



City of Lemon Grove  
City Council Regular Meeting Agenda  
Tuesday, March 21, 2017, 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 Board*

Call to Order

Pledge of Allegiance

Changes to the Agenda

Presentation

Introduction of Cassandra Mendenhall, Executive Assistant

Lt. Chris May Recognition of Service

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

March 7, 2017 – Regular Meeting

Members present: Vasquez, Arambula, Jones, J. Mendoza, and M. Mendoza

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: James 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

D. Resolution Amending the Heartland Joint Powers Agreement

*The City Council will consider a resolution amending the Heartland Communications Facility Authority Joint Powers Agreement to allow participation by San Miguel Fire Protection District.*

Reference: Division Chief Drum, Heartland Fire

Recommendation: Adopt Resolution

E. Regional Transportation Congestion Improvement Plan Fee Amendment

*The City Council will consider a resolution amending RTCIP fee, from \$2,357 to \$2,404.14, effective July 1, 2017; February 24, 2017, the SANDAG Board of Directors approved the minimum 2 percent increase.*

Reference: Mike James, Assistant City Manager/Public Works Director

Recommendation: Adopt Resolution

2. Fiscal Year 2016-17 Mid-Year Budgets

*The City Council will consider adopting a resolution approving Fiscal Year 2016-17 Mid-Year Budgets.*

Reference: Gilbert Rojas, Interim Finance Director  
Recommendation: Adopt Resolution

3. Award Construction Contract for the Connect Main Street Segment I Phase I Project (Contract No. 2017-16)

*The City Council will consider a resolution awarding a contract for the construction of the Connect Main Street Segment I Phase, I Project to New Century Construction in the amount of \$291,641.50.*

Reference: Mike James, Assistant City Manager/Public Works Director  
Tim Gabrielson, City Engineer  
Recommendation: Adopt Resolution

4. Public Hearing for Review of the 2016 General Plan Annual Progress Report

*The City Council will conduct a public hearing and consider a resolution accepting the 2016 General Plan Annual Progress Report and authorizing submittal of the Report to the California State Office of Planning and Research and the Department of Housing and Community Development.*

Reference: Eric Craig, Associate Planner and  
David De Vries, Development Services Director  
Recommendation: Conduct Public Hearing and Adopt Resolution

5. Annual Financial Report for Fiscal Year 2015-16

*The City Council will receive the Year 2015-16 independent audit from Badawi & Associates.*

Reference: Gilbert Rojas, Interim Finance Director  
Recommendation: Receive and File

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:  
Three Cases

Adjournment

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

**March 7, 2017**

*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*

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**Call to Order**

City Councilmembers Present:

Mayor Racquel Vasquez, Councilmember David Arambula, Councilmember Jerry Jones, Mayor Pro Tem Jennifer Mendoza, and Councilmember Matt Mendoza

City Council Members Absent:

None.

City Staff Present:

Lydia Romero, City Manager, David De Vries, Development Services Director; Mike James, Assistant City Manager/Public Works Director; James P. Lough, City Attorney; Lt. May, Sheriff's Department; and Corinne Russell, HR Manager.

**Pledge of Allegiance**

Mayor Pro Tem J. Mendoza led the Pledge of Allegiance.

**Changes to the Agenda**

There were no changes to the agenda.

**Presentations**

Chief Stowell, Heartland Fire and Rescue provided an annual report.

Lt. May San Diego County Sheriff's Lemon Grove Station provided a 2016 law enforcement review.

**Public Comment**

Jesus Beneyas provided a presentation and commented on issues with the development along Golden Avenue.

Lani Stacks commented on Lemon Grove Pets store, animal rights, and welfare.

Mayor Vasquez noted that on March 3, 2017, an unannounced inspection of Lemon Grove Pets was conducted by Animal Control and no violations were found.

**1. Consent Calendar**

- A. Approval of City Council Minutes**  
February 21, 2017 Regular Meeting
- B. Ratification of Payment Demands**
- C. Waive Full Text Reading of All Ordinances and Resolutions on the Agenda**
- D. Designate Building Official**

**Action: Motion by Councilmember Jones, seconded by Councilmember Arambula, to approve the Consent Calendar passed, by the following vote:**

**Ayes: Vasquez, Arambula, Jones, J. Mendoza, M. Mendoza**

**Resolution No. 2017-3490:** Resolution of the City Council of the City of Lemon Grove, California Designating Kurt Culver as the City's Building Official

**2. Medical Marijuana Regulations and Permit Procedures (Measure V)**

Eric Craig explained that Measure V repealed the City's prohibition of medical marijuana dispensaries and established new regulations for the permitting and operation of dispensaries. Measure V also includes regulations for permitting the cultivation of medical marijuana in a private residence.

These new regulations are consistent with existing State laws for medical marijuana as well as with Proposition 64 which legalizes the possession and cultivation of limited amounts of marijuana for personal use.

Proposition 64 will also permit for-profit businesses to sell recreational marijuana subject to obtaining a permit from State, which anticipates issuing permits as early as 2018. He added that nothing in Proposition 64 requires a local jurisdiction to permit recreational marijuana businesses such as recreational dispensaries, delivery services, commercial cultivation, or the processing of recreational marijuana.

Measure V permits dispensaries with approval of a conditional use permit, subject to performance standards and distance restrictions from sensitive land uses such as schools, parks, and daycare facilities. Measure V also permits qualified individual patients and their caregivers to cultivate medical marijuana indoors at the home of the patient. Such indoor cultivation requires approval of a Zoning Clearance by the Director of Development Services. Proposition 64 expands the right to cultivate within the home to all persons in California, it also permits local jurisdictions to require a local permit for such cultivation.

As in Lemon Grove, the Cities of San Diego and La Mesa require CUP approval to establish a dispensary. However, the County of San Diego permits dispensaries with approval of administrative permits from the Planning Department and the County Sheriff. Moreover, no permits are required for in-home cultivation in the Cities of San Diego or La Mesa, or within unincorporated areas of San Diego County.

Therefore, Measure V's Zoning Clearance requirement for personal cultivation of medical marijuana is unique among the four jurisdictions, but is warranted as a means of protecting public health and safety from the potential negative effects of indoor cultivation, including the increased risk of fires associated with indoor growing lights.

Mr. Craig noted that City staff will initially review all applications for dispensaries as zoning clearances for the purpose of conducting a thorough and detailed application completeness review. Staff will charge a fee of \$150 to accept the applications.

Any application which does not meet the zone district or separation requirements, or which does not provide all of the required application materials would be denied by staff, and the reasons for such denial would be provided to the applicant in writing. Incomplete applications that meet the zone district and separation requirements would be eligible to continue the application process upon the timely provision of the missing application materials.

If the zoning clearance application is deemed complete and demonstrates compliance with applicable regulations, then the applicant would be notified and would be permitted to submit a formal conditional use permit application including the \$1,500 CUP deposit. Staff would then process the conditional use permit request in accordance with the requirements of the Lemon Grove Municipal Code (LGMC) and State law.

He added that the City Council should keep in mind that not all of the requirements listed would be required for every dispensary. For example, if no on-site cultivation is proposed, then many of the requirements for additional fire protection and ventilation at a dispensary would not be necessary.

The staff report recommends specific conditions of approval which reflect the requirements of Measure V, the LGMC, and input from Planning, Building, Fire, and the Sheriff.

Staff will continue to proactively enforce the LGMC prohibitions on unpermitted marijuana uses. These efforts include verification of code violations, the issuance of warning citations and fines, weekly reports to management, and the referral of inquiries from lawyers to the City Attorney's office.

Mayor Pro Tem J. Mendoza reported that she and Councilmember Arambula went to marijuana dispensaries in the City of San Diego and expressed concern due to the dispensaries being cash only businesses.

#### Public Speaker(s)

Dana Stevens commented portions of the proposed procedures regarding nuisance odor complaints, inspections, handicap parking, where a complaint is filed, weapons permits, hours of operation, business renewal process, and safety precautions for cultivation.

Sean Mc Dermott stated that he believes the City's proposed requirement for a patient identification card in addition to the doctor's prescription is an undue hardship. He added the licensed dispensaries have safety measures in place and the proposed 8 to 5 business hours would also be a hardship.

Gina Austin reported that she is a land use attorney for dispensaries throughout the County and State. She commented on language in the proposed procedures regarding topographically barriers, that a dispensary's policies and procedures would be subject to public record, the required timeframe receive a State license, and company related vehicle.

Helen Ofield provided a handout for the City Council with her concerns, which included increasing fees, the floor space requirements, hours of operation, felony convictions statement, and believe that the CUP should not be transferrable.

Katie Dexter commented on the City of La Mesa's similar procedures and their associated fees. She commented Lemon Grove's proposed procedures and on the storefront window transparency requirement, and fines.

Lydia Romero thanked the City Council for their consideration of the proposed procedures, conditions of approval, and application requirements. She added that staff will be preparing for the March 20, 2017, application opening date.

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

Councilmember Jones reported on meetings with the San Diego County Water Authority, Assemblywomen Weber's State of the District, SANDAG, the East County Chamber, Metro Wastewater, and he attended the Little League opening day.

Councilmember Arambula reported on his attendance at the recent water academy.

Councilmember M. Mendoza nothing to report.

Mayor Pro Tem J. Mendoza reported on the dedication of a bench for former Mayor Sessom and a brick for former Councilmember Gastil. She also reported on Assemblywoman Weber's State of the District, and a Heartland Communications JPA meeting, she attended the Little League opening day, along with a SANDAG meeting.

Mayor Vasquez reported on Assemblywoman's Weber State of the District, SANDAG Borders Committee, and a Lemon Grove business meet and greet. She attended the Lemon Grove Little League opening day, Women Rock event, and a LAFCO meeting.

**City Manager and Department Director Reports**

James Lough noted that an attorney client privilege memo was provided to the City Council regarding the Golden Avenue property matter.

Lydia Romero commended Eric Craig for the Measure V report.

**Closed Session**

Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9:  
1 case

Closed Session Report: No reportable action was taken.

**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 8:50 p.m.

  
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Susan Garcia, City Clerk

**City of Lemon Grove Demands Summary**

Approved as Submitted:

