which the City has custodial responsibility and accounts for the flow of assets. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments, Continued

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than two times their regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Unused sick leave at termination is lost, unless eligible for conversion to retirement credit as provided by the City contract with CalPERS. For safety employees, upon retirement or termination of employment, suppression employees shall be paid for all accrued unfrozen sick leave at the rate of one-half the accumulated time. Pay shall be based upon vested amounts at the employee's pay rate at the time the hours were earned. Upon retirement, employees have the option to apply sick leave time toward retirement credit. Upon retirement, employees shall have the option to apply sick leave toward retirement credit on an hour-for-hour basis. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

F. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of San Diego for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures and improvements	40
Public domain infrastructure	50
System infrastructure	30
Vehicles	3 to 15
Other equipment and furnishings	3 to 20
Computer equipment	3 to 10

H. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the Fund Financial Statements, proprietary fund types recognize the interest payable when the liability is incurred.

I. Unavailable and unearned revenue

In the Government-Wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services.

In the Fund Financial Statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable and unearned revenues for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which unearned and unavailable revenues are recorded are grants received but not yet earned or available, long-term loans receivables, and prepaid charges for services.

J. Claims and Judgments

The short-term and long-term workers' compensation claims liability is reported in the Workers' Compensation Insurance Internal Service Fund. The short-term and long-term general claims liability is reported in the Self Insurance Internal Service Fund. The short-term liability which will be liquidated with current financial resources is the amount of settlement reached, but unpaid, related to claims and judgments entered.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This category is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted – This category is all other amounts that do not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

O. Fund Balances

Fund Financial Statements

Non-spendable Fund Balances

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of “not in spendable form” include inventory, prepaid amounts, long-term notes and loans, property held for resale and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be included in the restricted, committed or assigned instead of the non-spendable classification. A debt service reserve fund held by a trustee is an example of fund balance in non-spendable form that is classified as restricted instead of non-spendable since the reserve is eventually liquidated to make the final debt service principal payment.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Deferred Outflows/Inflows of Resources, Continued

The City reports two items in this category, unavailable revenues and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated number of years. Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: sales tax revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported the unamortized net difference between projected and actual earning on pension plans and unamortized adjustments due to differences in proportions as deferred inflows of resources in the government-wide and enterprise funds' statement of net position.

Q. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. New Accounting Pronouncements

In 2015, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* – The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments and accountability and inter-period equity, and creating additional transparency.

The statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures* as they relate to pensions that are provided through pension plans administered as trusts of equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The District restated its beginning net position as part of implementation of this accounting standard.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

B. *Summary of Cash and Investments*

Cash and investment as of June 30, 2015 consist of the following:

Cash on hand	\$ 1,973
Deposits with financial institution	10,949,179
Total cash on hand and deposits	<u>10,951,152</u>
Local Agency Investment funds	11,324,258
Multi-bank Securities	2,458,098
Total investments	<u>13,782,356</u>
Total City Treasury	<u>24,733,508</u>
Cash with fiscal agent	<u>1,829,359</u>
Total cash and investments	<u><u>\$ 26,562,867</u></u>

C. *Deposits*

The carrying amount of the City's cash deposit was a positive amount of \$10,949,179 at June 30, 2015. Bank balances before reconciling items amounted to \$10,834,848 at June 30, 2015. The City has not waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. Amounts are collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

F. Disclosures Relating to Interest Rate Risk, Continued

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Local Agency Investment Fund	\$ 11,324,258	\$ 11,324,258	\$ -	\$ -	\$ -
Multi-securities	2,458,098	2,458,098	-	-	-
Held by fiscal agents:					
US Bank money market	1,829,359	1,829,359	-	-	-
	<u>\$ 15,611,715</u>	<u>\$ 15,611,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

G. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations.

H. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

K. External Investment Pools, Continued

As of June 30, 2015, the City had \$11,324,258 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.86% in the previous year. The LAIF fair value factor as of June 30, 2015 was 1.000375979, which was used to calculate the fair value of the investments in LAIF.

3. NOTES RECEIVABLE

Notes receivable as of June 30, 2015, totaled \$11,750,156 and were recorded in the financial statements are as follows:

Description	Balance June 30, 2015
During the fiscal year ended June 30, 2009, the City entered into Owner Participation Agreements with Hitzke Development Corporation (the Developer) for the development of several projects within the City's project area. In addition, the City entered into promissory notes with the Developers with amounts not to exceed (excluding accrued interest) \$2,763,292 for Citronica One, \$2,500,000 for Citronica Two and \$1,500,000 for Citronica Three, all at 3.0% interest secured by a deed of trust for each note creating a valid lien upon the developer's interest in the development parcels. The funds are being used to construct a 54 unit mixed-use affordable housing, including 3,650 square feet of commercial space (Citronica One) and a 75-100 unit mixed use affordable housing, including 4,700 square feet of commercial space (Citronica Two). The notes call for funds to be advanced to the borrower for the purchase of several parcels to be used for the projects. In addition, the funds can be used for certain pre-development costs. During the fiscal year ended June 30, 2013, the City entered into another promissory note with the Developer with amount not to exceed (excluding interest) \$1,323,031 for Citronica One. The notes are due and payable two (2) years from the date of the execution of the notes or rolled over as additional assistance into the development and disposition agreement. As of June 30, 2015, the City had advanced \$4,263,292 and \$2,500,000 (Citronica One and Two, respectively) to the borrower. In addition \$679,783 and \$485,044 (Citronica One and Two, respectively) of accrued interest was incurred.	\$ 7,928,119
Note to Community Collective with an amount not to exceed \$3,130,000 at 3.0% interest secured by a deed of trust, assignment of rents, security agreement and fixture filing. Community Collective is using the funds to construct a mixed-use multi-family residential housing project for extremely low, very low, and low income persons. The note calls for funds to be advanced to the borrower for costs related to the project as the costs are incurred by the borrower. The note is due and payable in full in fifty-five (55) years from the date of the note or upon sale or refinancing of the project. In the event there is surplus cash (as defined in the note) from the project, Community Collective shall pay the City one-half of the available surplus cash. As of June 30, 2015, the City had advanced \$3,130,000 to the borrower. In addition, \$692,037 of accrued interest was incurred.	3,822,037
Total notes receivable	\$ 11,750,156
As of June 30, 2015, notes receivable is reported as follow:	
Primary Government	\$ 8,109,956
Successor Agency to the Lemon Grove Community Development Agency	3,640,200
	\$ 11,750,156

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

5. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for governmental activities for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets, not being depreciated:					
Land and improvements	\$ 7,520,853	\$ -	\$ -	\$ -	\$ 7,520,853
Construction in progress	415,853	-	-	(62,305)	353,548
Total capital assets, not being depreciated	7,936,706	-	-	(62,305)	7,874,401
Capital assets, being depreciated:					
Buildings and improvements	9,219,426	149,116	(50,240)	-	9,318,302
Vehicles and equipment	2,165,727	703,590	(229,319)	-	2,639,998
Infrastructure	56,797,357	438,201	(250,126)	-	56,985,432
Total capital assets, being depreciated	68,182,510	1,290,907	(529,685)	-	68,943,732
Less accumulated depreciation for:					
Buildings and improvements	(5,836,117)	(235,253)	15,070	-	(6,056,300)
Vehicles and equipment	(1,442,023)	(157,406)	215,343	-	(1,384,086)
Infrastructure	(26,188,836)	(1,342,815)	-	-	(27,531,651)
Total accumulated depreciation	(33,466,976)	(1,735,474)	230,413	-	(34,972,037)
Total capital assets, being depreciated, net	34,715,534	(444,567)	(299,272)	-	33,971,695
Governmental activities, capital assets, net	\$ 42,652,240	\$ (444,567)	\$ (299,272)	\$ (62,305)	\$ 41,846,096

Depreciation expense by program for capital assets for the year ended June 30, 2015 was as follows:

General government	\$ 71,972
Public safety	115,193
Public works	1,417,069
Community development	131,240
Total depreciation expense	\$ 1,735,474

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

A. Governmental activities, Continued

For governmental activities, leases and notes payable as well as compensated absences are generally liquidated by the General Fund.

Capital Lease Payable

On November 1, 2005, the City entered into a lease purchase agreement for a facility extension of a fire station in the amount of \$178,000. The City will make 20 payments of \$11,311 semi-annually on January 1 and July 1 with accrued interest at 4.8% per annum. The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2015 were as follows:

Fiscal Year Ended June 30,	Total
2016	
Total requirements	\$ 21,833
Less: interest	21,833
Present value of remaining payments	(789)
	\$ 21,044

Accumulated depreciation on assets purchased through the lease purchase agreement are as follows:

	Governmental Activities
Asset:	
Buildings and improvements	\$ 178,000
Less: accumulated depreciation	(44,500)
Total	\$ 133,500

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

A. Governmental activities, Continued

Claims Payable, Continued

Segmented information for the fiscal year ended June 30, 2015 taken from the audited financial statements of SANDPIPA are as follows:

	<u>2015</u>
Statement of Net Position	
Assets:	
Cash and investments	\$ 10,721,827
Other assets	<u>212,715</u>
Total assets	<u><u>10,934,542</u></u>
Liabilities:	
Claims payable	5,870,515
Other liabilities	<u>1,002,051</u>
Total liabilities	<u><u>6,872,566</u></u>
Net position	<u><u>4,061,976</u></u>
 Total Revenues	 \$ 9,174,793
Total Expenses	<u>7,351,585</u>
Net Increase/(Decrease)	<u><u>\$ 1,823,208</u></u>

The City also maintains excess workers' compensation insurance through the California Association of Counties (CSAC). Coverage through CSAC is up to \$5,000,000 per claim with a self-insured retention of \$125,000. Claims in excess of \$5,000,000, up to \$95,000,000 (reinsured layer) are covered by policies purchased by CSAC through third parties.

Numerous claims and suits have been filed against the City in the normal course of business. The City's estimated claims liability of \$225,895 reported at June 30, 2015 is based on requirements of Governmental Accounting Standards Board Statement 10, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City has not had claims settlements exceeding insurance coverage for each of the past three fiscal years.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

7. DEFINED BENEFIT PENSION PLAN, Continued

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized against net pension liability for the Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 459,829	\$ 469,416

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,831,561
Safety	1,504,122
Total Net Pension Liability	\$ 6,335,683

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability of the CalPERS pooled plans. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City’s proportion of the net pension liability was based on the City’s plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

7. DEFINED BENEFIT PENSION PLAN, Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return	7.5% (1)	7.5% (1)
Mortality	Derived by CalPERS membership data for all	

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it changes its methodology.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

7. DEFINED BENEFIT PENSION PLAN, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -
The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$7,409,551	\$2,398,453
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$4,831,561	\$1,504,122
1% Increase	8.50%	8.50%
Net Pension Liability	\$2,692,073	\$767,214

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

8. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City provides medical coverage for retirees and their spouses. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least five years of State public agency service. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the City has elected the equal contribution method, where the contribution will remain the same annually.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

8. OTHER POSTEMPLOYMENT BENEFITS, Continued

Annual OPEB Cost and Net OPEB Obligation, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year	OPEB Cost (AOC)	of AOC Contributed	Net OPEB Obligation
6/30/2013	\$ 176,082	74%	\$ 208,908
6/30/2014	188,909	73%	258,017
6/30/2015	188,909	59%	320,469

Funded Status and Funding Progress

As of the most recent valuation, June 30, 2012, the actuarial accrued liability for benefits was \$2,803,349, all of which was unfunded, and a funded ratio of 0.0%.