Gilbert Rojas, Interim Finance Director  
For Council Meeting: 03/21/17

ACH/AP Checks 02/27/17-03/13/17 544,862.40  
Payroll - 02/28/17 144,702.59

Total Demands 689,564.99

| 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      | 48654461  | WEX Bank                                   | 02/27/2017 | Fuel - Fire Dept - Jan'17   | 646.33  | 646.33       |
| ACH      | 7168203   | LEAF                                       | 03/01/2017 | Ricoh C3502 Copier System-PW Yard - Feb'17  | 174.37  | 174.37       |
| ACH      | Feb17   | Power Pay Biz/Evo                          | 03/01/2017 | Online Credit Card Processing - Feb'17  | 59.48   | 59.48        |
| ACH      | Feb17   | Dharma Merchant Services                   | 03/02/2017 | Merchant Fees - Feb'17  | 367.87  | 367.87       |
| ACH      | Feb17   | Authorize Net                              | 03/02/2017 | Merchant Fees In-Store & Online - Feb'17  | 41.25   | 41.25        |
| ACH      | Mar 2017  | Pers Health                                | 03/02/2017 | Pers Health Insurance - Mar 17  | 50,949.86   | 50,949.86    |
| ACH      | Feb28 17  | Employment Development Department          | 03/02/2017 | State Taxes 02/28/17  | 8,798.81  | 8,798.81     |
| ACH      | Feb28 17  | US Treasury                                | 03/07/2017 | Federal Taxes 02/28/17  | 31,329.17   | 31,329.17    |
| ACH      | 4154920380<br>3568860625  | SDG&E                                      | 03/07/2017 | Electric Usage:St Light - 1/31/17-2/28/17<br>Electric Usage:St Light - 1/31/17-2/28/17  | 1,817.23<br>950.90                                | 2,768.13     |
| ACH      | Feb15-28 17   | Calpers Supplemental Income 457 Plan       | 03/07/2017 | 457 Plan 2/15/17-2/28/17  | 6,697.94  | 6,697.94     |
| ACH      | Feb1-28 17  | California Public Empl Retirement System   | 03/10/2017 | Pers Retirement 2/1/17-2/28/17  | 65,571.71   | 65,571.71    |
| ACH      | Refill 3/9/17   | Pitney Bowes Global Financial Services LLC | 03/10/2017 | Postage Usage 3/9/17  | 250.00  | 250.00       |
| ACH      | Feb17   | Wells Fargo Bank                           | 03/13/2017 | Bank Service Charge - Feb'17  | 1,098.23  | 1,098.23     |
| ACH      | Mar1-13 17  | Wage Works                                 | 03/13/2017 | FSA Disbursement 3/1/17-3/13/17   | 320.32  | 320.32       |
| 7228     | C2570<br>C2638  | A-Pot Rentals                              | 03/01/2017 | Portable Restroom Rental 2/9/17-3/8/17<br>Portable Restroom Rental - Berry St Pk/Water Shut Off 2/15-17/17  | 132.10<br>316.60                                  | 448.70       |
| 7229     | 9938  | AdminSure                                  | 03/01/2017 | Workers' Compensation Claims Administration - Mar 17  | 415.00  | 415.00       |
| 7230     | 30021-IN  | Aztec Landscaping Inc.                     | 03/01/2017 | Landscape Mgmt Svc - Jan'17   | 9,629.00  | 9,629.00     |
| 7231     | 4311<br>4375  | Bear Electrical Solutions, Inc             | 03/01/2017 | Skyline/Palm PED Button Post Knockdown- 1/23/17<br>Traffic Signal Maintenance Svc - Response - Jan 2017   | 4,570.25<br>4,274.50                              | 8,844.75     |
| 7232     | 753836-9<br>755521-9  | BJ's Rentals                               | 03/01/2017 | Propane<br>Propane  | 15.08<br>26.40                                    | 41.48        |
| 7233     | 82393183  | Boundtree Medical LLC                      | 03/01/2017 | Medical Supplies-Nitrile Gloves/ECG Pads/Filterline/Safety Glasses  | 2,607.95  | 2,607.95     |
| 7234     | 38047   | California Skateparks                      | 03/01/2017 | Skate Park Expansion-Design, Const Docs/Components-thru 2/28  | 23,940.00   | 23,940.00    |
| 7235     | 694312667<br>694315219  | Cintas Corporation #694                    | 03/01/2017 | Janitorial Supplies - 2/16/17<br>Janitorial Supplies - 2/23/17  | 1,071.48<br>176.66                                | 1,248.14     |
| 7236     | 235-3   | Circulate San Diego                        | 03/01/2017 | Caltrans SSARP Project- 1/1/17-1/31/17  | 2,300.00  | 2,300.00     |
| 7237     | 0000014096  | City of El Cajon                           | 03/01/2017 | Reimb for Battery Operated Electronic Road Flares   | 85.11   | 85.11        |
| 7238     | 18989   | City of La Mesa                            | 03/01/2017 | FY16-17 Qtr1- JPA Reconciliation- Jul-Sep 2017  | 20,093.00   | 20,093.00    |
| 7239     | 1000189931<br>1000189938  | City of San Diego                          | 03/01/2017 | Metro Industrial Wastewater Control Prog Pretreatment Prog-FY16<br>Metro Industrial Wastewater Control Prog Routine Monitoring-FY16   | 904.00<br>165.00                                  | 1,069.00     |
| 7240     | 582017-03   | County of San Diego- Treasurer/OES         | 03/01/2017 | 1000 Sandbags   | 250.00  | 250.00       |
| 7241     | 2/5/2017<br>2/5/2017<br>2/9/2017<br>2/18/2017<br>2/7/2017<br>2/4/2017 | Cox Communications                         | 03/01/2017 | Calsense Modem Line:2259 Washington Ave 2/6/17-3/5/17<br>Calsense Modem Line:7071 Mt Vernon- 2/6/17-3/5/17<br>Calsense Modem Line:8235 Mt Vernon- 2/9/17-3/8/17<br>City Manager/Copy Room Fax Line- 2/18/17-3/17/17<br>B/U Phone/Fire /7853 Central- 2/7/17-3/6/17<br>Phone/Rec Ctr/ 3131 School Ln - 2/8/17-3/3/17 | 20.87<br>19.76<br>54.39<br>4.00<br>33.68<br>97.48 | 270.18       |
| 7242     | 3481<br>3489<br>3490  | D- Max Engineering Inc                     | 03/01/2017 | 1993 Dain Drive SWQMP/HMP Review #4- 2/8/17-2/15/17<br>Mallard Court SWQMP Review #2- 2/7/17-2/16/17<br>Northside Commons SWQMP Meetings- thru 12/1/16  | 932.50<br>657.50<br>600.00                        | 2,190.00     |
| 7243     | 0117 07 9439  | Dexter Wilson Engineering, Inc             | 03/01/2017 | Sanitary Sewer Master Plan - Dec '16  | 5,980.00  | 5,980.00     |
| 7244     | 2/13-16/17<br>2/21-23/17  | Esgil Corporation                          | 03/01/2017 | 75% Building Fees- 2/13/17-2/16/17<br>75% Building Fees- 2/21/17-2/23/17  | 2,479.00<br>2,938.61                              | 5,417.61     |

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|------|--|--|------------|---|--|-----------|
| 7245 | 99022  | Fire Etc                               | 03/01/2017 | Niedner Spec 187 - Type II Wildland Fire Fighting Hose  | 3,174.66                                       | 3,174.66  |
| 7246 | INV1011551   | George Hills Company                   | 03/01/2017 | TPA Claims Svc/Ponce - Jan '17  | 74.70  | 74.70     |
| 7247 | 2/22/2017  | Helix Water District                   | 03/01/2017 | Water Services- 12/28/16-2/22/17  | 4,528.82                                       | 4,528.82  |
| 7248 | 00041883   | Hudson Safe-T- Lite Rentals            | 03/01/2017 | Right Turn Only Sign & 100 Reflective Cones   | 1,163.69                                       | 1,163.69  |
| 7249 | 7934   | I B. Trophies & Awards                 | 03/01/2017 | Name Badges- Ratkovich & Duenez   | 38.79  | 38.79     |
| 7250 | 9599   | Infrastructure Engineering Corporation | 03/01/2017 | Prof Svc: LGA Realignment - 12/31/16-1/27/17  | 8,120.30                                       | 8,120.30  |
| 7251 | ** VOID  | ** VOID                                | ** VOID    | ** VOID   |  |           |
| 7252 | 107700   | Lemon Grove Glass & Supply Inc         | 03/01/2017 | Replace Glass/Community Center  | 660.60   | 660.60    |
| 7253 | Mainwaring   | Mainwaring, Clara                      | 03/01/2017 | Refund/Mainwaring, Clara/Deposit - LBH- 2/18/17   | 300.00   | 300.00    |
| 7254 | W0-33261-1<br>W0-33867-1<br>W0-34335-1<br>W0-34774-1 | Office Advantage, Inc                  | 03/01/2017 | Office Supplies - Fire<br>Office Supplies - Fire<br>Office Supplies - Toner- Fire<br>Office Supplies & Copy Paper- City Hall  | 80.95<br>84.29<br>60.01<br>869.61              | 1,094.86  |
| 7255 | 145120<br>145231                                     | Pacific Sweeping                       | 03/01/2017 | Street Sweeping/Power Washing/Parking Lot - Jan '17<br>Street Sweeping/Lemonwood Lane - 2/8/17  | 6,655.15<br>240.00                             | 6,895.15  |
| 7256 | Mar-17   | PLIC- SBD Grand Island                 | 03/01/2017 | Dental Insurance - Mar17  | 4,690.80                                       | 4,690.80  |
| 7257 | Poumele  | Poumele, Nora Faipule                  | 03/01/2017 | Refund/Poumele, Nora Faipule/Partial Deposit - LBH- 5/6/17  | 100.00   | 100.00    |
| 7258 | 31048432<br>31049024                                 | RCP Block & Brick, Inc                 | 03/01/2017 | Bulk Concrete Sand - Fire Station<br>Bulk Concrete Sand   | 142.55<br>285.11                               | 427.66    |
| 7259 | 175468(8)<br>175468(8)<br>175468(8)<br>175468(8)     | Rick Engineering Company               | 03/01/2017 | Prof Svc: City Engineer Svcs/Signal Timing 11/26/16-12/31/16<br>Prof Svc: Sanitation District Services 11/26/16-12/31/16<br>Prof Svc: Connect Main St/Phase I- 11/26/16-12/31/16<br>Prof Svc: Metro Wastewater/JPA Proj Mgmt - 11/26/16-12/31/16          | 11,774.32<br>2,640.00<br>880.00<br>6,882.50    | 22,176.82 |
| 7260 | Reimb 2/21/17  | Rodriguez, Francisco                   | 03/01/2017 | Reimb: Class B License Renewal Fee/Rodriguez  | 73.00  | 73.00     |
| 7261 | 20170208   | San Diego County Assessor/Recorder     | 03/01/2017 | Parcel Addresses for Sanitation Notice - MPR Extract  | 125.00   | 125.00    |
| 7262 | 82-10518   | Smith Air Conditioning                 | 03/01/2017 | Service Call/Heating System/Fire Station  | 85.00  | 85.00     |
| 7263 | Mar-17   | Standard Insurance Company             | 03/01/2017 | Long Term Disability Insurance - Mar17  | 1,702.60                                       | 1,702.60  |
| 7264 | 00049225   | The East County Californian            | 03/01/2017 | Ordinance No 444 - Recreational Marijuana Amendment 2/16/17   | 101.50   | 101.50    |
| 7265 | 3067849-CA   | US HealthWorks Medical Group,PC        | 03/01/2017 | Medical Exam - 2/1/17   | 99.00  | 99.00     |
| 7266 | Feb 28 17  | Vantage Point Transfer Agents-457      | 03/01/2017 | ICMA Deferred Compensation Pay Period Ending 2/28/17  | 580.77   | 580.77    |
| 7267 | 0131983-IN   | Vavrinek, Trine, Day & Co., LLP        | 03/01/2017 | Accounting Svc- GASB 68 Pension/Sani Fixed Asset Recon-Jan'17   | 1,200.00                                       | 1,200.00  |
| 7268 | 9780275039<br>9780275651<br>9780275040               | Verizon Wireless                       | 03/01/2017 | City Phone Charges- 1/13/17-2/12/17<br>Mobile Broadband Access- 1/13/17-2/12/17<br>PW Tablets- 1/13/17-2/12/17  | 397.58<br>76.02<br>188.78                      | 662.38    |
| 7269 | 93261  | Vinyard Doors, Inc                     | 03/01/2017 | Sectional Door Repair - Fire Station- Door 1, 4 & 5   | 625.00   | 625.00    |
| 7270 | 71370851<br>71370852<br>71375432                     | Vulcan Materials Company               | 03/01/2017 | Asphalt<br>Asphalt<br>Asphalt   | 172.20<br>173.07<br>136.24                     | 481.51    |
| 7271 | 11429  | AAA Imaging                            | 03/08/2017 | Business Cards/Shell/Entertainer, Manager Permits   | 872.78   | 872.78    |
| 7272 | 5609<br>5610<br>5611<br>5612<br>5613                 | Aguirre & Associates                   | 03/08/2017 | 6800 Mallard - Map Review - Feb '17<br>3226 New Jersey - B16-0624 - Street Dedication - Feb '17<br>2295 Washington - Street Dedication - Feb '17<br>2264 Cypress - Street Dedication - Feb '17<br>8040 Lincoln - Sub Division/Cert of Completion- Feb '17 | 747.50<br>235.00<br>235.00<br>235.00<br>115.00 | 1,567.50  |
| 7273 | 55909  | Anthem Blue Cross EAP                  | 03/08/2017 | Employee Assistance Program - Mar 17  | 165.00   | 165.00    |
| 7274 | 2/22/2017  | A I & I                                | 03/08/2017 | Backup City Hall Internet - 1/23/17-2/22/17   | 84.00  | 84.00     |
| 7275 | Azab   | Azab, Amer                             | 03/08/2017 | Refund/Azab Amer/Business License No Longer Needed  | 130.00   | 130.00    |
| 7276 | 4562839  | Bearcom                                | 03/08/2017 | Portable Radios Monthly Contract 2/22/17-3/21/17  | 150.00   | 150.00    |
| 7277 | BrdwyPharm   | Broadway Pharmacy                      | 03/08/2017 | Refund/Broadway Pharmacy/BL Renewal Fees Overpayment  | 30.00  | 30.00     |
| 7278 | Calderon   | Calderon, Jaklene                      | 03/08/2017 | Refund/Calderon,Jaklene/BL Fees Overpayment   | 20.50  | 20.50     |
| 7279 | 1703026  | California Aquatics                    | 03/08/2017 | Fountain Repair Service - Feb '17   | 140.00   | 140.00    |
| 7280 | 17060130   | Canon Financial Services Inc           | 03/08/2017 | Canon Copier Contract Charge Mar '17 Basement<br>Canon Plotter Contract Charge - Mar'17   | 81.35<br>155.16                                | 236.51    |
| 7281 | 4021554916   | Canon Solutions America, Inc           | 03/08/2017 | Canon Maintenance-Copier Usage 11/27/16-2/26/17   | 524.45   | 524.45    |
| 7282 | Garcia2/23/17  | Captus Press, Inc                      | 03/08/2017 | Online Training Course- Mastering the Media/Garcia  | 105.00   | 105.00    |

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|------|---|---|------------|--|--|------------|
| 7283 | 694317767   | Cintas Corporation #694                 | 03/08/2017 | Janitorial Supplies - 3/2/17   | 243.46   | 243.46     |
| 7284 | ACSERV-02/09<br>ACSERV-02/09<br>AR137058<br>AR137092        | City of Chula Vista                     | 03/08/2017 | After Hours Calls- Jan '17<br>Mileage & Fuel for Animal Control Veh- Jan '17<br>Animal Control Services-Dec '16<br>Animal Control Services- Jan '17  | 1,193.15<br>698.82<br>15,674.00<br>14,139.36                               | 31,705.33  |
| 7285 | 17CTOFLGN08   | County of San Diego- RCS                | 03/08/2017 | 800 MHZ Network - Feb '17  | 2,860.00   | 2,860.00   |
| 7286 | 2/19/2017<br>3/1/2017                                       | Cox Communications                      | 03/08/2017 | Phone/PW Yard/2873 Skyline- 2/19/17-3/18/17<br>Peg Circuit Svc - 3/1/17-3/29/17  | 210.83<br>2,888.46   | 3,099.29   |
| 7287 | 31231   | Dolken Engineering                      | 03/08/2017 | Sewer Upsizing Construction Mgmt 2/1/17-2/28/17  | 13,555.00  | 13,555.00  |
| 7288 | EmpireConst   | Empire Construction                     | 03/08/2017 | Refund/Empire Construction/Business License/Not Required   | 114.00   | 114.00     |
| 7289 | 2/27-28/17<br>3/1-2/17                                      | Esgill Corporation                      | 03/08/2017 | 75% Building Fees- 2/27/17-2/28/17<br>75% Building Fees-3/1/17-3/2/17  | 1,177.13<br>5,877.51   | 7,054.64   |
| 7290 | 384789  | EW Truck & Equipment Company, Inc       | 03/08/2017 | LG PW #32 - Antifreeze Coolant   | 38.64  | 38.64      |
| 7291 | 733   | Finnamex, Inc                           | 03/08/2017 | Install 4 Weathermatic Irrigation Controller Pedestal  | 2,625.32   | 2,625.32   |
| 7292 | Hyde  | Hyde, Savannah                          | 03/08/2017 | Refund/Hyde,Savannah/BL Application  | 57.00  | 57.00      |
| 7293 | Integrated  | Integrated Sign Associates              | 03/08/2017 | Refund/Integrated Sign Assoc/BL Renewal Fees Overpayment   | 19.00  | 19.00      |
| 7294 | Interfaith  | Interfaith Housing Assistance Corp      | 03/08/2017 | Refund/Interfaith Housing/BL Renewal Fees Overpayment  | 90.00  | 90.00      |
| 7295 | 31930   | Interwest Consulting Group              | 03/08/2017 | Prof Svc: SSARP Grant Procurement Svc - Jan '17  | 520.00   | 520.00     |
| 7296 | 1598<br>1598<br>1598  | League of California Cities,SD Division | 03/08/2017 | 2017 League Membership Dues- SD County Division<br>2017 League Luncheon Meetings- SD County Division - Vasquez<br>2017 League Luncheon Meetings- SD County Division - Romero   | 600.00<br>250.00<br>250.00   | 1,100.00   |
| 7297 | 201716  | Lemon Grove Car Wash, Inc.              | 03/08/2017 | Supreme Car Wash - LGPW#31 - 1/25/17   | 35.99  | 35.99      |
| 7298 | INV16595  | Logiccopsy                              | 03/08/2017 | Ricoh C3502 Copier Contract Charge- PW Yard- 3/7/17-4/6/17   | 51.61  | 51.61      |
| 7299 | Jan17<br>Jan17<br>Jan17<br>Jan17<br>Jan17<br>Jan17<br>Jan17 | Lounsbury Ferguson Altona & Peak LLP    | 03/08/2017 | General 01163-00002 - Jan '17<br>Code Enforcement 01163-00003 - Jan '17<br>Cost-Share Agreement 00023 - Jan '17<br>7741 Broadway 01163-00028 - Jan '17<br>1440 San Altos Pl 01163-00033 - Jan '17<br>Lane v LG 01163-00034 - Jan '17<br>7609 Broadway 01163- 00024 - Jan '17   | 9,047.00<br>1,760.19<br>863.20<br>1,792.77<br>3,099.60<br>464.80<br>132.80 | 17,160.36  |
| 7300 | 970308  | Michael Baker International             | 03/08/2017 | Prof Svc: Main St Promenade Phase I thru 1/29/17   | 12,485.25  | 12,485.25  |
| 7301 | 102416-21   | MIC Construction                        | 03/08/2017 | Emergency Storm Drain Repair/Lawford @ Noble   | 18,650.00  | 18,650.00  |
| 7302 | 11700195  | NBS Govt Finance Group                  | 03/08/2017 | Sanitation District Rate Study - thru Feb28, 2017  | 3,510.97   | 3,510.97   |
| 7303 | 59085   | NVS, Inc                                | 03/08/2017 | LGA Realignment - Final Design/Amend No 5 thru 12/31/16  | 12,552.76  | 12,552.76  |
| 7304 | 3101061436  | Pitney Bowes Global Financial Services  | 03/08/2017 | Postage Meter Rental 12/30/16-3/29/17  | 180.75   | 180.75     |
| 7305 | 2016-257CR  | Quality Code Publishing LLC             | 03/08/2017 | Internet Website Updating- LG Municipal Code   | 2,131.75   | 2,131.75   |
| 7306 | 31053168<br>31053222  | RCP Block & Brick, Inc                  | 03/08/2017 | 400 Empty White Flood Control Bags<br>Bulk Concrete Sand - Fire Station  | 323.25<br>190.07   | 513.32     |
| 7307 | 0056301<br>17546B(9)<br>17546B(9)<br>17546B(9)<br>17546B(9) | Rick Engineering Company                | 03/08/2017 | Prof Svc: CLG DVSP Update 1/1/17-1/27/17<br>Prof Svc: City Engineer Svcs/Signal Timing 1/1/17-1/27/17<br>Prof Svc: Sanitation District Services 1/1/17-1/27/17<br>Prof Svc: Metro Wastewater/JPA Proj Mgmt 1/1/17-1/27/17<br>Prof Svc: Connect Main St/Phase I- 1/1/17-1/27/17 | 20,381.34<br>13,287.50<br>1,645.00<br>1,162.50<br>1,645.00                 | 38,121.34  |
| 7308 | 2/22/2017<br>2/22/2017                                      | SDG&E                                   | 03/08/2017 | 3225 Olive- 1/19/17-2/20/17<br>3500 1/2 Main- 1/19/17-2/20/17  | 101.43<br>211.82   | 313.25     |
| 7309 | 79214883  | SiteOne Landscape Supply, LLC           | 03/08/2017 | Herbicides   | 241.62   | 241.62     |
| 7310 | WorleyConst   | Steven Worley Construction              | 03/08/2017 | Refund/Steven Worley Const/BL Renewal Fees Overpayment   | 41.00  | 41.00      |
| 7311 | 9879-4  | The Sherwin-Williams Co                 | 03/08/2017 | Paint - Red Curb/Massachusetts   | 19.30  | 19.30      |
| 7312 | 220170384   | Underground Service Alert               | 03/08/2017 | 46 New Ticket Charges - Feb '17  | 69.00  | 69.00      |
| 7313 | Valvetek  | Valvetek Utility Services Inc           | 03/08/2017 | Refund/Valvetek Util Svcs Inc /BL Renewal Fees Overpayment   | 76.00  | 76.00      |
| 7314 | 93050   | Vinyard Doors, Inc                      | 03/08/2017 | Door Service/3 Doors/Adjusted/Leveled - Fire Station   | 142.00   | 142.00     |
| 7315 | 71380396<br>71382154  | Vulcan Materials Company                | 03/08/2017 | Asphalt<br>Asphalt   | 101.99<br>135.36   | 237.35     |
| 7316 | 2016-04-007   | West Coast General Corporation          | 03/08/2017 | LGA Realignment Proj- 1/1/17-1/31/17   | 58,135.36  | 58,135.36  |
|      |   |   |            |  | 544,862.40   | 544,862.40 |

LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY

Item No. 1. D  
Mtg. Date March 21, 2017  
Dept. Fire Department

Item Title: **Resolution Amending the Heartland Joint Powers Agreement**

Staff Contact: Daryn Drum, Division Chief

**Recommendation:**

Staff recommends that the City Council adopt a resolution (**Attachment B**) amending the Heartland Communications Facility Authority Joint Powers Agreement (**Attachment C**).

**Item Summary:**

This is an amendment to the current Heartland Communications Facility Authority (HCFA) Joint Powers Agreement (JPA) that has been in place since 1986 and was last amended in 2016. This amendment allows the San Miguel Fire Protection District back into the HCFA JPA as a member and sets the terms and conditions thereof.

**Fiscal Impact:**

There is no direct fiscal impact to the City of Lemon Grove

**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

# Attachment A

## LEMON GROVE CITY COUNCIL STAFF REPORT

**Mtg. Date** March 21, 2017

**Item Title:** Resolution Amending the Heartland Joint Powers Agreement

**Staff Contact:** Daryn Drum, Division Chief

**Discussion:**

The City of Lemon Grove is a member of the Heartland Communications Facility Authority Joint (HCFA) Powers Authority (JPA) which provides fire and emergency medical dispatch services to member and contract agencies. The original Agreement has been in effect since June 25, 1986 and last amended in 2016. The amendment to this agreement brings San Miguel Fire Protection District back into the JPA as a member. HCFA, the JPA Commissioners (representatives of the elected bodies of the member agencies), Management Advisory Committee, Board of Chiefs, and Authority staff contributed to the proposed revision to the Joint Powers Agreement. The changes were agreed to by the Management Advisory Committee and Board of Chiefs, and approved by the Heartland Communications Facility Commission at their meeting of March 2, 2017. The re-admission of San Miguel into the JPA will help insure the financial health and stability of HCFA into the future.

**Conclusion:**

Staff recommends that the City Council adopt the resolution (**Attachment B**) approving the amended HCFA JPA agreement which allows the San Miguel Fire Protection District to join HCFA as a member agency.

## Attachment B

### RESOLUTION NO

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA  
AMENDING THE CURRENT HEARTLAND COMMUNICATIONS FIRE AUTHORITY  
AGREEMENT TO ALLOW THE SAN MIGUEL FIRE PROTECTION DISTRICT TO JOIN AS A  
MEMBER AGENCY**

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**WHEREAS**, the City of Lemon Grove is a member of the Heartland Communications Facility Authority; and

**WHEREAS**, The San Miguel Fire Protection District desires to rejoin Heartland Communications Facility Authority as a member agency; and

**WHEREAS**, The Heartland Communications Facility Commission has approved the amendment;

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

1. Approve the amendment to the Heartland Communications Facility, Joint Powers Agreement allowing the San Miguel Fire Protection District to join as a member agency.
2. Direct the Mayor to sign the Amended Agreement.