The projections of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement for active employees – Based on the historical average retirement age for the covered group, active safety plan members were assumed to retire at age 56 and active miscellaneous plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

10. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

A. Background

On December 29, 2011, the California Supreme Court upheld Assembly Bill X 1 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City since the City had previously reported its redevelopment agency as a blended component unit in the City's financial statements.

The Bill provides that upon dissolution of the redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets of the dissolved redevelopment agency until they are distributed to other units of state and local government. On January 17, 2012, the City Council adopted Resolution No. 3071, electing to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution, including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.

In future fiscal years, Successor Agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred in January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor Agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency Trust under requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

10. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

B. Successor Agency Trust Long Term Debt, Continued

2007 Tax Allocation Bonds

In June 2007, the Agency issued \$13,830,000 of Tax Allocation Bonds with interest rates varying from 4.00% to 5.00% and payable semi-annually on February 1 and August 1 of each year. The bonds mature annually at various amounts through August 1, 2037. The bonds are payable from and secured by incremental tax revenues (Pledged Tax Revenues). The bond proceeds are to be used to (i) finance redevelopment activities within or for the benefit of the Agency's project area, (ii) finance low and moderate income housing activities within the geographic boundaries of the City of Lemon Grove, (iii) fund an Escrowed Proceeds Fund the monies which, upon evidence of increased tax revenues, will be released to the Agency for additional redevelopment and low and moderate income housing activities and a proportionate increase in the Reserve Account to meet the reserve requirement, (iv) fund capitalized interest with respect to the Escrowed Bonds through August 1, 2010, (v) make a deposit to the Reserve Account, and (vi) provide for the costs of issuing the bonds.

The scheduled annual minimum debt service requirements at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 205,000	\$ 563,919	\$ 768,919
2017	205,000	555,699	760,699
2018	215,000	547,278	762,278
2019	225,000	538,412	763,412
2020-2024	1,215,000	2,545,450	3,760,450
2025-2029	1,575,000	2,243,750	3,818,750
2030-2034	3,060,000	1,806,750	4,866,750
2035-2038	6,110,000	591,975	6,701,975
Total	\$ 12,810,000	\$ 9,393,233	\$ 22,203,233

2010 Tax Allocation Bonds

During fiscal year 2011, the Agency issued \$8,000,000 of Tax Allocation Bonds with interest rates varying from 1.75% to 5.25% and payable semi-annually on February 1 and August 1 of each year. The Bonds mature annually at various amounts through August 1, 2028. The bonds are payable from and secured by incremental tax revenues (Pledged Tax Revenues). The Bond proceeds are to be used to (i) refund the Agency's outstanding Tax Allocation Bonds (1998 Refund) and (ii) provide for the costs of issuing the Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$252,191. This amount is being netted against the new debt and being amortized over the remaining life of the new debt. The advance refunding resulted in a decrease in debt service payments of \$273,792 and resulted in an economic gain of \$332,243.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

10. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

C. Capital Assets

The following is a summary of changes in the capital assets for the Successor Agency during the fiscal year:

	Balance July 1, 2014	Additions	Retirements	Reclassification	Balance June 30, 2015
Non-depreciable assets:					
Land	\$ 5,845,452	\$ -	\$ -	\$ -	\$ 5,845,452
Construction in progress	354,200	58,328	-	-	412,528
Depreciable assets					
Infrastructure	76,381	251,174	-	-	327,555
Total capital assets	6,276,033	309,502	-	-	6,585,535
Less accumulated depreciation for:					
Infrastructure	-	10,919	-	-	10,919
Total accumulated depreciation	-	10,919	-	-	10,919
Total capital assets, net	\$ 6,276,033	\$ 298,583	\$ -	\$ -	\$ 6,574,616

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2015

13. PRIOR PERIOD ADJUSTMENTS

The City recorded prior period adjustments to record the City's net pension liability and record contributions made for pension during fiscal year ended June 30, 2014 as a deferred outflow of resources.

Government-wide Statements

	Net Position, as Previously Reported	Prior Period Adjustment		Net Position, as Restated
		Deferred Employer Contributions	Net Pension Liability	
Government-wide	\$ 57,097,245	\$ 679,629	\$ (5,351,311)	\$ 52,425,563
Sanitary Fund	20,385,544	130,569	(1,929,848)	18,586,265
Successor Agency	(14,599,184)	27,867	(411,879)	(14,983,196)
Total	<u>\$ 62,883,605</u>	<u>\$ 838,065</u>	<u>\$ (7,693,038)</u>	<u>\$ 56,028,632</u>

Fund Statements

	Net Position, as Previously Reported	Unearned Revenue	Prior Period Adjustment		Net Position, as Restated
			Deferred Employer Contributions	Net Pension Liability	
Low-Mod Housing	\$ (1,093,489)	\$ 7,907,040	\$ -	\$ -	\$ 6,813,551
Sanitation	20,385,544		130,569	(1,929,848)	18,586,265
Successor Agency	(14,599,184)		27,867	(411,879)	(14,983,196)
Total	<u>\$ 4,692,871</u>	<u>\$ 7,907,040</u>	<u>\$ 158,436</u>	<u>\$ (2,341,727)</u>	<u>\$ 10,416,620</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Lemon Grove
Required Supplementary Information, Continued
For the year ended June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

E. Budgetary Comparison Schedules

The following are the budget comparison schedules for all major Governmental Funds.

Budgetary Comparison Schedule General Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 9,040,500	\$ 9,679,100	\$ 10,316,794	\$ 637,694
Licenses and permits	372,800	309,000	743,558	434,558
Fines and forfeitures	110,000	125,500	112,387	(13,113)
Intergovernmental	13,400	11,000	165,119	154,119
Charges for services	352,000	349,000	490,079	141,079
Investment earnings	325,400	214,400	256,155	41,755
Other revenues	50,000	21,500	14,409	(7,091)
Total revenues	10,264,100	10,709,500	12,098,501	1,389,001
EXPENDITURES:				
Current:				
General government:				
City council	131,900	72,300	115,626	(43,326)
City manager	504,500	197,800	310,302	(112,502)
City attorney	151,500	151,500	169,255	(17,755)
Finance	402,600	151,400	313,287	(161,887)
Total general government	1,190,500	573,000	908,470	(335,470)
Public safety:				
Sheriff	4,809,000	4,943,700	4,775,703	167,997
Animal control	208,900	209,900	205,342	4,558
Fire	3,715,300	3,819,400	4,038,231	(218,831)
Total public safety	8,733,200	8,973,000	9,019,276	(46,276)
Public works	1,923,500	1,053,000	944,759	108,241
Community development	1,270,500	552,500	913,969	(361,469)
Capital outlay	-	-	52,114	(52,114)
Debt service:				
Principal	-	-	20,820	(20,820)
Interest	-	-	1,801	(1,801)
Total debt service	-	-	22,621	(22,621)
Total expenditures	13,117,700	11,151,500	11,861,209	(709,709)
REVENUES OVER (UNDER) EXPENDITURES	(2,853,600)	(442,000)	237,292	679,292
OTHER FINANCING SOURCES (USES):				
Transfers in	3,019,600	751,700	828,500	76,800
Transfers out	(85,300)	(163,100)	(180,000)	(16,900)
Total other financing sources (uses)	2,934,300	588,600	648,500	59,900
Net change in fund balance	\$ 80,700	\$ 146,600	885,792	\$ 739,192
FUND BALANCE:				
Beginning of year			6,621,815	
End of year			<u>\$ 7,507,607</u>	

City of Lemon Grove
Required Supplementary Information, Continued
For the year ended June 30, 2015

2. DEFINED BENEFIT PENSION PLAN

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Miscellaneous 2015
Proportion of the net pension liability	0.00313 %
Proportionate share of the net pension liability	\$ 4,831,561
Covered - employee payroll	\$ 2,020,218
Proportionate Share of the net pension liability as percentage of covered-employee payroll	239.16 %
Plan's fiduciary net position	\$ 14,601,103
Plan fiduciary net position as a percentage of the total pension liability	79.61 %

Notes to Schedule:

Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown of the Department's proportionate share of CalPERS's Cost Sharing Defined Benefit Pension Plan.

City of Lemon Grove
Required Supplementary Information, Continued
For the year ended June 30, 2015

2. DEFINED BENEFIT PENSION PLAN, Continued

SCHEDULE OF CONTRIBUTIONS

	Miscellaneous 2015
Contractually required contribution (actuarially determined)	\$ 459,829
Contribution in relation to the actuarially determined contributions	(459,829)
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 2,020,218
Contributions as a percentage of covered-employee payroll	22.76%
Note to Schedule	
Valuation date:	6/30/2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Retirement age	50 to 55 yrs
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lemon Grove
Required Supplementary Information, Continued
For the year ended June 30, 2015

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A schedule of funding progress for the actuarial valuation of June 30, 2015 is presented below.

Valuation Date *	Actuarial Asset Value	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll **	Unfunded Actuarial Liability as Percentage of Covered Payroll
3/1/2010	\$ -	\$ 2,347,323	0.0%	\$ 3,827,541	61.3%
7/11/2012	-	2,803,349	0.0%	3,732,991	75.1%

* Based on the most recent valuation available

** Annual payroll of active employees covered by the plan

SUPPLEMENTARY INFORMATION

PEG (Public/Education/Government) Fund accounts for designated monies from cable franchisees that operate within the City. The use of these monies is restricted to capital items that enhance or facilitate public access to government information.

Serious Traffic Offender Fund accounts for impound fees to pay for Sherrif traffic division overtime and other traffic related expenses.

CAPITAL PROJECT FUND

Street Construction Fund accounts for amounts which are restricted for larger street projects.

Sidewalk Reserve Fund accounts for amounts restricted for larger sidewalk projects

Safety Capital Purchases Fund accounts for one-time "SAFE" program monies restricted for public safety capital expenditures.