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/////



**AMENDMENT TO HEARTLAND COMMUNICATIONS FACILITY  
AUTHORITY'S JOINT EXERCISE OF POWERS AGREEMENT ADDING SAN  
MIGUEL FIRE PROTECTION DISTRICT AS A JPA MEMBER AGENCY**

The Amended and Restated Joint Exercise of Powers Agreement for "Heartland Communications Facility Authority" ("Agreement") is hereby amended as follows:

1. Amendment to Add Member Agency. The term "Member Agency" as defined in the preamble to the Agreement is hereby amended to add San Miguel Fire Protection District ("SMFPD") as a Public Agency Member of the Heartland Communications Facility Authority, and the term "Member Agencies" which is used to collectively refer to all Member Agencies of the Authority is hereby amended to include SMFPD.
2. Expense Allocations. As specified in Section 12 of the Agreement, for purposes of the calculation of assessment expense allocations as set forth in Section 5(C)(1) and 5(C)(2) of the Agreement, a minimum of 500 calls shall be attributed to SMFPD for 7 years.
3. Buy-In Fee. Pursuant to Section 12 of the Agreement, SMFPD shall pay a buy-in fee of \$74,684, subject to the following terms. Except in the event that SMFPD withdraws from the Authority, SMFPD shall not be required to pay any portion of the buy-in fee during the first 2 years. Thereafter, SMFPD may elect to pay \$40,000 in installments, provided that a minimum of \$10,000 per year is paid at the beginning of each year, commencing with year 3 (July 2019) and continuing through year 6 (July 2022). In the event that SMFPD does not withdraw from the Authority before the end of the 7 year JPA Agreement commitment, and pays the \$40,000 in full as set forth herein, SMFPD's obligation to pay the remaining \$34,684 of the buy-in fee will be extinguished. In the event that SMFPD withdraws from the Authority before the end of the 7 year JPA Agreement commitment, the entire outstanding balance of the \$74,694 buy-in fee shall be immediately due and payable. SMFPD shall also be required to comply with all other terms and conditions of withdrawal contained in the Agreement.
4. Effective Date. This Amendment shall take effect for all purposes on July 12, 2017.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their proper officers thereunto duly authorized.

The following page(s) are the approved and signed by the current JPA Member's proper officers thereunto duly authorized:



**Amendment to the HCFA JPA Agreement Approving the Addition of  
San Miguel Fire Protection District as a HCFA JPA Member  
Individual Agency Signature Page**

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their proper officers thereunto duly authorized.

CITY OF LEMON GROVE

Attest:

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

**LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY**

Item No. 1.E  
Mtg. Date March 21, 2017  
Dept. Public Works

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

**Staff Contact:** Mike James, Assistant City Manager / 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 24, 2017, the Board approved a 2 percent increase to the RTCIP fee from \$2,357 to \$2,404.14 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 \$47.14 per new dwelling unit will have negligible fiscal impact.

**Environmental Review:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration           |
| <input type="checkbox"/> Categorical Exemption, Section   | <input type="checkbox"/> Mitigated Negative Declaration |

**Public Information:**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> None                     | <input type="checkbox"/> Newsletter article   | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting |   |

**Attachments:**

- A. Staff Report
- B. Resolution

# Attachment A

## LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.E

Mtg. Date March 21, 2017

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

**Staff Contact:** Mike James, Assistant City Manager / 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 nine times by the San Diego Association of Governments Board of Directors, each time by approximately 2 percent, from \$2,000 to \$2,404.14. 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 \$508,065. The annual totals are summarized in the table below:

| <u>Fiscal Year:</u>  | <u>Annual Revenue Total:</u> |
|----------------------|------------------------------|
| FY 2016-17 (to date) | \$44,783                     |
| FY 2015-16           | \$272,580                    |
| FY 2014-15           | \$132,986                    |
| FY 2013-14           | \$24,299                     |
| FY 2012-13           | \$6,495                      |
| FY 2011-12           | \$6,369                      |
| FY 2010-11           | \$8,473                      |
| FY 2009-10           | \$4,080                      |
| FY 2008-09           | \$8,000                      |
| FY 2007-08           | \$0                          |

It is anticipated that the \$47.14 increase in the fee will not have a significant impact on the forecasted amount to be received in FY 2017-18.

## Attachment A

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. 2017-\_\_\_\_\_

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 24, 2017, the SANDAG Board of Directors approved the minimum 2 percent increase to the RTCIP fee, from \$2,357 to \$2,404.14, effective July 1, 2017; 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 2017-18; 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 four hundred four dollars and fourteen cents (\$2,404.14); and
2. Implements the amended RTCIP fee beginning July 1, 2017.

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**LEMON GROVE CITY COUNCIL, LIGHTING DISTRICT BOARD, SANITATION DISTRICT BOARD, AND LEMON GROVE SUCCESSOR AGENCY  
AGENDA ITEM SUMMARY**

**Item No.**   2    
**Mtg. Date**   March 21, 2017    
**Dept.**   City Manager Office & Finance  

**Item Title:** **Fiscal Year 2016-17 Mid-Year Budgets**

**Staff Contact:** Gilbert Rojas, Interim Finance Director

**Recommendation:**

Adopt resolution approving Fiscal Year 2016-17 Mid-Year Budgets.

**Item Summary:**

On June 21, 2016 the City Council adopted the Fiscal Year 2016-17 Consolidated Operating & Capital Budget for the City, Lighting District, Sanitation District, and Successor Agency. The staff report (**Attachment A**) addresses proposed midyear changes to the General Fund,

**Fiscal Impact:**

None.

**Environmental Review:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration           |
| <input type="checkbox"/> Categorical Exemption, Section   | <input type="checkbox"/> Mitigated Negative Declaration |

**Public Information:**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> None                     | <input type="checkbox"/> Newsletter article   | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting |   |

**Attachments:**

- A. Staff Report
- B. Resolution – Mid Year Budgets
- C. Exhibits

# Exhibit 1

## LEMON GROVE CITY COUNCIL, LIGHTING DISTRICT BOARD, SANITATION DISTRICT BOARD, AND LEMON GROVE SUCCESSOR AGENCY STAFF REPORT

Item No.   2  

Mtg. Date   March 21, 2017  

Item Title: **Fiscal Year 2016-17 Mid-Year Budgets**

Staff Contact: Gilbert Rojas, Interim Finance Director

**Discussion:**

On June 21, 2016, the City Council adopted a City-wide Consolidated Operating & Capital Budget for Fiscal Year 2016-17. Since the budget was adopted, the revenues and expenditures for FY 2015-16 have been finalized and audited. In addition, staff has monitored the revenue projections for the first seven months of the Fiscal Year. Staff recommends that the City Council consider midyear modifications to the FY 2016-17 Budget.

**General Fund & General Reserve Fund**

The following table compares the adopted FY 2016-17 General Fund and General Reserve Budgets with the proposed midyear adjustments into the totals. The combined ending balance complies with City Council Resolution No. 3111 reserving a minimum of 25% of General Fund operating expenditures (\$3,315,875).

| Fund   | FY 2016-17          |                     |
|--|---------------------|---------------------|
|  | Adopted             | Proposed            |
| <b><i>General Fund</i></b>                   |                     |                     |
| Balance Forward                              | \$ 3,144,700        | \$ 4,253,899        |
| Revenue                                      | 12,220,020          | 11,975,020          |
| Expenditures                                 | (13,013,500)        | (13,263,500)        |
| Transfers                                    | 793,480             | 863,480             |
| Ending Balance                               | <u>\$ 3,144,700</u> | <u>\$ 3,828,899</u> |
| <b><i>General Reserve Fund</i></b>           |                     |                     |
| Balance Forward                              | \$ 623,800          | \$ 488,203          |
| Revenue                                      | 5,000               | 5,000               |
| Expenditures                                 | 0                   | 0                   |
| Ending Balance                               | <u>\$ 628,800</u>   | <u>\$ 493,203</u>   |
| <b><i>Total Combined Ending Balances</i></b> | <b>\$ 3,773,500</b> | <b>\$ 4,322,102</b> |

Staff recommends that the General Fund revenues be decreased in total by \$245,000. This entails a decrease in the revenue estimates in Sales Tax (\$250,000), and Building Permits (\$70,000) as well as an increase in Property Tax estimate (\$75,000). The City Council previously approved an additional \$150,000 appropriation for the Sage project and staff is also recommending the appropriation of \$100,000 within the General Fund to supplement the

# Exhibit 1

Connect Main Street grant monies previously secured. Lowering "transfers out" to the Gas tax fund from \$100,000 to \$30,000 is also proposed by Staff. All proposed revenue changes are a result of the activity within the first seven months of the Fiscal Year.

## **Gas Tax Fund**

Revenue from the taxing of gasoline sales is still lower than in past years, however direct salary costs charged to the this Fund were reduced in the 16-17 budget by absorbing the staff cost in the General Fund. The Gas Tax revenues have stabilized and the General Fund subsidy can be reduced.

During the year, the City Council has approved other items that affect the Adopted 2016-17 Budget. This items are summarized below:

## **Park Fund**

On October 18, the City Council approved using \$5,000 in Park Funds for the Skate park expansion.

## **Grants Fund**

During the 16-17 Fiscal Year, staff has presented the following grants for acceptance and approval: Irrigation controller replacement, Skate park expansion, Safety Analysis Report, Connect Main Street, SANDAG Bike grant, and Department of Justice Bicycle Patrol.

## **TransNet Fund**

On November 15, The City Council approved a midyear adjustment to our FY 16-17 Street Program.

## **STOP Fund**

On September 6, the City Council approved the purchase of a DUI trailer and additional traffic accident scene training.

## **Lemon Grove Avenue Realignment Fund**

Part of the Lemon Grove realignment funding comes from a State of California grant.

## **Conclusion:**

Staff recommends approval of the midyear adjustments and the appropriate Resolution