Transportation Mitigation Fund accounts for fees related to the passage of the Transnet extension. These fees represent per housing unit fees for new residential development. Expenditures from this fund are to be used to initiate street improvement projects on a major arterial within the City.

Special Revenue							
CDBG	TDA	Lighting District	Transnet	Storm Water	Household Hazardous Waste	Wild Flower Assessment	
\$ -	\$ 2,040	\$ 466,110	\$ -	\$ 35,481	\$ 180,860	\$ 5,336	
-	121,191	1,494	489,379	-	1,347	2	
-	1,968	3,162	6,145	-	36	-	
<u>\$ -</u>	<u>\$ 125,199</u>	<u>\$ 470,766</u>	<u>\$ 495,524</u>	<u>\$ 35,481</u>	<u>\$ 182,243</u>	<u>\$ 5,338</u>	
\$ -	\$ 16,405	\$ 19,288	\$ 42,164	\$ 34,986	\$ 8,595	\$ 374	
-	964	1,241	562	494	359	35	
439	-	-	487,786	-	-	-	
439	17,369	20,529	530,512	35,480	8,954	409	
-	107,770	-	-	-	27,172	-	
-	107,770	-	-	-	27,172	-	
-	60	-	-	-	-	-	
-	-	-	-	-	-	4,929	
-	-	450,237	-	1	146,117	-	
(439)	-	-	(34,988)	-	-	-	
(439)	60	450,237	(34,988)	1	146,117	4,929	
<u>\$ -</u>	<u>\$ 125,199</u>	<u>\$ 470,766</u>	<u>\$ 495,524</u>	<u>\$ 35,481</u>	<u>\$ 182,243</u>	<u>\$ 5,338</u>	

Capital Projects					
Sidewalk Reserve	Main Street Promenade CFD	Safety Capital Purchases	Transportation Mitigation	Total Capital Projects Funds	Total
\$ 22,925	\$ 1,435	\$ 180,000	\$ 187,030	\$ 548,320	\$ 1,509,579
-	-	-	51	105	724,690
-	-	-	-	-	61,225
<u>\$ 22,925</u>	<u>\$ 1,435</u>	<u>\$ 180,000</u>	<u>\$ 187,081</u>	<u>\$ 548,425</u>	<u>\$ 2,295,494</u>
\$ -	\$ 1,463	\$ -	\$ 187,081	\$ 188,544	\$ 412,721
-	-	-	-	-	12,189
-	-	-	-	-	517,658
-	1,463	-	187,081	188,544	942,568
-	-	-	-	-	134,942
-	-	-	-	-	134,942
-	-	180,000	-	180,000	207,744
-	-	-	-	-	265,944
22,925	(28)	-	-	179,881	872,976
-	-	-	-	-	(128,680)
<u>22,925</u>	<u>(28)</u>	<u>180,000</u>	<u>-</u>	<u>359,881</u>	<u>1,217,984</u>
<u>\$ 22,925</u>	<u>\$ 1,435</u>	<u>\$ 180,000</u>	<u>\$ 187,081</u>	<u>\$ 548,425</u>	<u>\$ 2,295,494</u>

Special Revenue					
CDBG	TDA	Lighting District	Transnet	Storm Water	Household Hazardous Waste
\$ -	\$ -	\$ 250,706	\$ -	\$ -	\$ 31,794
-	-	-	-	-	-
-	213,074	-	579,368	-	-
-	-	-	-	184,333	-
-	258	1,190	-	-	369
-	-	-	-	-	59,527
-	213,332	251,896	579,368	184,333	91,690
-	-	-	81,116	-	34,468
-	-	-	-	-	-
-	-	309,573	-	187,713	-
-	69,319	-	-	-	-
-	143,952	-	488,152	-	-
-	213,271	309,573	569,268	187,713	34,468
-	61	(57,677)	10,100	(3,380)	57,222
-	61	(57,677)	10,100	(3,380)	57,222
(439)	(1)	507,914	(45,088)	3,381	88,895
\$ (439)	\$ 60	\$ 450,237	\$ (34,988)	\$ 1	\$ 146,117

Capital Projects						
Street Construction	Sidewalk Reserve	Main Street Promenade CFD	Safety Capital Purchases	Transportation Mitigation	Total Capital Projects Funds	Total
\$ -	\$ -	\$ 14,437	\$ -	\$ -	\$ 14,437	\$ 305,867
-	-	-	-	-	-	-
-	-	-	-	-	-	1,762,992
-	-	-	-	-	-	317,685
382	47	-	-	-	429	2,880
-	-	1,670	180,000	-	181,670	609,612
382	47	16,107	180,000	-	196,536	2,999,036
-	-	16,135	-	-	16,135	903,314
-	-	-	-	-	-	126,825
-	-	-	-	-	-	668,674
-	-	-	-	-	-	334,173
-	-	-	-	-	-	667,167
-	-	16,135	-	-	16,135	2,700,153
382	47	(28)	180,000	-	180,401	298,883
382	47	(28)	180,000	-	180,401	298,883
156,602	22,878	-	-	-	179,480	919,101
\$ 156,984	\$ 22,925	\$ (28)	\$ 180,000	\$ -	\$ 359,881	\$ 1,217,984

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Parkland Dedication Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 2,700	\$ 9,000	\$ 50,220	\$ 41,220
Use of money and property	100	100	115	15
Total revenues	2,800	9,100	50,335	41,235
EXPENDITURES:				
Current:				
Capital outlay	24,000	25,200	18,141	7,059
Total expenditures	24,000	25,200	18,141	7,059
Net change in fund balance	\$ (21,200)	\$ (16,100)	32,194	\$ 48,294
FUND BALANCE:				
Beginning of year			19,134	
End of year			\$ 51,328	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Sundry Grants Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 707,800	\$ 449,300	\$ 21,496	\$ (427,804)
Investment earnings	-	100	-	(100)
Other	-	-	354,830	354,830
Total revenues	707,800	449,400	376,326	(73,074)
EXPENDITURES:				
Current:				
Public Safety	24,000	24,000	-	
Public works	668,500	425,000	164,619	260,381
Community development	15,300	22,000	255,961	(233,961)
Capital outlay	-	-	(14,518)	14,518
Total expenditures	683,800	447,000	406,062	40,938
Net change in fund balance	\$ 24,000	\$ 2,400	(29,736)	\$ (32,136)
FUND BALANCE:				
Beginning of year			(63,474)	
End of year			<u>\$ (93,210)</u>	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

TDA Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 121,200	\$ 121,200	\$ 213,074	\$ 91,874
Other revenue	152,700	404,000	-	(404,000)
Investment earnings	300	100	258	158
Total revenues	274,200	525,300	213,332	(311,968)
EXPENDITURES:				
Current:				
General government	59,600	3,600		3,600
Public works	95,000	101,000	69,319	31,681
Community development	-	237,400	-	237,400
Capital outlay	120,000	120,000	143,952	(23,952)
Total expenditures	274,600	462,000	213,271	248,729
Net change in fund balance	\$ (400)	\$ 63,300	61	\$ (560,697)
FUND BALANCE:				
Beginning of year			(1)	
End of year			\$ 60	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Transnet Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with Final Budget Positive Negative
	Original	Final	Amounts	
REVENUES:				
Intergovernmental	\$ 999,400	\$ 1,028,200	\$ 579,368	\$ (448,832)
Total revenues	999,400	1,028,200	579,368	(448,832)
EXPENDITURES:				
Current				
General government	80,800	-	81,116	(81,116)
Capital outlay	1,073,000	940,000	488,152	451,848
Total expenditures	1,153,800	940,000	569,268	370,732
Net change in fund balance	\$ (154,400)	\$ 88,200	10,100	\$ (78,100)
FUND BALANCE:				
Beginning of year			(45,088)	
End of year			\$ (34,988)	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Household Hazardous Waste Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 30,000	\$ 20,000	\$ 31,794	\$ 11,794
Use of money and property	500	200	369	169
Other	-	-	59,527	59,527
Total revenues	30,500	20,200	91,690	71,490
EXPENDITURES:				
Current:				
General government	28,200	600	34,468	(33,868)
Public works	7,500	900	-	900
Community development	8,500	17,500	-	17,500
Total expenditures	44,200	19,000	34,468	(15,468)
Net change in fund balance	\$ (13,700)	\$ 1,200	57,222	\$ 86,958
FUND BALANCE:				
Beginning of year			88,895	
End of year			<u>\$ 146,117</u>	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

PEG (Public/Education/Government) Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 60,000	\$ 58,000	\$ 83,132	\$ 25,132
Use of money and property	400	200	443	243
Total revenues	60,400	58,200	83,575	25,375
EXPENDITURES:				
Current:				
General government	-	-	25,511	(25,511)
Public works	-	-	6,769	(6,769)
Capital outlay	110,000	35,000	31,440	3,560
Total expenditures	110,000	35,000	63,720	(28,720)
Net change in fund balance	\$ (49,600)	\$ 23,200	19,855	\$ (3,345)
FUND BALANCE:				
Beginning of year			189,832	
End of year			\$ 209,687	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Street Construction Capital Projects Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,000	\$ 100	\$ 382	\$ 282
Total revenues	1,000	100	382	282
EXPENDITURES:				
Capital outlay	302,500	100,000	-	100,000
Total expenditures	302,500	100,000	-	100,000
Net change in fund balance	\$ (301,500)	\$ (99,900)	382	\$ 100,282
FUND BALANCE:				
Beginning of year			156,602	
End of year			\$ 156,984	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Sidewalk Reserve Capital Projects Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 47	\$ 47
Total revenues	-	-	47	47
EXPENDITURES:				
Capital outlay	22,900	-	-	-
Total expenditures	22,900	-	-	-
Net change in fund balance	\$ (22,900)	\$ -	47	\$ 47
FUND BALANCE:				
Beginning of year			22,878	
End of year			<u>\$ 22,925</u>	

City of Lemon Grove

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Transportation Mitigation Special Revenue Fund

For the year ended June 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ -	\$ 34,000	\$ -	\$ (34,000)
Total revenues	-	34,000	-	(34,000)
EXPENDITURES:				
Capital outlay	-	34,000	-	34,000
Total expenditures	-	34,000	-	34,000
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Self-Insured Workers' Compensation Fund accounts for the administration of the City's self-insured Workers' Compensation Insurance Program.

Self-Insured General Liabilities Fund accounts for the administration of the City's General Liabilities Insurance Program.

City of Lemon Grove
Combining Statement of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the year ended June 30, 2015

	Self-Insured Workers' Compensation Fund	Self-Insured General Liabilities Fund	Total
OPERATING REVENUES:			
Charges for services	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
OPERATING EXPENSES:			
Insurance and claims	(168,104)	741	(167,363)
Total operating expenses	(168,104)	741	(167,363)
OPERATING INCOME (LOSS)	168,104	(741)	167,363
NONOPERATING REVENUES EXPENSES:			
Interest income	1,644	38,747	40,391
Total nonoperating revenues (expenses)	1,644	38,747	40,391
Change in net position	169,748	38,006	207,754
NET POSITION:			
Beginning of year	355,817	420,753	776,570
End of year	\$ 525,565	\$ 458,759	\$ 984,324

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 2.B
Mtg. Date March 1, 2016
Dept. Public Works

Item Title: Recreation Services Focus Group Presentation

Staff Contact: Mike James, Public Works Director

Recommendation:

Receive a report (**Attachment A**) regarding the recommendations developed by the Recreation Services Focus Group.

Item Summary:

During the City Council's goal setting workshop, the City Council identified a priority in 2015 to conduct a focus group to explore the establishment of a Recreation Council. Later augmented in June 2015, the group was tasked to expand on its scope of work to include broader topics of recreation services. The purpose of this agenda item and attached staff report (**Attachment A**) is to allow the focus group to present its feedback to the City Council regarding its findings.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| ☒ Not subject to review | ☐ Negative Declaration |
| ☐ Categorical Exemption, Section | ☐ Mitigated Negative Declaration |

Public Information:

- | | | |
|--|---|---|
| ☒ None | ☐ Newsletter article | ☐ Notice to property owners within 300 ft. |
| ☐ Notice published in local newspaper | ☐ Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Focus Group Presentation

Attachment A

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 2.B

Mtg. Date March 1, 2016

Item Title: **Recreation Services Focus Group Presentation**

Staff Contact: Mike James, Public Works Director

Discussion:

In 2015, the City Council established a goal to create a focus group to explore the establishment of a Recreation Council. In June 2015, that goal was further expanded to include sub-tasks affiliated with this objective that included:

1. Identify the existing recreational opportunities for Lemon Grove residents in and near the city,
2. Identify recreational needs in the community, including barriers and opportunities to meetings those needs, and
3. Provide a recommendation on the role a recreation council can play in the community, including the recreation council's form, whether it is a city established entity, its purpose, staff time required to support, funding issues/opportunities, etc.

On October 15, 2015 and November 19, 2015, staff conducted two recreation services focus group meetings. The purpose of the remaining portion of this staff report is to report on the feedback and recommendations of the focus group. Prior to reporting on the focus group findings, the staff report provides:

- A profile of the participants of the focus group,
- An overview presented by the Public Works Director, Community Services Superintendent, and Community Services Assistant, and
- A description of the activities and assignment for the group to complete.

Focus Group Profile

The focus group was made up of the following volunteers:

- Paul Gorden
- Tiare Hamilton
- Matthew Johnson
- Eric Lund
- Beatriz Mendoza
- Gabriela Rivers
- Denise Stratman
- Katie Dexter

The group brought a wide range of experiences throughout the City and County of San Diego. Examples of the participants' community involvement include the Girl Scouts, Lemon Grove Lions Club, Lemon Grove Little League, Lemon Grove School District, Prior Recreation Center Participant, Sharp Lends a Helping Hand, and Wounded Warriors.

Attachment A

Focus Group Meeting Summaries

This section consolidates the key points and messages that staff received from each member during the two focus group meetings. The intent of this section is to clearly highlight the initial feedback received during the first meeting and to also detail the recommended steps for the City Council to consider moving forward.

Meeting #1 Summary

Things that are (or were) going well:

With the limited amount of staffing and funding, the programs that are offered are going well. Non-profit organizations were relied upon to support community based events and those were very successful. Classes (youth and adult) were also appreciated and liked by the community.

Things that can be improved:

- Programs: While there were a number of smaller discussions about various programs that could be improved the general consensus was the popularity and need for bringing back the city's after school program at the recreation center.
- Better Marketing: All marketing points were focused on increasing participation and attendance in the city's programs. By using current tools like Facebook, Twitter and the city's government channel all recreation services can be shared with multiple customers. Additionally, a separate Facebook page for recreation services should be explored and implemented.
- Funding: Depending on the target audience of the recreation service the costs funding source should vary. The group felt that the fees should be directly tied to the number of participants that benefit from the service. The greater the number of participant's the less the fee charged. Other considerations should include looking for grant funds to offset one time expenditures as well as allocating/earmarking general funds generated by recreation programs and special events to recreation related expenditures.
- Increase in Sports: The primary focus of this item focuses on bringing back a bigger youth sports program (specifically youth basketball). This type of sports league may occur Monday through Friday in the evenings at the Recreation Center. Also, an untapped resource for assistance may be the San Diego State University Recreation Department to help the City research other options that have worked in similar situations to what the focus group researched.

Meeting #2 Summary

After performing individual research regarding the items listed on page four of this report the focus group reconvened on November 19, 2015 and shared its findings as they applied for the following three topics:

- Recreation Council: The general consensus from the focus group was a recreation council will play an important, if not vital role, in the future ability to increase the city's recreation program. The central premise behind this idea is to create a non-profit organization that will supplement the city's recreation program with fundraising activities and promotions. The City of Poway was highlighted as the model that would serve the Lemon Grove residents well. The group also directly responded to the following five questions that were associated with the recreation council topic.
 - What is it, its purpose and role in the City?

Attachment A

- Marketing Plan:
 - A separate plan should be created to promote the City's Facebook page (or recreation Facebook page) highlighting all recreation programs offered.
 - Reach out to local faith based organizations and the Lemon Grove Family Resource Center.
 - Create a banner that will be located at Broadway and Lemon Grove Avenue.
 - Create and mail post cards to all city residents promoting the new recreation programs.
 - Use e-mail notifications for individuals signed up on City's website.
 - Partner with the Lemon Grove School District to share information via its website, all-call system, and flyer distribution with all school children.
 - Focus the online marketing tool to attract people to volunteer and support the new recreation program.
 - Base the new programs and returning programs on the community's needs as they bring them to the City's attention. Perhaps additional surveys should be performed to gauge what exactly the residents and possible clients of the recreation program would want.
- Fundraising Goals:
 - Any fundraising project created should generate at least 75 percent of the goal with the remaining 25 percent funded by the City.
 - Create special one-time fund raising events to generate the initial monies required to start the program.

Moving Forward

After receiving the report and presentation, staff recommends that the City Council ask questions of the focus group members and provide feedback about the discussion items presented by the focus group. Should any of the recommended topics prove to be of interest to the City Council, staff can move forward and implement each item in order of priority established by the City Council.

Conclusion:

Staff recommends that the City Council receive the report regarding the Recreation Services Focus Group and provide direction to staff.

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 3 A.
Mtg. Date March 1, 2016
Dept. Development Services Department

**Item Title: Public Hearing – Planned Development Permit Modification PDP-006-09M1
Modifying the Floor Plan, Roof Line and Roof and Siding Materials for an
Approved 9 Unit Residential Development on 0.37 Vacant Acres at 8084
Lemon Grove Way (Northside Commons)**

Staff Contact: David De Vries, Acting Development Services Director

Recommendation:

- 1) Conduct the public hearing; and
- 2) Approve the Resolution (**Attachment B**) conditionally approving Planned Development Permit Modification PDP-006-09M1.

Item Summary:

In September 2014, the City and San Diego Community Land Trust (SDCLT) entered into a Purchase Option Agreement (**Attachment B**) for the eventual sale of 8084 Lemon Grove Way. The third milestone from SDCLT is to submit building and site improvement applications by April 4, 2016. SDCLT proposes modifications to the elevation and floor plans that requires a Planned Development Permit Modification because it was determined to be not in substantial conformance with the approved plans. The staff report (**Attachment A**) presents an overview of the submitted materials.

Fiscal Impact:

No fiscal impact.

Environmental Review:

- | | |
|--|--|
| ☐ Not subject to review | ☐ Negative Declaration |
| ☐ Categorically Exempt | ☒ Mitigated Negative Declaration |

Public Information:

- | | | |
|---|---|--|
| ☐ None | ☐ Newsletter article | ☒ Notice to property owners within 500 ft. |
| ☒ Notice published in local newspaper | ☐ Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Resolution of Approval
- C. Planning Commission Resolution 2694
- D. Planning Commission Resolution 2695
- E. Summary of Initial Study TM0053/PDP06-09
- F. Option Agreement with SDCLT (Exhibits A, D, E, & F Excluded)
- G. Approved Plans 1-29-07 AND 10-9-06 excerpts
- H. Project Floor and Elevation Plans 2-8-16, Exhibit "A"

Attachment A

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 3 A.

Mtg. Date March 1, 2016

Item Title: Public Hearing – Planned Development Permit Modification PDP-006-09M1 Modifying the Floor Plan, Roof Line and Roof and Siding Materials for an Approved 9 Unit Residential Development on 0.37 Vacant Acres at 8084 Lemon Grove Way (Northside Commons)

Staff Contact: David De Vries, Acting Development Services Director

Background:

The subject property is owned by the Lemon Grove Housing Authority located at 8084 Lemon Grove Way, 145 feet north of Lemon Grove Way and west of Kunkel Park.

On February 20, 2007, the City Council approved a planned development and tentative map for a nine unit planned development (**Attachments C and D**). The conditions in the resolutions of approval require that the proposed development be consistent and substantially conform to the approved plans.

In September 2014, the City and San Diego Community Land Trust (SDCLT) entered into a purchase option agreement for the eventual sale of 8084 Lemon Grove Way (**Attachment F**). SDCLT requested to complete the project as entitled and submitted draft construction drawings on January 20, 2016. A substantial conformance review was performed and the Acting Development Services Director determined that the proposed changes to the siding materials and roof lines do not substantially conform to the approved plans and a planned development permit modification is required.

On February 8, 2016, SDCLT submitted a planned development permit modification request for City Council to consider the revised elevation and floor plans.

Analysis

Proposed modifications for the planned development permit modification include:

1. Siding materials were modified to be cement plaster and sand finish (two colors), multi-colored ceramic tiles, and steel siding, posts and rails and balconies are proposed with tempered glass panels. The previously approved siding materials include sand stucco (two colors), fiber cement horizontal siding, and painted vertical metal railings on balconies.
2. Roof lines were modified to slope east and west instead of north and south.
3. The roof was modified to be a parapet style roof instead of composition asphalt shingle roof materials.
4. Air conditioning compressor units will be ground mounted adjacent to ground floor patios (Approved location not previously specified).

RESOLUTION NO.