# Exhibit 1

## Amendment to 16-17 Budget

|                                     | Council approved | General 01        | Park 05         | Grants 08      | TransNet 14      | STOP 23         | Realignment 40   |
|-------------------------------------|------------------|-------------------|-----------------|----------------|------------------|-----------------|------------------|
| <b>Estimated Revenue</b>            |                  | <u>12,220,020</u> | <u>10,000</u>   | <u>0</u>       | <u>2,346,700</u> | <u>0</u>        | <u>0</u>         |
| Reduce Sales tax estimate           | March 21         | (250,000)         |                 |                |                  |                 |                  |
| Reduce Building permit estimate     | March 21         | (70,000)          |                 |                |                  |                 |                  |
| Increase Property Tax estimate      | March 21         | 75,000            |                 |                |                  |                 |                  |
| State reimbursement-irrigation      | Sept. 6          |                   |                 | 47,520         |                  |                 |                  |
| Skatepark expansion                 | Oct.18           |                   |                 | 85,000         |                  |                 |                  |
| Safety Analysis Report Program      | Oct.18           |                   |                 | 30,690         |                  |                 |                  |
| TransNet Midyear adjustment         | Nov. 15          |                   |                 |                | 200,300          |                 |                  |
| correction to TransNet              |                  |                   |                 |                | 805,687          |                 |                  |
| Connect Main Street                 | Aug. 4, 2015     |                   |                 | 279,500        |                  |                 |                  |
| Federal DOJ                         | Jan 17           |                   |                 | 10,850         |                  |                 |                  |
| SANDAG                              | Jan 17           |                   |                 | 3,000          |                  |                 |                  |
| State Housing Grant                 |                  |                   |                 |                |                  |                 | 1,560,000        |
| <b>Total Estimated Revenue</b>      |                  | <u>11,975,020</u> | <u>10,000</u>   | <u>456,560</u> | <u>3,352,687</u> | <u>0</u>        | <u>1,560,000</u> |
| <b>Appropriations</b>               |                  | <u>13,013,500</u> | <u>75,000</u>   | <u>0</u>       | <u>2,353,600</u> | <u>12,450</u>   | <u>0</u>         |
| Lemon Grove realignment             |                  |                   |                 |                | (402,000)        |                 | 1,560,000        |
| Lemon Grove realignment             |                  |                   |                 |                | 805,000          |                 |                  |
| Broadway DVSP                       |                  |                   |                 |                | (123,000)        |                 |                  |
| Broadway DVSP                       |                  |                   |                 |                | 76,016           |                 |                  |
| Main Street Promenade               |                  |                   |                 |                | (21,000)         |                 |                  |
| LG17 nonexistant                    |                  |                   |                 |                | (50,000)         |                 |                  |
|                                     |                  |                   |                 |                | 50,000           |                 |                  |
| Sage Project                        | July 19          | 150,000           |                 |                |                  |                 |                  |
| Irrigation controller replacement   | Sept. 6          |                   |                 | 47,520         |                  |                 |                  |
| DUI Trailer                         | Sept. 6          |                   |                 |                |                  | 10,500          |                  |
| Training                            | Sept. 6          |                   |                 |                |                  | 4,000           |                  |
| Skatepark expansion                 | Oct. 18          |                   | 5,000           | 85,000         |                  |                 |                  |
| Safety Analysis Report Program      | Oct. 18          |                   |                 | 30,690         |                  |                 |                  |
| Connect Main Street                 | Aug. 4, 2015     | 100,000           |                 | 279,500        |                  |                 |                  |
| SANDAG Bike grant                   | Jan 17           |                   |                 | 3,000          |                  |                 |                  |
| DOJ Bicycle Patrol                  | Jan 17           |                   |                 | 10,850         |                  |                 |                  |
| TransNet midyear Adjustment         | Nov. 15          |                   |                 |                | 10,000           |                 |                  |
|                                     |                  |                   |                 |                | 50,000           |                 |                  |
|                                     |                  |                   |                 |                | 60,000           |                 |                  |
|                                     |                  |                   |                 |                | 688,687          |                 |                  |
|                                     |                  |                   |                 |                | 25,000           |                 |                  |
|                                     |                  |                   |                 |                | (21,000)         |                 |                  |
| <b>Total Appropriations</b>         |                  | <u>13,263,500</u> | <u>80,000</u>   | <u>456,560</u> | <u>3,501,303</u> | <u>26,950</u>   | <u>1,560,000</u> |
| <b>Transfers In/Out</b>             |                  | <u>793,480</u>    |                 |                |                  |                 |                  |
| Reduction of Gas Tax transfer       |                  | 70,000            |                 |                |                  |                 |                  |
|                                     |                  | 863,480           |                 |                |                  |                 |                  |
| <b>FY 16-17 Over/(Under) Budget</b> |                  | <u>(425,000)</u>  | <u>(70,000)</u> | <u>0</u>       | <u>(148,616)</u> | <u>(26,950)</u> | <u>0</u>         |

# Exhibit 1

RESOLUTION NO. 2017-\_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA  
APPROVING THE CITY OF LEMON GROVE MID-YEAR BUDGET FOR FISCAL YEAR 2016-  
2017 AND AUTHORIZING EXPENDITURES THERETO**

---

**WHEREAS**, on June 21, 2016 the City Council adopted Resolution No. 2016-3433 approving the Consolidated Budget for Fiscal Year 2016-17; and

**WHEREAS**, said Budget warrants revision to reflect new information regarding revenue and expenditure projections; and

**WHEREAS**, said Budget warrants revision to reflect actions taken by the City Council since its adoption that affect the budget; and

**WHEREAS**, the City Council has reviewed the proposed revisions.

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

- 1.) Approves the Lemon Grove Fiscal Year 2016-17 Mid-Year Budget (Exhibit 1); and  
Authorizes expenditures thereto;

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**LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY**

Item No.     3      
Mtg. Date   March 21, 2017    
Dept.     Public Works    

**Item Title: Award Construction Contract for the Connect Main Street Segment I Phase I Project (Contract No. 2017-16)**

**Staff Contact:** Mike James, Assistant City Manager / Public Works Director  
Tim Gabrielson, City Engineer

**Recommendation:**

|  |
|--|
| Adopt a resolution ( <b>Attachment B</b> ) awarding a contract for the construction of the Connect Main Street Segment I Phase I Project (Contract No. 2017-16). |
|--|

**Item Summary:**

In June 2015, the City of Lemon Grove received a state funded Housing-Related Parks Program (HRPP) grant to construct Segment I Phase I of the Connect Main Street Project between Broadway and Central Avenue. As part of the HRPP grant, the City invited sealed bids for the Connect Main Street Segment I Phase I Project (Contract No. 2017-16) in February 2017. The bid was publically advertised on February 2, 2017. On February 23, 2017, the City received six sealed bids. Staff determined that of the bids received, New Century Construction was the lowest responsive and responsible bidder at \$291,641.50.

Staff recommends that the City Council adopt a resolution (**Attachment B**) awarding a construction contract (Contract No. 2017-66) for the construction of Connect Main Street Segment I Phase I to New Century Construction, and establishing a project budget not to exceed \$392,854.50, contract with Ninyo & Moore for materials testing and construction inspection (**Attachment C**), and contract with D-Max Engineering, Inc. for storm water inspection services (**Attachment D**) and a contract addendum with Michael Baker International for construction support services (**Attachment E**).

**Fiscal Impact:**

\$279,500 was allocated as part of the HRPP grant. \$5,000 is allocated from the Recycling Fund. \$108,354.50 is allocated from the General Reserve Fund.

**Environmental Review:**

- Not subject to review  Negative Declaration  
 Categorical Exemption, Sections 15301 and 15304  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
- C. Materials Testing & Inspection Proposal
- D. Storm Water Inspection Proposal
- E. Amendment #1 to the Agreement for Professional Engineering and Landscape Architecture Services for Light Pole Foundations, Construction Support Services, and Record Drawings

## LEMON GROVE CITY COUNCIL STAFF REPORT

"

**Mtg. Date** March 21, 2017

**Item Title:** **Connect Main Street Segment I Phase I Project (Contract No. 2017-16)**

**Staff Contact:** Mike James, Assistant City Manager / Public Works Director  
Tim Gabrielson, City Engineer

**Discussion:**

On October 14, 2016 the City contracted with Michael Baker International and KTUA to prepare the first phase of construction improvements for the Connect Main Street Project based upon the City Council approved Connect Main Street General Plan Amendment. Through the initial designs, the project limits and features along Main Street from Broadway to approximately City Hall were defined to be able to construct the project within the grant funding requirements and schedule. Within the HRPP Grant, there was a design and construction budget set aside of \$279,500 to start the first construction phase of the project. All HRPP Grant funds for design and construction must be used by June 30, 2017 or the Grant will expire. No extensions of time for this Grant is allowed.

Final construction documents were prepared and the City advertised the Connect Main Street Phase I Segment I Project in February 2017 as part of the Housing Related Parks Program Grant (HRPP) project. On February 23, 2017, the City received six sealed bids. Each company is listed below with its location and project bid total.

| <b>Bidder's Name</b>                    | <b>Location</b> | <b>Amount</b>       |
|---|-----------------|---------------------|
| New Century Construction, Inc.          | Lakeside, CA    | \$291,641.50        |
| Blue Pacific Engineering & Construction | San Diego, CA   | \$304,077.00        |
| Miramar General Engineering             | San Diego, CA   | \$309,908.50        |
| Crest Equipment, Inc.                   | El Cajon, CA    | \$323,286.50        |
| PAL General Engineering, Inc.           | San Diego, CA   | \$414,803.00        |
| West Coast General Corporation          | Poway, CA       | \$483,842.60        |
| <b>Average Bid Amount</b>               |                 | <b>\$354,593.18</b> |

The project's engineering estimate was \$210,000.00. The lowest responsive and responsible bid was submitted by New Century Construction, Inc. (New Century) in the amount of \$291,641.50. The lowest bid received was 39 percent or \$81,641.50 greater than the engineer's estimate. Considering the large difference between the engineer's estimate and the lowest bid received, staff reviewed the consultant's process used for creating an engineering estimate and the engineering estimated costs for the project were consistent with past projects. During this analysis, staff concluded that in this instance the difference could be due to the size of the project, advertised compressed work schedule to meet the grant requirements, extremely busy

# Attachment A

construction industry, increasing market competition, and overall trends of construction industry of higher construction materials and labor costs.

Staff reviewed New Century’s project work history, references, and construction license. Its project work history and reference checks were positive. New Century has successfully performed similar work for other local governments to include prior work with the City. New Century’s contractor’s license is current and in good standing with the State of California. Therefore, staff concluded that New Century is both a responsive and responsible bidder, and recommends the award of this contract (**Attachment B – Exhibit 1**).

The projected timeline for the Connect Main Street Segment I Phase I Project is:

|                   |                                     |
|-------------------|-------------------------------------|
| January 31, 2017  | Bid Advertisement                   |
| February 23, 2017 | Bid Opening                         |
| March 21, 2017    | City Council Award Contract         |
| March 28, 2017    | Begin Construction                  |
| May 27, 2017      | End Construction                    |
| June 6, 2017      | Council Accepts Project as Complete |
| June 7, 2017      | Submit Closeout Package             |

Based on the project scope of work, staff recommends the following project budget:

| Description                          | Amount              |
|--------------------------------------|---------------------|
| Construction Costs                   | \$291,641.50        |
| Contingency (10%)                    | \$29,165.00         |
| Design Costs                         | \$50,465.00         |
| Materials Testing                    | \$6,583.00          |
| Storm Water Inspection               | \$2,500.00          |
| Construction Support                 | \$12,500.00         |
| <b>Design and Construction Total</b> | <b>\$392,854.50</b> |

Staff also requested and received a proposal from Ninyo & Moore (**Attachment C**), one of the City’s as-needed geotechnical consultants, for services which include materials testing and construction inspection. Staff also requested and received a proposal from D-Max Engineering, Inc. (**Attachment D**), the City’s storm water consultant, for services which include storm water construction inspection services. Staff previously contracted Michael Baker International and KTUA to provide professional engineering and landscape architecture services. Subsequently, staff requested additional design and construction support services (**Attachment E**).

## Conclusion:

Staff recommends that the City Council adopts a resolution (**Attachment B**) awarding the Connect Main Street Segment I Phase I Project (Contract No. 2017-16) to New Century Construction, Inc. (**Attachment B – Exhibit 1**), contracts with Ninyo & Moore for materials testing and inspection (**Attachment C**), contracts with D-Max Engineering, Inc. for storm water inspection (**Attachment D**), contracts amendment #1 with Michael Baker International (**Attachment E**) and establishes a project budget not to exceed \$392,854.50.

# Attachment B

RESOLUTION NO. 2017 - \_\_\_\_\_

**RESOLUTION OF THE LEMON GROVE CITY COUNCIL  
AWARDING A CONTRACT FOR THE CONNECT MAIN STREET SEGMENT I PHASE I  
PROJECT (CONTRACT NO. 2017-16)**

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**WHEREAS**, on October 18, 2016, the City Council approve the Connect Main Street General Plan Amendment per Resolution 2016-0473, and

**WHEREAS**, on September 20, 2016, the City Council approved a contract in the amount of \$50,465 to Michael Baker International to prepare construction documents per Resolution 2016-3465.

**WHEREAS**, bids were solicited in February 2017 and six sealed bids were received for the Connect Main Street Segment I Phase I Project (Contract No. 2017-16); and

**WHEREAS**, bids were opened and read aloud on February 23, 2017 and the lowest responsive and responsible bidder was New Century Construction, Inc.; and

**WHEREAS**, the City Council finds it in the public interest that a contract for said services be awarded.

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

1. Awards a contract (**Attachment B - Exhibit 1**) to New Century Construction, Inc. in the amount of \$291,641.50 and establishes a project budget not to exceed \$392,854.50; and
2. Authorizes the City Manager or designee to execute said contract (**Attachment B - Exhibit 1**).

/////  
/////

# Attachment B – Exhibit 1

CONTRACT (Page 1 of 4)

Connect Main Street Segment I Phase I, Project (Contract No. 2017-16)

THIS CONTRACT, made and entered into on the date of the last signature, by and between the City of Lemon Grove, California, herein after designated as the "City", and New Century Construction, Inc. hereinafter designated as the "Contractor".