RESOLUTION OF THE LEMON GROVE CITY COUNCIL APPROVING PLANNED DEVELOPMENT PERMIT MODIFICATION PDP-006-09M1 MODIFYING THE FLOOR PLAN, ROOF LINE AND ROOF AND SIDING MATERIALS FOR AN APPROVED NINE UNIT RESIDENTIAL DEVELOPMENT ON 0.37 VACANT ACRES AT 8084 LEMON GROVE WAY (NORTHSIDE COMMONS)

WHEREAS, the San Diego Community Land Trust filed a complete application for a Planned Development Permit Modification on February 8, 2016; and

WHEREAS, the application is a request to modify Planned Development Permit PDP06-009 modifying the floor plan, roof line and roof and siding materials for an approved nine unit residential development on 0.37 vacant acres at 8084 Lemon Grove Way (Northside Commons); and

WHEREAS, on February 20, 2007, the City Council approved Planned Development Permit PDP06-009 and Tentative Map TM0053 approving a nine unit planned development and subdivision and certified a Mitigated Negative Declaration of Environmental Impact determining that the project would have no significant effect on the environment as mitigated; and

WHEREAS, a public hearing was duly noticed and held by the City Council on March 1, 2016; and

WHEREAS, the City Council determines that the following Planned Development Permit findings of fact, as required by Section 17.28.030(C), can be made as noted below:

1. That the development is not detrimental to the public interest, health, safety, or general welfare; and
 - a. This City Council finds that the design of the proposed project complies, or will be made to comply with all of the applicable requirements of the City Zoning, Building and Fire Ordinances and no such detriment should occur.
2. That the development complies with applicable provision of the Zoning Ordinance (Title 17) and modifications/deviations that comply with applicable provisions in subsection D of the Planned Development Permit regulations (Section 17.28.030); and
 - a. This City Council finds that the proposed project complies with, or conditions have been included for this project to require it comply with the Zoning Ordinance requirements.
3. That the development is consistent with General Plan policies and standards and other applicable plans or policies adopted by the City Council; and
 - a. This City Council finds that the planned development is consistent with the General Plan policies and standards because the General Plan allows multi-family development at the form and scale proposed.
4. That the development density or intensity does not exceed General Plan limitations; and
 - a. This City Council finds that the planned development is consistent with the Lemon Grove General Plan because it proposes nine residential units with a maximum of 29 dwelling units per net acre on a 0.37 acre parcel of land in the Medium/High Density Residential land use designation which allows a multi-family development; and

RESOLUTION NO. 2694

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE,
CALIFORNIA APPROVING TENTATIVE SUBDIVISION (PLANNED DEVELOPMENT)
MAP TM0053 TO AUTHORIZE THE DEVELOPMENT OF A NINE UNIT PLANNED
DEVELOPMENT PROJECT CONSISTING OF THREE, THREE STORY BUILDINGS
WITH THREE DWELLING UNITS IN EACH BUILDING ON 0.37 ACRES LOCATED ON
A VACANT LOT APPROXIMATELY 150 FEET NORTH OF LEMON GROVE WAY (8084
LEMON GROVE WAY) LEMON GROVE, CALIFORNIA**

WHEREAS, on October 9, 2006 Brady Gunther filed a complete application for Tentative Subdivision (Condominium) Map No 0053 proposing a nine unit condominium map as defined by Section 1351 of the California Civil Code on 0.37 acres of land pursuant to the Subdivision Map Act and the City of Lemon Grove Subdivision Ordinance; and

WHEREAS, a draft Mitigated Negative Declaration of Environmental Impact has been prepared for the project on September 28, 2006 and will be filed subsequent to City Council approval; and

WHEREAS, a public hearing was duly noticed and held by the Lemon Grove Planning Commission on October 23, 2006; and

WHEREAS, subsequent to the City Council approval of this Tentative Map the applicant filed a request to amend the authorization of this application for this Tentative Map as a Planned Development as defined by California Civil Code Section 1351(k), and

WHEREAS, a public hearing was duly noticed and held by the Lemon Grove Planning Commission on February 12, 2007 to consider the amendment of this Tentative Map. At said hearing the Planning Commission recommended City Council approval of the proposed amendment; and

WHEREAS, a public hearing was duly noticed and held by the Lemon Grove City Council on February 20, 2007 to consider the amendment of this Tentative Map; and

WHEREAS, this City Council has considered said Tentative Map and recommendations of Planning Commission, Community Development Department, City Engineer, and the Lemon Grove Fire Department with respect thereto and has determined that the conditions hereinafter enumerated are necessary to insure that the subdivision and the improvements thereof will conform to all ordinances, plans, rules, and improvement and design standards of the City of Lemon Grove; and

WHEREAS, the City Council has also considered Planned Development Permit (PDP06-09), architectural and landscape plans dated received October 9, 2006 and January 29, 2007 associated with Tentative Subdivision (condominium) map TM0053; and

WHEREAS, the City Council has reviewed the design of the proposed subdivision and recommends the following waivers of certain requirements of the City Subdivision Ordinance in order to accommodate the proposed condominium map pursuant to Municipal Code Section 16.12.280:

Attachment C

SECTION 2. That the City Council grant the following waivers of certain requirements of the City Subdivision Ordinance in order to accommodate the design of this project and because these waivers are necessary for the economic viability of the proposed project and in order to provide an affordable housing development:

- 1) A waiver of Section 17.16.040D1 (Minimum Lot Area) and Section 16.12.220B (Design Standards) to allow the proposed condominium lots to have less than 6,000 square feet or 1,500 feet per dwelling unit minimum lot area as specified in the Development Code because said waiver is necessary in order to accommodate a condominium map.
- 2) A waiver of Section 17.16.040D3 (Minimum Lot Width and Depth) and 16.12.220D (Design Standards) to allow the proposed condominium lots to have less than the 60 foot minimum width and 90 foot minimum lot depth as specified in the Development Code because said waiver is necessary to accommodate a condominium map.
- 3) A waiver of Section 16.12.220C (Design Standards) to allow the proposed lots to front on a private access easement because the City Engineering Department and Fire Department have determined that the access easement is adequate to provide access to the proposed project and surrounding properties
- 4) A waiver of Section 17.16.040 D-4(a-c) of the Development Code to allow for reduced setbacks as shown on the approved site plan dated January 29, 2007.

SECTION 3. That the City Council approve Tentative Map TM0053 subject to the following conditions which shall be complied with before a final map thereof is approved by the City Council and filed with the County Recorder of San Diego County.

A. PRIOR TO ISSUANCE OF ANY GRADING OR IMPROVEMENT PERMIT:

- 1) Obtain approval of all required discretionary permits (Tentative Map (TM0053) and Planned Development Permit (PDP06-09).
- 2) Submit and obtain approval of a Standard Urban Stormwater Mitigation Plan for the proposed project to the satisfaction of the Water Quality Program Coordinator and the City Engineer. The SUSMP shall be completed and approved prior to the issuance of any other permits.
- 3) Submit and obtain approval of the grading plan to the satisfaction of the City Engineer.
- 4) The applicant shall obtain annexations into the City of Lemon Grove Sanitation District and the Helix Water District.

Attachment C

- 16) The improvement plans shall include provision for an island around the existing utility pole locate on the north side of Lemon Grove at the intersection with the private access easement to the subject property. The design of said island shall include bollards to protect the utility pole and shall be to the satisfaction of the City Engineer.
- 17) The design of the driveway shall include minimum 10-foot wide openings to the satisfaction of the City Engineer.
- 18) The improvement plans shall include a detail of the curb outlet to the satisfaction of the City Engineer.
- 19) Submit a draft maintenance agreement for the on-going maintenance of access easement and off-street parking spaces for recordation on the final map.
- 20) Where private easements roads are not being dedicated or where the land division is not on a public street, the subdivider shall provide the City Engineer with letters from the serving utility companies stating that arrangements satisfactory to the utility have been made to serve all parcels created. No letter will be required from the Pacific Bell Telephone Company.

Sanitary Sewer Service

- 21) Each dwelling unit of the proposed subdivision shall be connected to a sewer of the Lemon Grove Sanitation District.
- 22) The applicant shall submit sewer lateral plans with the improvement plans. These sewer lateral plans shall be submitted in digital format and paper copies to the satisfaction of the City Engineer.
- 23) Backflow prevention devices for private building sewers shall be required pursuant to Section 710.0 of the CBC (2000 UPC).

Flooding/Drainage Dedication and/or Requirements

- 24) The subdivider shall prepare construction plans and construct drainage facilities in accordance with the Drainage and Hydrology Study prepared for the project and to the satisfaction of the City Engineer.
- 25) Provide the City with a final drainage/hydrology report/letter indicating that the site design is in accordance with the report and the National Pollutant Discharge Elimination System (NPDES) permit.
- 26) The Developer, Current and Future Property Owners shall adhere to the recommendations of the requirements of the SUSMP prepared for this project to the satisfaction of the Water Quality Program Coordinator and the City Engineer.

Attachment C

- 38) The development and preparation of the site shall conform to the recommendations of the Geotechnical report prepared by Southland Geotechnical Consultants, dated January 17, 2006 and the Addendum dated August 17, 2006.

D. FIRE PROTECTION

- 39) The submitted plans showing the size, type, and location of the required fire hydrant, minimum water supply pipe size, minimum turn radii and road width and all other requirements of the Fire Department. A final inspection by the Fire Department shall be required to confirm compliance with this requirement.
- 40) A note shall be placed on the drawing stating that the hydrant shall be installed and in service prior to construction with combustible materials. A final inspection by the Fire Department shall be required to confirm compliance with this requirement.
- 41) Each dwelling unit in the development shall be protected with an approved automatic fire suppression sprinkler system to the satisfaction of the Fire Marshal.
- 42) The west side of the private access easement is to be designated as a Fire Lane. The Fire Lane must be a minimum of 30-feet with parking allowed on one side. The fire lane will be designated per City Fire Department standards and shall be marked and posted "No Parking-Fire Lane" and the curb shall be painted red to the satisfaction of the City of Lemon Grove Fire District. A final inspection by the Fire Department shall be required to confirm compliance with this requirement prior to the construction with combustible materials.
- 43) All access roadways and driveways shall maintain a minimum vertical clearance of 13'-6" to the satisfaction of the Fire Marshal.

E. LIGHTING DISTRICT

- 44) A deposit for the initial operation costs expended by the Lighting District for these parcels shall be submitted until these parcels are placed on the Tax Assessor's yearly statement.
- 45) As-built drawings must be submitted to SDG&E to energize all of the required street lights.
- 46) A formal written request to add these lights to the Lemon Grove Lighting District must be submitted to the City of Lemon Grove Lighting District prior to permanent energizing.
- 47) Provide a 150 watt luminaire (attached to a power pole) to the satisfaction of the City Engineer. Contact SDG&E for installation and billing requirements.

Attachment C

The final map shall show or provide for the following:

- 51) The design and area of all lots and the design of the final map shall be in substantial conformance to that shown on the approved tentative map the satisfaction of the Community Development Director.
- 52) The final map shall include the entire area shown on the tentative map and shall not be filed as units. Lot numbering and design on the final map shall be in substantial conformance to that shown on the approved tentative map.
- 53) The Final Map shall indicate that this project is a planned development project as defined by Section 1351 of the California Civil Code for a maximum of nine (9) dwelling units.
- 54) The Final Map shall include a note to the satisfaction of the Executive Director and Attorney of the Lemon Grove Community Development Agency regarding the provision of affordable housing as required by Agency Resolution No. 206 adopted June 20, 2006

G. OTHER

The subdivider shall accomplish the following:

- 53) The subdivider shall grant to the appropriate agency by recorded documents all required off-site easements and all on-site water main easements that serve fire hydrants, or furnish a letter from said agency that none are required.
- 54) The subdivider shall comply with section 66436 of the Government Code by furnishing to the City Engineer a certification from each public utility and each public entity owning easements within the proposed subdivision stating that: a) they have received from the developer a copy of the proposed final map; b) they object to/do not object to the filing of the map without their signature; c) in the case of a street dedication affected by their existing easement, they will sign a "subordination certification" or "joint-use certificate" on the map when required by the governing body. In addition, the subdivider shall furnish proof to the satisfaction of the City Engineer that no new encumbrances have been created that would subordinate the City's interest over areas to be dedicated for public road purposes since submittal of the tentative map.
- 55) On-site drainage shall be in compliance with the National Pollutant Discharge Elimination System (NPDES) permit.
- 56) The subdivider shall submit a title report for the property no more than 60 days in advance of the recordation of the Final Condominium Map to the City Engineer for review. The final map shall identify any easements indicated within the Title Report.
- 57) This development shall only be served by underground utilities. All utility locations shall be incorporated into the public improvement plans.
- 58) The developer/owner shall be required to repair and/or replace any damaged public improvements fronting the project.

Attachment C

thereafter be responsible to indemnify, defense, protect or hold harmless the City, any agency or instrumentality thereof, or any of its officers, employees, or agents.

////

////

////

RESOLUTION NO. 2695

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING PLANNED DEVELOPMENT PERMIT PDP06-09 TO AUTHORIZE THE DEVELOPMENT OF A NINE UNIT PLANNED DEVELOPMENT PROJECT CONSISTING OF THREE, THREE STORY BUILDINGS WITH THREE DWELLING UNITS IN EACH BUILDING ON 0.37 ACRES OF LAND INCLUDING OFF-STREET PARKING, LANDSCAPING, AND SCREENING LOCATED ON A VACANT LOT APPROXIMATELY 150 FEET NORTH OF LEMON GROVE WAY (8084 LEMON GROVE WAY) LEMON GROVE, CALIFORNIA

WHEREAS, Brady Gunther filed a complete application for a Planned Development Permit on October 9, 2006 to authorize the construction of a nine unit planned development project as defined by Section 1351 of the California Civil Code and consisting of three, three story buildings with three dwelling units in each building, landscaping and screening located on approximately 0.37 acres of vacant land approximately 150 feet north of Lemon Grove Way (8084 Lemon Grove Way), Lemon Grove, California; and

WHEREAS, a Mitigated Negative Declaration of Environmental Impact will be filed subsequent to its adoption and the approval of the proposed project; and

WHEREAS, a public hearing was duly noticed and held by the Lemon Grove Planning Commission on October 23, 2006; and

WHEREAS, subsequent to the City Council approval of this Tentative Map the applicant filed a request to amend the authorization of this application for this Tentative Map as a Planned Development as defined by California Civil Code Section 1351(k), and

WHEREAS, a public hearing was duly noticed and held by the Lemon Grove Planning Commission on February 12, 2007 to consider the amendment of this Tentative Map. At said hearing the Planning Commission recommended City Council approval of the proposed amendment; and

WHEREAS, a public hearing was duly noticed and held by the Lemon Grove City Council on February 20, 2007 to consider the amendment of this Tentative Map; and

WHEREAS, the City Council has determined that the following findings of fact, as required by Section 17.28.030(D) of the Lemon Grove Zoning Ordinance, can be made as follows:

1. In order to approve this Planned Development Permit the City Council must find that the development proposed in the plans and drawings which accompany the application will be consistent with the objective of this Section.

Attachment D

4. In order to approve this Planned Development Permit the City Council must find that existing street and systems for water, drainage and sewerage which are intended to serve the proposed development are adequate or will be made adequate to accommodate the additional burdens imposed by the proposed project.
 - a) This Council finds that this project will provide adequate systems for water, drainage and sewerage to serve the proposed development and does not impose unacceptable burdens on the existing systems.
5. In order to approve this Planned Development Permit the City Council must find that the combination of dwelling types, lot size, and uses in the development will complement each other and will harmonize with existing and proposed land uses in the vicinity; the planned open space, parking and recreation facilities are consistent with the anticipated population of the development.
 - a) This Council finds that the design of the proposed project, as conditioned, will be harmonious with the surrounding land uses and adequate for the anticipated population of the development.
6. In order to approve this Planned Development Permit the City Council must find that the development will produce an environment of sustained desirability and stability, harmonious with the character of the surrounding area and consistent with the objectives of the Lemon Grove General Plan and other applicable plans or policies adopted by the City Council.
 - a) This Council finds that the proposed development, as conditioned, will harmonize with the land uses in the area of the subject property and is consistent with the applicable objectives of the Lemon Grove General Plan.
7. In order to approve this Planned Development Permit the City Council must find that the proposed development is sensitive to the site's topography, minimizes grading and avoids disruption to hillsides.
 - a) This Council finds that the project site has been previously disturbed and that the proposed grading for the site is appropriate access, adequate open space, and the existing topography on adjacent properties and road systems.
8. In order to approve this Planned Development Permit the City Council must find that the proposed use will not become detrimental to the public interest, health, safety, convenience or general welfare.
 - a) This Council finds that the design of the proposed project complies, or will be made to comply; with all of the applicable requirements of the City

Attachment D

- 8) All garage doors shall be equipped with an automatic roll-up garage door and remote control. This requirement shall also be included in the CC &Rs.
- 9) Submit for the approval of the Community Development Director a detailed landscape and irrigation plan for the entire project. Provide reference sheets for the grading and landscape erosion control plans. The plan shall indicate all surface improvements including but not limited to the design and locations of all walls, fences, driveways, walkways, botanical and common names of all plant materials, number, size and location of all plantings; all irrigation lines including valves and back-flow devices; and soil amendments. Said landscape plan shall comply with the requirements of Section 17.24.050(B) of the Municipal Code. The landscape plan shall be in substantial conformance to the approved landscape concept plan.
- 10) The building plans for the proposed dwelling unit shall include one copy of a sample the exterior building materials and colors to the satisfaction of the Community Development Director.
- 11) The CCR's adopted for this project shall include a requirement that all landscaping shall be well maintained and adequately watered at all times.
- 12) The required trash enclosure shall be constructed of 6-foot high masonry walls with opaque gates and shall be of sufficient size to accommodate the number and size of trash receptacles and recycling containers required for this project. The design of the trash enclosure shall include a decorative cover to the satisfaction of the Community Development Director.
- 13) The building plans and/or improvement plans shall indicate the removal of the two southerly utility poles located along the west side of the access easement and the undergrounding of all utility lines on said utility poles.
- 14) Final occupancy will be granted upon final inspection approval. The payment of the Parkland Dedication fee shall be paid for each dwelling unit prior to final inspection.
- 15) Prior to the issuance of the building permits for the proposed dwelling units the applicant shall submit an acoustical analysis of the proposed building plans that shows compliance with the interior noises level requirements of California Code Title 24.
- 16) Prior to the issuance of the building permits for the proposed dwelling units the applicant shall submit an acoustical analysis of the proposed building plans that shows compliance with the exterior noises levels for the proposed patios and balconies are consistent with the City of Lemon Grove Municipal Code Exterior Noise requirements.

Attachment D

- 7) All graffiti shall be removed or painted over with a paint that closely matches the color of the exterior of the building within 48 hours of the discovery of the graffiti.
- 8) All structures on the subject property shall comply with all of the appropriate requirements of the Uniform Building Code, Mechanical Code, National Electric Code and Fire Code to the satisfaction of the City of Lemon Grove Building Official and Fire Chief.
- 9) All aspects of the project shown on the approved plans dated October 9, 2006 shall be located substantially as indicated and shall be constructed in accordance with all appropriate City of Lemon Grove Codes and Ordinances.
- 10) The terms and conditions of this Planned Development Permit shall be binding upon the permittee and all persons, firms, and corporations having an interest in the property subject to this Planned Development Permit and the heirs, executors, administrators, successors, and assigns of each of them, including municipal corporation, public agencies, and districts.
- 11) Provide evidence of compliance with Lemon Grove Community Development Agency Resolution No. 206, adopted June 20, 2006 regarding the provision of up to two dwelling units of affordable housing to the satisfaction of the Executive Director and Agency Attorney.

- D. This Planned Development Permit expires two years from the effective date (or such longer period as may be approved by the Planning Commission or the City Council of the City of Lemon Grove prior to said expiration date) unless all requirements of this Planned Development Permit have been met prior to said expiration date.

////

////

////

CITY OF LEMON GROVE SUMMARY OF INITIAL STUDY

Project Description and Location: This project is a request to for a Tentative Subdivision (Condominium) Map (TM0053) and Planned Development Permit (PDP06-09) to authorize a Tentative Subdivision (condominium) map TM0053 and Planned Development Permit (PDP06-09) to authorize the development of a 16,029 square foot (0.37 acre) parcel of land with a 9 unit residential condominium development consisting of 3 separate three story buildings and including off-street parking, landscaping and screening. The subject property is located is a vacant property approximately 145 feet north of the 8000 block of Lemon Grove Way (8084 Lemon Grove Way) and in the Residential Medium/High density land use designation of the Lemon Grove General Plan and the Residential Medium/High (RM/H) zone within the City of Lemon Grove.

Environmental Setting:

The proposed project is located on approximately 0.37 acres of vacant land that is located approximately 145 feet north of the 8000 block of Lemon Grove Way. The subject property is gently sloping to the south. Vegetation consists of nonnative trees and disturbed grasses.

Potentially Significant Environmental Effects: 1) The impact of vehicular traffic noise from State Route 94 on interior noise and exterior noise of the patios/balconies of the proposed project.

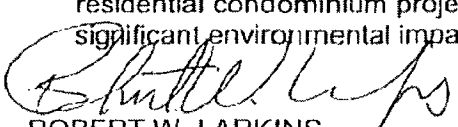
Mitigation Measures: 1) A condition will be included in the conditions of project approval requiring that the interior noise levels comply with the California Building Code Title 24 and the exterior noise levels of the proposed patios/balconies comply City of Lemon Grove exterior noise standards to mitigate any adverse noise impacts on the project.