WITNESSETH: that the parties hereto do mutually agree as follows:

1. For and in consideration of the payments and agreements hereinafter mentioned to be made and performed by the City, the Contractor agrees with the City to furnish all materials and labor for the Connect Main Street Segment I Phase I, Project (Contract No. 2017-16) and to perform and complete in a good and workmanlike manner all the work pertaining thereto shown on the plans and specifications therefore; to furnish at his own proper cost and expense all tools, equipment, labor and materials necessary therefore; and to do everything required by this agreement and the said plans and specifications.
2. For furnishing all said materials and labor, tools and equipment, and doing all the work contemplated and embraced in this Contract, also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the work until its acceptance by the City and for all risks of every description connected with the work; also, for all expenses incurred by or in consequence of the suspension or discontinuance of work, except such as in said specifications are expressly stipulated to be borne by the City and for well and faithfully completing the work and the whole thereof, in the manner shown and described in the said plans and specifications, the City will pay and the Contractor shall receive in full compensation therefore the sum of two hundred ninety-one thousand six hundred forty-one dollars and fifty cents (\$291,641.50).
3. The City hereby promises and agrees to employ, and does hereby employ said Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to for the price aforesaid and hereby conditions set forth in the specification; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.
4. The Notice Inviting Bids, Instructions To Bidders, Bid Forms, Agreement and Bond Forms, Construction Administration Forms, Completion of the Project Forms, General Requirements and General Conditions, Drawings, Plans and Specifications, Addenda, Allowances, and all amendments thereof, are hereby incorporated in and made part of this Contract

# Attachment B - Exhibit 1

CONTRACT (Page 2 of 4)

Connect Main Street Segment I Phase I, Project (Contract No. 2017-16)

5. The City, the City's representative, City Consultants and authorized volunteers shall not be answerable or accountable in any manner for any loss or damage that may happen to the work or any part thereof, or for any of the materials or other things used or employed in performing the work, or for injury or damage to any person or persons, either workers, employees of Contractor or its subcontractors or the public, or for damage to adjoining or other property, from any cause whatsoever arising out of or in connection with the performance of the work. The Contractor shall be responsible for any damage or injury to any person or property resulting from defects or obstructions or from any cause whatsoever arising out of or in connection with the performance of the work, provided, however, that the Contractor shall not be liable for the sole established negligence, willful misconduct or active negligence of the City, its representatives, employees, agents and authorized volunteers who are directly responsible to the City.
  - a. Contractor shall indemnify the City, City Council, City officials, City employees, City representatives, and authorized volunteers against and will hold and save them and each of them harmless from any and all actions, claims, damages to persons or property, penalties, obligations or liabilities that may be asserted or claimed by any person, firm, entity, corporation, political subdivision or other organization arising out of or in connection with the work, operation or activities of Contractor, its agents, employees, subcontractors or invitees, provided for herein, whether or not there is concurrent passive or active negligence on the part of the City, City Council, City officials, City employees, City representatives, and authorized volunteers, but excluding such actions, claims, damages to persons or property penalties, obligations or liabilities arising from the sole established negligence, willful misconduct or active negligence of the City, City Council, City officials, City employees, City representatives, authorized volunteers, or those who are directly responsible to them; and in connection therewith:
    - I) Contractor will defend any action or actions filed in connection with any of said claims, damages, penalties, obligations or liabilities and will pay all costs and expenses, including attorney's fees incurred in connection therewith.
    - II) Contractor will promptly pay any judgment rendered against Contractor, the City, City Council, City officials, City employees, City representatives, and authorized volunteers covering such claims, damages, penalties, obligations and liabilities arising out of or in connection with such work, operations, or activities of Contractor hereunder and Contractor agrees to save and hold the City, City Council, City officials, City employees, City representatives, and authorized volunteers harmless there from.

# Attachment B – Exhibit 1

CONTRACT (Page 3 of 4)  
Connect Main Street Segment I Phase I, Project (Contract No. 2017-16)

- III) In the event the City, City Council, City officials, City employees, City representatives, and authorized volunteers are made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the Work, or operation or activities of Contractor hereunder, Contractor agrees to pay to the City, City Council, City officials, City employees, City representatives, and authorized volunteers any and all costs and expenses incurred by the City, City Council, City officials, City employees, City representatives, and authorized volunteers in such action or proceeding together with reasonable attorney's fees.
  - IV) The City may retain, to the extent it deems necessary, the money due to the Contractor under and by virtue of the Contract Documents until disposition has been made of such actions or claims for damages as specified herein above.
6. Claims, disputes and other matters in question between the parties to this Contract, arising out of or relating to this Contract or the breach thereof, may be decided by arbitration if both parties to this Contract consent in accordance with the rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration arising out of or relating to this Contract, shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Contract except by written consent containing a specific reference to this Contract and signed by CONTRACTOR, CITY, and any other person sought to be joined. (Any Consent to arbitration involving an additional person or persons shall not constitute consent of any dispute not described therein or with any person not named or described therein.) This agreement to arbitrate and any agreement to arbitrate with an additional person or persons duly consented to by the parties to this Contract shall be specifically enforceable under the prevailing arbitration law.
- Notice of the demand for arbitration is to be filed in writing with the other party to this Contract and with the American Arbitration Association. The demand is to be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event is the demand for arbitration to be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.
7. The Contractor agrees to comply with all Local, State and Federal regulations and with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 1857 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) as amended.
8. If any party brings a suit or action against the other party arising from any breach of any of the covenants or agreements or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, then in that event, the prevailing party in such action or dispute, whether by final judgment or out-of-court settlement, shall be entitled to have and recover of and from the other party all costs and expenses of suit including attorney's fees.

# Attachment B - Exhibit 1

CONTRACT (Page 4 of 4)

Connect Main Street Segment I Phase I, Project (Contract No. 2017-16)

9. Each and every provision of law and clause required to be inserted in this Contract shall be deemed to be inserted herein and this Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted or is not inserted correctly, then upon application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
10. In accordance with Government Code, Section 8546.7, records of both the City and the Contractor shall be subject to examination and audit for a period of three (3) years after final payment.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed in three counterparts, each of which shall be deemed an original the day and year first above written.

CONTRACTOR:

By: \_\_\_\_\_

Title: \_\_\_\_\_

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

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

Federal ID Number: \_\_\_\_\_

CITY:

By: \_\_\_\_\_

Title: City Manager, City of Lemon Grove

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

ATTEST:

By: \_\_\_\_\_

Title: City Clerk, City of Lemon Grove

(Notaries acknowledgement of execution by all PRINCIPALS OF CONTRACTOR shall be attached.)



January 5, 2017  
Proposal No 106355048

Mr Jeremiah Harrington  
City of Lemon Grove  
3232 Main Street  
Lemon Grove, California 91945

Subject: Scope and Fee Estimate for Geotechnical and Materials Testing Services  
Connect Main Street Segment 1 Phase 1 Project  
Lemon Grove, California

Dear Mr Harrington:

In accordance with your request, we have prepared this Scope and Fee Estimate for providing geotechnical and materials testing services on the subject project. A project schedule was not available in preparation of this proposal, but estimated time for field services was provided by the City of Lemon Grove. We understand the project is to include the installation of new sidewalk, curb and gutter, concrete driveways, curb ramps, and asphalt concrete (AC) pavement along Main Street in the City of Lemon Grove.

#### PROPOSED SCOPE OF SERVICES

We propose to provide geotechnical and materials testing services for the project during the improvements. Our services will be needed during subgrade preparations, concrete placements, and asphalt paving. Based on information provided by you, we anticipate providing the following services at the request of your inspector:

- Field density testing by our field technician of subgrade for sidewalk, curb and gutter, concrete driveways, curb ramps, aggregate base compaction, and pavement placement. In-place density tests will be conducted in general accordance with nuclear gauge methods (ASTM International [ASTM] D 6938). The technician will prepare daily field reports describing the work performed and summarizing the results of the tests conducted.
- Sampling and testing of concrete placement by our ACI-credentialed technician. Our technician will measure the concrete for temperature and slump and cast specimens for compressive strength.



# Attachment C

Connect Main Street Segment 1 Phase 1 Project  
Lemon Grove, California

January 5, 2017  
Proposal No 106355048

- Laboratory testing of the materials used for subgrade, aggregate base, asphalt pavement, and concrete. The tests performed are anticipated to include Proctor density/optimum moisture content (ASTM D 1557), sand equivalent, sieve analysis, Hveem density (D1188), and compressive strength (C39). Other tests will be performed, as requested.
- Preparation of a summary report presenting the results of our testing and our opinion of the conformance of the work with the project specifications.

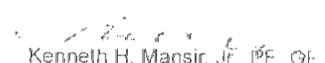
## FEE ESTIMATE

The inspection services described will be provided on a time-and-expense basis accrued in accordance with the schedule of fees presented with our Agreement for As-needed Geotechnical Engineering Services (Contract No 2015-11). We estimate the fee for our services described herein is approximately \$6,583 (Six Thousand Five Hundred Eighty-Three Dollars). A breakdown of this fee is presented in the attached Table 1

These estimated costs are based on our assumptions of the anticipated services and will depend on the construction schedule and the contractor's operations. It should be noted that the performance of the subcontractors can substantially effect the duration of our services. Requested services not within the specified scope of services or in excess of those presented in Table 1 will be provided, based on time and materials, in accordance with our schedule of fees for our current as-needed services contract. We look forward to working with you on this project.

Respectfully submitted,  
**NINYO & MOORE**

  
Brian Matusek  
Senior Staff Geologist

  
Kenneth H. Mansir, Jr. P.E. Q.E.  
Principal Engineer

BTM/KHM/gg

Attachment: Table 1 – Breakdown of Estimated Fee

Distribution: (1) Addressee

# Attachment C

Connect Main Street Segment 1 Phase 1 Project  
Lemon Grove, California

January 5, 2017  
Proposal No 106355048

**TABLE 1 – BREAKDOWN OF ESTIMATED FEE**

| <b>SUBGRADE TESTING</b>     |          |                   |                    |
|-----------------------------|----------|-------------------|--------------------|
| Project Engineer/Geologist  | 2 hours  | @ \$ 156.00 /hour | \$ 312.00          |
| Field/Laboratory Technician | 20 hours | @ \$ 87.00 /hour  | \$ 1,740.00        |
| Vehicle                     | 20 hours | @ \$ 12.00 /hour  | \$ 240.00          |
| Proctor Density - D 1557    | 3 tests  | @ \$ 200.00 /test | \$ 600.00          |
| <b>Subtotal</b>             |          |                   | <b>\$ 2,892.00</b> |

| <b>ASPHALT CONCRETE OBSERVATION AND TESTING</b> |         |                   |                    |
|---|---------|-------------------|--------------------|
| Field/Laboratory Technician                     | 8 hours | @ \$ 87.00 /hour  | \$ 696.00          |
| Vehicle   | 8 hours | @ \$ 12.00 /hour  | \$ 96.00           |
| Hveem Density                                   | 1 test  | @ \$ 215.00 /test | \$ 215.00          |
| <b>Subtotal</b>                                 |         |                   | <b>\$ 1,007.00</b> |

| <b>CONCRETE SAMPLING AND TESTING</b> |          |                  |                  |
|--------------------------------------|----------|------------------|------------------|
| Field/Laboratory Technician          | 4 hours  | @ \$ 87.00 /hour | \$ 348.00        |
| Vehicle                              | 4 hours  | @ \$ 12.00 /hour | \$ 48.00         |
| Concrete Compression, C39            | 12 tests | @ \$ 25.00 /test | \$ 300.00        |
| <b>Subtotal</b>                      |          |                  | <b>\$ 696.00</b> |

| <b>SUMMARY REPORT PREPARATION</b> |         |                   |                    |
|-----------------------------------|---------|-------------------|--------------------|
| Principal Engineer/Geologist      | 4 hours | @ \$ 168.00 /hour | \$ 672.00          |
| Staff Engineer/Geologist          | 8 hours | @ \$ 128.00 /hour | \$ 1,024.00        |
| Geotechnical Assistant            | 4 hours | @ \$ 73.00 /hour  | \$ 292.00          |
| <b>Subtotal</b>                   |         |                   | <b>\$ 1,988.00</b> |

|                            |  |  |                    |
|----------------------------|--|--|--------------------|
| <b>TOTAL ESTIMATED FEE</b> |  |  | <b>\$ 6,583.00</b> |
|----------------------------|--|--|--------------------|

# Attachment D

## D-MAX Engineering, Inc.

Consultants in Water & Environmental Sciences



January 26, 2017

Mr. Malik Tamimi  
City of Lemon Grove  
3232 Main Street  
Lemon Grove, CA 91945

**Subject: Storm Water Construction Inspections at the Connect Main Street Project**

Dear Mr. Tamimi:

Per your request, D-MAX Engineering, Inc. (D-MAX) is pleased to submit this proposal to provide storm water construction inspection services for the City of Lemon Grove (City). All work will be completed in accordance with the City's Jurisdictional Runoff Management Program (JRMP); San Diego Regional Water Quality Control Board (Regional Board) Order No R9-2013-0001, as amended by Order Nos R9-2015-0001 and R9-2015-0100; and the City's grading, storm water, and post-construction BMP ordinances.