General Plan and Zoning Compatibility: This project may be found to be consistent with the Residential Medium/High land use designation of the Lemon Grove General Plan and the Residential Medium/High (RM/H) zone by the Planning Commission and/or City Council.

Persons Who Prepared or Assisted in the Initial Study: Robert W. Larkins, Community Development Director.

Summary of Reasons to Support Finding of Mitigated Negative Declaration:

- 1) The proposed Tentative Subdivision (condominium) map and Planned Development Permit are found to be consistent with the General Plan, zoning, and existing development in the immediate vicinity by the Planning Commission and/or City Council because it proposes a multiple residential land use located within an area designated for multiple residential development area in a manner which will be compatible with the surrounding area.
- 2) No potential for significant environmental impact is evident in the record and the field investigation because this proposed project is the development of a nine unit multiple residential condominium project and conditions of project approval will reduce potentially significant environmental impacts to a level of insignificance



ROBERT W. LARKINS

COMMUNITY DEVELOPMENT DIRECTOR

cc: TM0053/PDP06-09 file
Negative Declaration file

RESOLUTION NO. 2014-3284

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING AN OPTION AGREEMENT AND A REAL ESTATE PURCHASE AND SALE AGREEMENT WITH THE SAN DIEGO COMMUNITY LAND TRUST FOR THE PARCEL IDENTIFIED AS 8084 LEMON GROVE WAY (APN 475-450-19-00)

WHEREAS, on June 20, 2006 and June 19, 2007, the former Lemon Grove Community Development Agency and a developer entered into loan agreements for the development of nine townhome units at 8084 Lemon Grove Way; and

WHEREAS, said developer defaulted on the loan agreements, resulting in the parcel identified as 8084 Lemon Grove Way becoming property of the City of Lemon Grove; and

WHEREAS, in 2014, the San Diego Community Land Trust proffered a formal offer to purchase 8084 Lemon Grove Way from the City; and

WHEREAS, the San Diego Community Land Trust's offer includes a commitment to develop and construct a minimum of nine affordable housing units to be ground leased for a 99-year period to households earning from 80 percent to 120 percent of the San Diego Area Median Income at the time of sale or resale; and

WHEREAS, the provision of these affordable for sale units helps meet the City's moderate housing targets established by the Regional Housing Needs Assessment (January 1, 2013 – December 31, 2020); and

WHEREAS, on June 17, 2014, the City Council directed staff to negotiate purchase agreements with the San Diego Community Land Trust, based on its offer; and

WHEREAS, the City has negotiated an Option Agreement and a Real Estate Purchase and Sale Agreement with the San Diego Community Land Trust; and

WHEREAS, the City Council has reviewed said agreements; and

WHEREAS, the City Council finds it in the best interest of the City of Lemon Grove to approve said agreements.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

1. Approves an Option Agreement (Exhibit 1) between the City of Lemon Grove and the San Diego Community Land Trust and authorizes the City Manager to execute said Option Agreement and related documents subject to minor modifications; and
2. Approves a Real Estate Purchase and Sale Agreement (Exhibit 2) between the City of Lemon Grove and the San Diego Community Land Trust and authorizes the City Manager to execute said Real Estate Purchase and Sale Agreement and related documents subject to minor modifications.

////

////

OPTION AGREEMENT

THIS OPTION AGREEMENT ("**Agreement**") is made as of September 22, 2014 ("**Effective Date**"), between THE CITY OF LEMON GROVE a public body. ("**Optionor**") and THE SAN DIEGO COMMUNITY LAND TRUST a California 501(c)(3) non-profit organization ("**Optionee**"), who agree as follows:

1. Recitals. This Agreement is made with reference to and in contemplation of the following facts and circumstances:

1.1 Optionor is the fee owner of that certain real property located at 8084 Lemon Grove Way (APN 475-450-19-00), in the City of Lemon Grove, County of San Diego, State of California, as more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference ("**Property**").

1.2 Optionee desires to foster affordable home ownership (via long term ground lease) in the City of Lemon Grove through the development on the Property of nine permanently affordable ownership homes ("**Affordable Units**").

1.3 Optionee desires to obtain the exclusive right and option to purchase the Property from Optionor upon and subject to the provisions and conditions set forth herein, and Optionor is willing to grant such exclusive right and option to Optionee as so provided.

2. Grant of Option. Subject to the approval of the City Council of the City of Lemon Grove, (said approval to be secured prior to execution of this Agreement), Optionor hereby grants to Optionee, upon and subject to the provisions and conditions set forth herein, the exclusive right and option to purchase the Property from Optionor during the Option Term (the "**Option**").

3. Option Consideration and Optionee Obligation. As consideration for the execution by Optionor of this Agreement and Optionor's performance hereunder, Optionee shall pay to Optionor the cash amount of one dollar (\$1.00) upon the Effective Date (the "**Option Consideration**"). The Option Consideration shall not be credited to the Purchase Price. The Option Consideration shall be deemed fully earned when paid. In addition to the Option Consideration, Optionor's agreement to grant the Option is specifically conditioned upon Optionee's agreement, as evidenced by signature to this agreement, to develop and construct a minimum of nine (9) affordable housing units to be ground leased for a 99-year period to households earning from 80 percent to 120 percent of the San Diego Area Median Income, as published annually by the State of California Department of Housing and Community Development, or successor agency, at the time of sale or resale (via ground lease).

4. Option Term. The Option may be exercised upon the Effective Date and shall expire two years from the Effective Date (the "**Option Term**"), unless terminated earlier under the terms of Section 6 or extended by mutual written agreement of the parties. If the Option is not exercised in accordance with the provisions and conditions hereof during the Option Term, then the Option shall expire and the parties shall have no further obligations under this Agreement with the exception of any surviving indemnification obligations as provided in this Agreement.

5. Exercise of Option. Optionee may exercise the Option at any time during the Option Term by providing Optionor with written notice of its election to exercise the Option (the "**Exercise Notice**").

test results, reports pertaining to hazardous substances, title insurance policies, boundary or topographic surveys; any and all existing, proposed conditions and agreements accepted and agreed to by Optionor (or any predecessor in title to Optionor if such documents are in the possession of Optionor) as a condition to development of the Property; any and all correspondence with the municipality where the Property is located or any other local, state or federal agency, authority or government; any and all development plans, bills or correspondence relating to taxes or assessments, governmental permits, licenses, and approvals and correspondence and other documentation relevant thereto; a rent roll for the Property; a list of expenses related to the maintenance of the Property; any and all easements, regardless of purpose or use, associated with the Property or any development approvals thereto; and all other material information and studies pertaining to the Property in Optionor's possession. Optionor shall not be obligated to provide Purchaser with any of Optionor's internal work product. Optionor agrees, to reasonably cooperate should Optionee apply for pre-development financing to fund pre-development costs, including but not limited to engineering, architects, surveyors expenses, and other professional services. The foregoing cooperation shall include any out of pocket expenses by Optionor.

8.2 During the Option Term, Optionee, its agents, contractors, engineers, surveyors and employees (collectively, "**Optionee Agents**"), shall have the right (i) to order and review title matters, (ii) during business hours and with reasonable notice, to enter the Property to make studies, tests, analysis, or other determinations desired by Optionee. Optionee shall repair any damage to the Property as a result of their activities hereunder, and will indemnify, defend and hold Optionor harmless for all claims, demands, liabilities and expenses (including attorneys' fees and costs) arising out of any damage to personal or real property resulting from the exercise of those rights granted by this Section 8.2 to Optionee and the Optionee Agents. The indemnifications obligations hereunder shall survive termination of this Agreement.

9. Optionor's Covenants. Optionor hereby covenants that during the Option Term, Optionor shall not without Optionee's prior written consent, not to be unreasonably withheld: (a) enter into any easement agreement burdening the Property; (b) obtain any building entitlements for the Property; (c) create any tenancy for the Property; (d) make or permit to be made any structural changes to the Property; (e) enter into any service contracts related to the Property that cannot be canceled with no more than thirty (30) days' notice; (f) enter into any purchase agreement for the Property (with the exception of any agreements between Optionor and Optionee); or (g) grant any licenses to a third party to enter onto or otherwise utilize the Property.

10. Escrow. Upon receipt by Optionee from Optionor of the Purchase Agreement executed by Optionor, Optionee shall promptly deliver the executed Purchase Agreement to Lawyer's Title Insurance (Attn: Kevin Collier) ("**Escrow Holder**"). Upon receipt, Escrow Holder shall promptly open an Escrow for consummation of the subject transaction pursuant to such Purchase Agreement. Escrow Holder shall advise each party in writing of the date Escrow is opened and shall endorse such date upon the first page of the Purchase Agreement in the space designated for the date of opening of Escrow.

11. Memorandum of Option/Quitclaim. On or before the execution hereof, Optionor and Optionee shall execute, acknowledge and cause to be recorded in the Official Records of San Diego County, California, a Memorandum of Option Agreement in the form of Exhibit "C" attached hereto and incorporated herein by this reference. In addition, Optionee shall execute, acknowledge and cause to be delivered to Escrow Holder a Quitclaim in the form of Exhibit "D" attached hereto and incorporated herein by this reference. Escrow Holder is hereby instructed to record the Quitclaim upon (a) Optionee's failure to exercise the Option in a

<u>Exhibit:</u>	<u>Description:</u>
D	Quitclaim
E	City of Lemon Grove Resolution No. 2694
F	City of Lemon Grove Resolution No. 2695

13.2 Severability. If any provision of this Agreement or its application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

13.3 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

13.4 Assignability. Optionee may not delegate, transfer and assign this Agreement without the prior written consent of Optionor, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, Optionee shall have the right to transfer and assign this Agreement to an "Affiliate" of Optionee without the prior written consent of Optionor. For purposes hereof, an "Affiliate" shall mean an entity or trust owned or controlled by Optionee.

13.5 Successors Bound. This Agreement shall be binding upon and inure to the benefit of Optionee and Optionor and their respective successors and assigns.

13.6 Captions; Interpretation. The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions. Whenever the context may require, words used in this Agreement shall include the corresponding feminine, masculine, or neuter forms, and the singular shall include the plural and vice versa. Unless the context expressly indicates otherwise, all references to "Section" are to sections of this Agreement.

13.7 No Partnership. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest or permitted assigns.

13.8 Time of Essence. Time is of the essence with respect to the performance of the obligations of Optionor and Optionee under this Agreement.

13.9 Counterparts and Distribution. This Agreement may be executed and delivered in any number of counterparts, in the original or by facsimile or electronic transmission, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

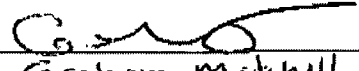
13.10 Proper Execution. The submission by Optionee to Optionor or by Optionor to Optionee (or by their respective attorneys) of this Agreement in an unsigned form shall be deemed to be a submission solely for the other party's consideration and not for acceptance and execution. Such submission shall have no binding force and effect, shall not constitute an option or an offer, and shall not confer any rights upon either party or impose any obligations upon either party irrespective of any reliance thereon, change of position or partial performance. The submission by Optionee to Optionor or Optionor to Optionee of this Agreement for execution by the other party and the actual execution thereof by either party and

Attachment F

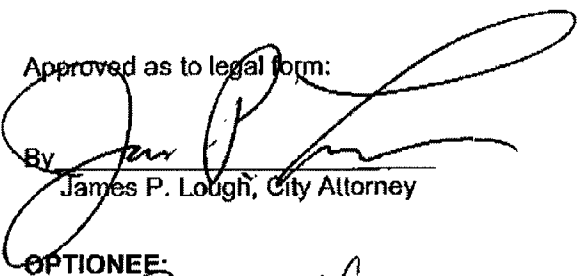
IN WITNESS WHEREOF, Optionee and Optionor have executed this Option Agreement effective as of the date first set forth above.

OPTIONOR:

THE CITY OF LEMON GROVE.,

By: 
Name: Graham Mitchell
Its: City Manager

Approved as to legal form:

By: 
James P. Lough, City Attorney

OPTIONEE:

THE SAN DIEGO COMMUNITY LAND TRUST,

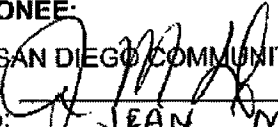
By: 
Name: JEAN M. DIAZ
Its: EXECUTIVE DIRECTOR

EXHIBIT B

REAL ESTATE PURCHASE AND SALE AGREEMENT

regulation, order, permit, license, decree, common law, or treaty now or hereafter in force regulating, relating to or imposing liability or standards concerning materials or substances known or suspected to be toxic or hazardous to health and safety, the environment or natural resources.

"Property" means that certain real property described on Exhibit A attached hereto, together with all improvements thereon.

"Developer Improvements" means the improvements reflected in City of Lemon Grove Resolution No. 2694 and Resolution No. 2694 (Resolutions included as Exhibit B), or subsequently approved Resolutions related to the project.

"Purchase Price" means the payment to be paid by Developer to City for the Property as described in Section 1.3 below.

"Title Company" means Lawyers Title.

Agreement of Purchase and Sale

1.1 **Sale of the Property.** In consideration of and subject to the terms and conditions contained herein, City hereby agrees to sell the Property to Developer and Developer hereby agrees to purchase the Property from City.

1.2 **Title.** Prior to execution of this Agreement, Developer shall have examined the title report prepared by the Title Company. Prior to execution of this Agreement, Developer shall have reviewed accepted the title status of the Property. Subsequent to execution of this Agreement, (i) City shall not record any further liens and encumbrances against the Property. And (ii) Developer has the right to review (and reasonably disapprove by written notice) any new liens and encumbrances recorded against the Property. In the event of title disapproval, City shall have ten (10) business days to cure any disapproved lien or encumbrance.

1.3 **Purchase Price.** The Purchase Price to be paid by Developer to City for the Property is the sum of Nine Dollars (\$9.00), payable at the Closing.

1.4 **Inspection.** As of the execution of this Agreement, Developer shall have fully inspected the Property and approve the condition of the Property, including condition of title, in all respects in Developer's sole discretion.

1.5 **Post-Closing covenants:** After the Closing:

(a) **Developer Improvements.** Developer shall develop nine (9) permanently affordable ownership homes as described in Exhibit B ("Developer Improvements") that will be made available to households earning from 80 percent to 120 percent of the San Diego Area Median Income, as published annually by the State of California Department of Housing and Community Development, or successor agency, at the time of sale or resale.

(b) **Commencement and Completion of Developer Improvements.** Developer agrees to commence the construction of Developer Improvements within ten (10)

- (a) A CLTA owner's policy of title insurance, in the amount reasonably determined by Developer, insuring the Property and any improvements, the cost of such policy to be paid by City; and
- (b) Deposit a Grant Deed substantially in conformance with the form attached as Exhibit C, with Escrow Holder including a deed restriction regarding the use of the Property for the sole purpose of providing affordable residential housing.

2.8 Additional Documents. Both parties shall execute and deliver through escrow any other documents or instruments that are reasonably necessary in order to consummate the Closing.

Other Provisions

3.1 Representations of Developer. Developer represents and warrants, as of the date this Agreement is fully executed and as of the Closing Date, that Developer has taken all action required by law, and all required action under its governing documents necessary to authorize Developer to enter into this Agreement and to carry out its obligations hereunder.

3.2 No Representations as to the Property. Developer acknowledges that Developer has conducted such investigations and inspections of the Property as it desires. Developer hereby affirms that City, its agents, employees and/or attorneys have not made, nor has Developer relied upon any representation, warranty or promise with respect to the Property or any other subject matter of this Agreement except as expressly set forth in this Agreement and/or the City Deed, including, without limitation, any warranties or representations, express or implied, as to the general plan designation, zoning, value, use, tax status or physical condition of the Property, or improvements thereon, or any part thereof, including, but not limited to, the flood elevations, drainage patterns and soils and subsoils composition and compaction level, and other conditions at the Property, or the existence or non-existence of Hazardous Material on or under the Property or adjacent property, or as to the accuracy of any boundary survey or other survey or any soils reports or other plans or reports therefor. Without limiting the generality of the foregoing, and except for the warranties and covenants set forth in the City Deed, Developer is purchasing the Property from City in an "AS IS", "WHERE IS" CONDITION, SUBJECT TO "ALL FAULTS," INCLUDING, BUT NOT LIMITED TO, BOTH LATENT AND PATENT DEFECTS, AND THE EXISTENCE OF HAZARDOUS MATERIAL. EXCEPT AS OTHERWISE PROVIDED IN THE CITY DEED, DEVELOPER HEREBY WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE TITLE, CONDITION AND USE OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3.3 Developer's Release and Indemnity. Developer hereby indemnifies, holds harmless and agrees to defend the Covered Parties from and against all claims, damages, expenses (including, without limitation, reasonable attorneys' fees and reasonable investigative and discovery costs), liabilities and judgments on account of injury to persons, loss of life, or damage to property occurring on the Property and/or incurred as a result of or arising out of:

- (a) with respect to events occurring during the period from the date of this

3.4 Commissions. City and Developer represent that neither Party has entered into any written contracts with any brokers or finders nor obligated themselves to pay any real estate commissions or finders' fees on account of the execution of this Agreement, or the close of the transaction contemplated hereby. Based on such representations, Developer and City hereby agree to indemnify and hold each other harmless from any claims, damages, expenses, liabilities, liens or judgments (including costs, expenses and attorneys' fees in defending the same) which arise on account of any claim made against the indemnifying party that real estate commissions or finders' fees (including those identified above) are payable and have not been discharged in their entirety.

General Provisions

4.1 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be given by (a) Federal Express (or other established express delivery service which maintains delivery records), (b) hand delivery, or (c) certified or registered mail, postage prepaid, return receipt requested, to the Parties at the following addresses, or such other addresses as the Parties may designate from time to time by written notice in the above manner:

To City: City of Lemon Grove
3232 Main Street
Lemon Grove, CA 91945
Attn: City Manager

To Developer: The San Diego Community Land Trust
10620 Trenea Street, Suite 230
San Diego, CA 92131
Attn: Jean M. Diaz, Executive Director

Such communications may also be given by electronic mail, provided any such communication is concurrently given by one of the above methods. Notices shall be deemed effective upon the receipt, or upon attempted delivery thereof if the delivery is refused by the intended recipient or if delivery is impossible because the intended recipient has failed to provide a reasonable means of accomplishing delivery. Upon at least ten (10) days prior written notice, each Party shall have the right to change its address to any other address within the United States of America.

4.2 References. All references to "Article," "Articles," "Section," or "Sections" contained herein are, unless specifically indicated otherwise, references to Articles and Sections of this Agreement.

4.3 Exhibits. All references to "Exhibits" contained herein are references to exhibits attached hereto, all of which are made a part hereof for all purposes.

4.4 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

4.5 Number and Gender of Words. Whenever herein the singular number is used,

Attachment F

any of the ethical standards set forth in City's conflict of interest ordinance.

4.14 No liability of City Officials and Employees. No member, official or employee of City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Purchase and Sale Agreement to be duly executed as of the date first written.

CITY:

By _____
Graham Mitchell, City Manager

Approved as to legal form:

By _____
James P. Lough, City Attorney

DEVELOPER:

By _____
Jean M. Diaz, Executive Director

DOC # 2014-0410979



RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Fd
GP
IC 1P

City Clerk
City of Lemon Grove
3232 Main Street
Lemon Grove, California 91945

SEP 23, 2014 12:38 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 32.00

PAGES: 6



MEMORANDUM OF OPTION AGREEMENT

THIS MEMORANDUM OF OPTION AGREEMENT ("Memorandum") is made and entered into as of September 22, 2014, by and between THE CITY OF LEMON GROVE, ("Optionor"), and THE SAN DIEGO COMMUNITY LAND TRUST, ("Optionee"), who agree as follows:

A. Optionor is the fee owner of that certain real property in San Diego County, California more particularly described on Exhibit "1", attached hereto ("Property").

B. Pursuant to the provisions and conditions of that certain Option Agreement, dated September 23, 2014, between Optionor and Optionee, as the same may be amended and modified from time to time ("Option Agreement"), the provisions and conditions of which are hereby incorporated herein by this reference, Optionor has granted to Optionee the exclusive right and option to purchase the Property upon and subject to the provisions and conditions and for the term set forth in the Option Agreement.

C. The time period during which the "Option" (as defined in the Option Agreement) may be exercised by Optionee commences upon the "Effective Date" (as defined in the Option Agreement) and expires on September 16, 2016, unless earlier terminated.

D. This Memorandum is being recorded to give notice to the public that the Property is subject to the provisions and conditions of the Option Agreement.

E. This Memorandum is intended to summarize certain of the provisions and conditions of the Option Agreement, but in no way changes, modifies or otherwise affects any of the provisions and conditions of the Option Agreement.

F. In the event of any conflict between this Memorandum and the Option Agreement, the provisions and conditions of the Option Agreement shall prevail.

Attachment G

APPROVED PLANS 1-29-07 AND 10-9-06 EXCERPTS

Not Attached

Enclosed in City Council packet or available at City Hall for Review

Attachment H

EXHIBIT “A” – PROJECT FLOOR AND ELEVATION PLANS 2-8-16

Not Attached

Enclosed in City Council packet or available at City Hall for Review