### Scope of Services

We will provide the following services for the Connect Main Street Project:

- Conduct regular, routine inspections based on the site prioritization assigned via the process included in the JRMP.
  - During the wet season, high priority sites are inspected twice per month, medium priority sites are inspected monthly, and low priority sites are inspected as needed. This project is expected to be medium priority.
    - Project construction is expected to begin in March 2017 and end in May 2017. Since the wet season ends at the end of April, we expect two routine inspections, one in March and one in April.
  - During site inspections, we will walk the site with the responsible person and discuss the condition of the sites and potential corrective actions during the inspection where possible. We expect that the first inspection may be longer than subsequent inspections. During all inspections after the first inspection, our inspector will document the extent to which deficiencies noted during the preceding inspections have been resolved.
  - We will document inspection results and required corrective actions on a City of Lemon Grove construction inspection form. The form will clearly identify instances of non-compliance and our recommendations for resolving the non-compliance. We will include photos, marked up schematics, or other figures as necessary to illustrate places where correction needs to be made. Inspection documentation will be delivered through email and, if necessary, by fax.

7220 Trade Street ■ Suite 119 ■ San Diego, CA 92121 ■ (858) 586-6600 ■ Fax (858) 586-6644



- For efficiency, routine inspections will be scheduled to occur on days where D-MAX will also be conducting storm water construction inspections at private construction projects in the City.
- Inspection follow-up
  - Additional follow-up may be necessary to verify corrections required during routine inspections have been made. This may be accomplished via email correspondence with photos or during a site visit. Often follow-up is completed prior to rain to verify corrections have been made before a storm and/or after a storm to verify that BMPs performed adequately.
    - We anticipate follow up will be required after each of the two routine inspections for this project.
- Review construction BMP plan submittal.
  - We will review the project's erosion control plan or equivalent construction BMP plan and provide comments to the City. Comments will be provided as a brief bullet list in an email
- Attend pre-construction meeting to describe storm water requirements.
  - We will attend the pre-construction meeting and review the requirements as presented on the erosion control plan, focusing on key actions necessary to maintain compliance. The importance of erosion control BMPs, which have been the subject of multiple recent enforcement actions by the Regional Board, will also be stressed. The goal of the storm water discussion during the pre-construction meeting is to establish clear expectations for the contractor as a proactive step to minimize future risk of noncompliance.
- Enforcement documentation assistance
  - If enforcement action beyond providing written correction notices based on inspections becomes necessary, we will provide the City with a written description of violation(s) noted and necessary supporting documentation to support preparation of other enforcement actions, such as notices of violation, administrative citations, and stop work orders.
  - We understand that City staff will notify the Regional Board in the event that escalated enforcement action is taken.

Deliverables for each inspected project will include the following:

- Attendance at pre-construction meetings
- A completed inspection form and associated photos for each inspection
- Follow up documentation, including, as applicable, emails, photos, and inspection reports

We will also maintain a list of dates inspections have been completed for reference by City staff

# Attachment D

Malik Tamimi  
City of Lemon Grove  
January 26, 2017  
Page 3



## Cost Estimate

We will complete the tasks described above on a time and materials basis in accordance with the fee schedule included with our current construction inspection and plan review contract with the City, not to exceed \$2,500. We expect that the per inspection cost, including reporting and recordkeeping, will typically be about \$250 to \$400 per inspection, with the amount depending on the extent of deficiencies noted at the sites, and the amount of follow-up correspondence necessary following each inspection. This estimation is based on inspection numbers as noted in the scope of work; extra services will be charged separately.

Should you have any questions regarding the above comments, please call me at (858) 586-6600, extension 22.

Sincerely,  
D-MAX Engineering, Inc

A handwritten signature in cursive script, appearing to read 'Arsalan Dadkhah', is written in black ink.

Arsalan Dadkhah, Ph.D., P.E.  
Principal



5050 Avenida Encinas  
Suite 260  
Carlsbad, CA 92008-4386  
760.476.9193  
760.476.9196 Fax  
www.mbakerial.com

February 9, 2017

**Amendment #1**  
**Connect Main Street Segment 1 Phase 1 – City Contract No. 2017-16**

**Task 1 – Light Pole Foundation Design** **\$2,000**  
Consultant will provide a construction detail for the foundation required for the light pole shown on approved plan sheets CD-2.00 and CD-3.00. The design will be a standard concrete foundation and anchorage for the pre-fabricated light poles. The foundation will be designed as a flagpole type, with raised circular pedestal above the sidewalk grade. Scope of work will be limited to design of foundation elements and anchorage of street lights. Analysis of the pole components is not included.

Structural Engineering Design Services to include detail sketch and material specifications (8 1/2" x 11" format), which will be submitted as an addendum to the bid set, and response to relevant City review comments. Detail sketch to be signed and stamped by a CA registered structural engineer

**Task 2 – Bid and Construction Support** **\$7,000 (T&M)**  
Consultant team will provide assistance during bidding and construction phases of the project. This may include, but is not limited to responding to RFIs, attending the pre-construction meeting, reviewing submittals and shop-drawings, site observation as requested, and working with City staff to resolve any design revisions that arise during construction.

This task will be billed on a time & materials basis not to exceed \$7,000. This assumed fee allocates \$3,500 for MBI and \$3,500 for KTU&A. A summary of billed time and expenses will be provided with each invoice. If the budgeted amount for this task is exceeded, an additional contract amendment will be required.

**Task 3 – Record Drawings** **\$3,500**  
Upon completion of construction, MBI will revise the approved mylars to reflect the as-built improvements. Prior to revising the mylars, consultant will submit redlined draft plans for City review and approval. Task assumes that consultant will be provided the Contractor's and City Inspector's plan markups for use in creating the record drawings.

**Estimated Fee for Additional Work: \$ 12,500**

Prepared By:

A handwritten signature in black ink that reads "Tim Thiele".

Tim Thiele, Vice President

Approved By:



**LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY**

Item No. 4  
Mtg. Date March 21, 2017  
Dept. Development Services

**Item Title:** Public Hearing for Review of the 2016 General Plan Annual Progress Report

**Staff Contact:** Eric Craig, Associate Planner  
David De Vries, Development Services Director

**Recommendation:**

- 1) Conduct a public hearing; and
- 2) Adopt a resolution (**Attachment A**) accepting the 2016 General Plan Annual Progress Report and direct staff to submit the Report to the California State Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD);

**Item Summary:**

State law requires cities and counties to annually review, conduct a public hearing, and authorize the submission of a General Plan Annual Progress Report (Report) to the State. Staff presents the 2016 Report (**Attachment B**) for City Council review and consideration. The Report includes the status of the General Plan implementation and the progress towards meeting regional housing needs. In preparing the Report, staff distributed sections of the Report to the appropriate City departments for review and input. Notable changes from the 2015 Report have been highlighted for convenience. Staff recommends that the City Council conduct a public hearing and adopt the resolution (**Attachment A**) accepting the Report and directing staff to submit the Report to the Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD) as more fully described in the resolution.

**Fiscal Impact:**

None.

**Environmental Review:**

- Not subject to review: Not a project per Guidelines Section 21065       Negative Declaration
- Categorical Exemption       Mitigated Negative Declaration

**Public Information:**

- None       Newsletter article       Notice to property owners
- Notice published in local newspaper       Neighborhood meeting

**Attachments:**

- A. Resolution      B. 2016 General Plan Annual Progress Report



# Attachment A

RESOLUTION NO. 2017-\_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE ACCEPTING THE 2016 GENERAL PLAN ANNUAL PROGRESS REPORT AND DIRECTING STAFF TO SUBMIT THE REPORT TO THE STATE OF CALIFORNIA IN ACCORDANCE WITH GOVERNMENT CODE SECTION 65400(a)(2)**

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**WHEREAS**, Government Code 65400(a)(2) mandates that all cities and counties provide an annual report to their legislative bodies, the Office of Planning and Research (OPR), and the Department of Housing and Community Development (HCD) on the status of the General Plan and the progress of its implementation, including the progress on meeting its share of regional housing needs pursuant to Section 65584 and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing pursuant to Government Code Section 65583(c)(3); and

**WHEREAS**, the report is not subject to the California Environmental Quality Act (CEQA) because the report does not meet the definition of a "project" per Section 21065 of the CEQA Guidelines; and

**WHEREAS**, on March 21, 2017, a public hearing was duly noticed and held by the Lemon Grove City Council; and

**WHEREAS**, the City Council has reviewed the 2016 General Plan Annual Progress Report and finds that it accurately reflects the status of the City's General Plan implementation.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Lemon Grove, California hereby accepts the 2016 General Plan Annual Progress Report and directs staff to submit the Report to the Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD).

/////  
/////



# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment

| Item # | Community Development Element                          | Element Policies   | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|--------------------|---|--------------------|---|-------------|-------------|----------|-----------|---|
| 1      | Consistent Zoning Ordinance                            |                    | Update the Zoning Ordinance to be consistent with the goals of the General Plan.  | 4.1-2              | General Fund                                      |             |             | X        | X         | The Lemon Grove Municipal Code (LMC) Ordinance updated on an ongoing basis to address changes in the community and state law. In 2016, the City Council adopted several ordinances including the LMC Ordinance and Ordinance Amending of Housing Element obligations including condominium conversion provisions, density bonus and incentives, consistent with state law, and provisions for additional and improved housing. Other related permits updated (landscaping, signage) and tree cutting regulations provided which will allow for better grade and improve the City's Title 15 Planning and Construction department's efforts in the Housing and other Elements of the General Plan. |
| 2      | Downtown Village, Special Treatment Area (STA) 1       |                    | Prepare a specific plan for the Downtown Village.   | 4.1-5              | General Fund                                      |             |             | X        |           | The City Council adopted the Downtown Village Specific Plan in 2005. In 2015, the City received grant funding for the Downtown Village Specific Plan Expansion (DVSE). The City Council adopted the DVSE and the City is currently in the process of reviewing the DVSE and the DVSE is currently in the process of reviewing the DVSE and the DVSE is currently in the process of reviewing the DVSE.  |
| 3      | Improve Image of General Business Areas                |                    | Require aesthetic improvements as conditions of planned development and discretionary permits                                 |                    | Property Owners, Business Operators               |             |             | X        |           | All discretionary permits are required to comply with City standards. These standards may include landscaping, screening, and other aesthetic improvements.   |
| 4      | Improve Image of Federal Boulevard Industrial District | 1.5, 4.1, 4.4, 5.3 | Strongly encourage property and business owners to improve dilapidated properties in highly visible industrial district areas |                    | Property Owners, Business Operators, General Fund |             |             | X        |           | New and existing businesses relocating along Federal Blvd. are encouraged and in some cases required to improve their business sites. Several projects have obtained permits or are in the process of improving their businesses along Federal Blvd.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Community Development Element | Element Policies | Task   | Mitigation Measure | Funding                                       | Not Started | In Progress | On-going | Completed | Status   |
|--------|-------------------------------|------------------|--|--------------------|---|-------------|-------------|----------|-----------|--|
| 5      | East Broadway                 | 1.6              | Plan for development compatible with the SR-125.   |                    | General Fund                                  |             | X           |          |           | There are several vacant parcels, previously Caltrans right-of-way (excise), along the SR-125 corridor, which are transportation land uses in the General Plan. These parcels will be re-designated during the General Plan Update or be initiated by developers. Staff has prepared scenarios to aid developers in identifying development opportunities on the excess Caltrans property.   |
| 6      | Inviting Gateways             | 5.2              | Establish identifiable gateways and community boulevards evoking a sense of arrival.   |                    | Developers, General Fund                      |             | X           | X        |           | The City continues to search for opportunities to enhance gateways and create adequate funding where feasible. The City is developing a road gateway in conjunction with the development of the STA-1 area. The City has completed the construction of the Main Street Promenade project. The City has received its permit for the Lemon Grove Avenue Realignment project and the public art panel in the Buena Vista underpass has been installed. The City is in negotiations with the Mega-Center Group (MCG) to secure funding for the City to fund an artwork gateway into the City. Additional opportunities may be identified as part of the Downtown Village Corridor Project and the General Plan Update. |
| 7      | Pleasant Freeway Image        | 1.5, 4.4, 5.3    | Improve the view from the freeway and encourage people to visit the City.  |                    | Property Owners, Business Operators, Caltrans |             | X           | X        |           | The City continues to maintain the Lemon Grove Avenue and State Route 94 on and off ramp per its agreement with Caltrans. Redevelopment activities along freeways are ongoing and assist in beautification.  |
| 8      | Design Review                 | 5.1, 5.5         | New development should positively contribute to enhanced community aesthetics. Revise the Development Code to establish minimum design standards for all land use types. | 4.1-3              | Developers, General Fund                      |             |             | X        |           | The City has not adopted specific design standards, but the City continues to review development to ensure it positively contributes to and enhances community aesthetics.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Community Development Element              | Element Policies        | Task   | Mitigation Measure | Funding                                    | Status      |             |          |           |   |
|--------|--|-------------------------|--|--------------------|--|-------------|-------------|----------|-----------|---|
|        |  |                         |  |                    |  | Not Started | In Progress | On-going | Completed |   |
| 9      | Beautified Trolley Corridor                | 5.1, 5.2, 5.4           | Beautify the trolley corridor to increase visual qualities and encourage trolley ridership.  |                    | General Fund, MTS Annual Maintenance funds |             | X           | X        |           | <p>The City maintains the Corridor through MTS funds. The City has completed construction of the Main Street Promenade project. SANDAG, on behalf of MTS, upgraded the trolley platforms at both trolley stations. In 2016, the City completed a Small Growth Plans planning project to enhance the Main Street Promenade corridor along the trolley corridor (Connect Main Street). In 2015, a grant was received for minor improvements to the Skate Park, the Main Street Promenade, and for a segment of Connect Main Street. The skate park improvements started design and construction in 2016 and completed in 2017. The first segment of Connect Main Street (a public plaza) will be constructed in 2017.</p> |
| 10     | Community Boulevards                       | 5.2, 5.3                | Designate Broadway and Lemon Grove Avenue as community boulevards and consider embellishing with distinctive landscaping, directional signage and banners. |                    | General Fund                               |             | X           | X        |           | <p>New landscape median improvements were completed on Lemon Grove Avenue and previously on Broadway. A community banner is located at Broadway and Lemon Grove Avenue (near the intersection of Broadway and Lemon Grove Avenue). As well as multiple medians on Broadway. Construction will begin in 2017.</p>  |
| 11     | Massachusetts Station, STA II              | 1.1, 2.1, 2.2, 2.4, 5.2 | Develop a specific plan for STA II (Massachusetts Station)   | 4.1-6              | Developers, General Fund                   | X           |             |          |           | <p>A specific plan may be developed in coordination with a future project in this area. In 2016, the City completed Small Growth Plans planning project along the Main Street Promenade project along the trolley corridor (Connect Main Street).</p>   |
| 12     | Western Central Avenue Residential, STA IV | 1.1, 2.1                | Develop a master plan for STA IV that addresses density, buffers open space, and improves visual character.  | 4.1-8              | Developers                                 | X           |             |          |           | <p>The specific plan will be developed in coordination with a future project in that area.</p>  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Community Development Element                           | Element Policies                     | Task  | Mitigation Measure | Funding   |             |             |          |           | Status   |
|--------|---|--------------------------------------|---|--------------------|---|-------------|-------------|----------|-----------|--|
|        |   |                                      |   |                    |   | Not Started | In Progress | On-going | Completed |  |
| 13     | Central Lemon Grove Ave. STA VI                         | 1.1.1.4                              | Conduct a traffic study and a geotechnical study and incorporate appropriate measures to protect the stability of the steep embankment  |                    | Property Owners, Developers   | X           |             |          |           | The previous discussions with a developer for this area did not proceed and there is currently no development proposal                                     |
| 14     | SR-125 On-ramp Planning Area, STA VII                   | 1.6                                  | Work with Caltrans, area property owners, and other interested groups to monitor the relationship between SR-125 and the City's system of streets                               |                    | Caltrans  |             |             |          | X         | The SR-125 is completed. Future improvements have been included in the County Plan   |
| 15     | Eastern Central Avenue, STA VIII                        | 1.1.1.2, 2.2.2.3                     | Provide multi-family housing while protecting and enhancing the neighborhood  |                    | Developers, Property Owners   |             |             |          | X         | The City will ensure conformance to the development standards and encourage high density for new development proposals in this area                        |
| 16     | Reversion of Skyline Drive Neighborhood Commercial Area | 1.1.2.1, 2.3.2.4, 5.5                | Strive for residential development within the existing Skyline neighborhood commercial area that is compatible with the architecture and scale of the surrounding neighborhood. | 4.1-11             | Property Owners, Developers   | X           |             |          |           | The City has not received any development proposals in this area   |
| 17     | Civic Center  | 1.2, 3.1, 3.2, 5.1, 5.4, 5.5, 5.6    | Plan for the development of the Civic Center.   | 4.1-13             | General Fund, Bond Revenues, Private Endowments, Fundraising Programs |             |             |          | X         | The City pursues grant funds and opportunities for enhancements as applicable  |
| 18     | City Boundary Adjustments                               | 6.1.6.2                              | Consider adjusting the City boundaries to better reflect the school district boundaries, natural features and the circulation network.  |                    | General Fund  | X           |             |          |           | LAFCO is not proposing or encouraging adjustments to the City boundaries at this time  |
| 19     | Implementation of the Community's Development Goals     | 1.1-1.6, 2.1-2.5, 3.1, 3.2, 4.1, 4.2 | Require all development projects to conform to the Land Use Plan and other relevant goals, objectives, and policies established in the various General Plan Elements            | 4.1-1              | Developers  |             |             |          | X         | All development projects are reviewed for compliance with the General Plan   |
| 20     | Regional Commercial, STA III                            | 1.3, 4.1, 4.2, 5.5                   | Ensure that future development within STA III (Regional Commercial) substantially conforms to the policies outlined in the General Plan.  | 4.1-7              | Developers  |             |             |          | X         | All development projects proposed within the STA III area are required to conform to regulations outlined within the General Plan and the Development Code |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Community Development Element                      | Element Policies        | Task  | Mitigation Measure | Funding                                      | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|-------------------------|---|--------------------|--|-------------|-------------|----------|-----------|---|
| 21     | Federal Boulevard Automobile Sales District, STA V | 1.3, 4.1, 4.2           | Future activity in STA V shall only permit car dealerships and related automotive services and shops and require measures to reduce impacts to nearby residents   |                    | Business Operators                           |             |             | X        |           | Automobile dealerships and automotive service centers are encouraged to locate along Federal Blvd. and in areas zoned for general commercial. Proposed development is reviewed for impacts and those potential impacts are required to be mitigated to a level below significance   |
| 22     | Clean and Safe Neighborhoods                       | 1.1                     | Encourage clean and safe neighborhoods by enforcing the Abandoned Vehicles and the Weed Control and Waste Matter Ordinances   |                    | General Fund                                 |             |             | X        |           | The City's code enforcement continually enforces the Weed Control and Waste Matter Ordinance and enforces the Abandoned Vehicles Ordinance on a complaint basis only.   |
| 23     | Compatible Home Occupations in Neighborhoods       | 1.1                     | Continue to enforce the Home Occupation Ordinance which establishes specific restrictions   |                    | General Fund                                 |             |             | X        |           | All home occupation businesses require a business license and are reviewed to ensure compliance with the Development Code. Any complaints received are inspected by the Code Enforcement Department.  |
| 24     | Compatible Institutional Uses in Neighborhoods     | 1.1                     | Monitor residential treatment facilities and group homes present in the neighborhoods to help minimize nuisances  |                    | General Fund                                 |             |             | X        |           | The Code Enforcement Department responds to all complaints regarding the operation of a treatment facility or group home. The Development Services Department maintains a map depicting large day care facilities.  |
| 25     | Broadway Retail Commercial                         | 1.2, 1.4, 4.1, 4.2      | Continue to monitor the Broadway retail commercial activity outside of the STAs and support redevelopment.  |                    | Developers, Business Operators, General Fund |             |             | X        |           | The City monitors all retail commercial activity within the City.   |
| 26     | Revitalization of General Business Areas           | 1.4, 1.6, 4.1, 4.3, 4.4 | Actively support and promote redevelopment within the general business areas with office buildings for professional services in addition to new facilities for manufacturing and commercial operations. |                    | Developers, General Fund                     |             |             | X        |           | The City supports the redevelopment of the commercial areas within the City. The City's Community Development Agency implemented grant programs to assist retail business owners, but the programs were not funded due to the expiration and lack of funds. The City prepared a grant application for the City of Lemon Grove to assist in the development of new retail and commercial projects within the City. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Community Development Element                    | Element Policies        | Task  | Mitigation Measure | Funding                  | Status      |             |          |           |   |
|--------|--|-------------------------|---|--------------------|--------------------------|-------------|-------------|----------|-----------|---|
|        |  |                         |   |                    |                          | Not Started | In Progress | On-going | Completed |   |
| 27     | Existing Specific Plans                          | 1.3                     | Encourage further development within the Downtown Village Specific Plan and Broadway Commercial Project Specific Plan areas |                    | Developers, General Fund |             |             | X        |           | <p><i>Coronita I (56 housing units) and Coronita II (60 housing units) are completed. The Outlook planned development of 81 market rate housing units is completed.</i></p> <p><i>The Main Street Promenade project is completed. The Connect Main Street planning project is complete. In 2015, the City received grant funding for a Downtown Village Specific Plan expansion and</i></p> <p><i>All projects are reviewed for conformance with applicable specific plans.</i></p>   |
| 28     | Compatible Condominium and Apartment Development | 1.1, 1.2, 2.2, 2.3, 5.5 | Future projects should provide quality housing opportunities and uplift the aesthetics of surrounding areas                 | 4.1-2              | Developers               |             |             | X        |           | <p><i>All new multi-family development projects are reviewed for aesthetic appeal, compatibility with the surrounding areas, and conformance with the General Plan and Development Code.</i></p>  |
| 29     | Public Events                                    | 3.2, 3.3, 3.4           | Continue to sponsor and co-sponsor community events   |                    | General Fund             |             |             | X        |           | <p><i>The City hosts and continues to seek sponsorship of community events such as summer concerts in the park series, rummage sale, movies in the park, and a community bonfire. In 2013, the City hosted the Healthy Eating &amp; Active Living (HEAL) Zone Block Party in coordination with the Library Grand Opening. In 2014, the City increased the concerts in the park series by two concerts and added one educational movie in the park. In 2015, a farmers market commenced in the Main Street Promenade. Community events are scheduled for 2017.</i></p> |
| 30     | Community Outreach                               | 3.4                     | Strive to implement outreach programs   |                    | General Fund             |             |             | X        |           | <p><i>The City utilizes a City newsletter, public notices, email list serves, social media, and the City website as outreach mediums to the community.</i></p>  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment

| Item # | Community Development Element      | Element Policies        | Task  | Mitigation Measure | Funding                  | Not Started | In Progress | On-going | Completed | Status   |
|--------|------------------------------------|-------------------------|---|--------------------|--------------------------|-------------|-------------|----------|-----------|--|
| 31     | Business Growth                    | 4.1, 4.2, 4.3, 4.4, 4.5 | Encourage business growth through proactive strategies  |                    | General Fund, Developers |             |             | X        | X         | The City continues ongoing communications with the business community. The City encourages business growth. The Community Development Agency implemented two grant programs to assist retail business owners, but the programs are suspended due to the dissolution of the Community Development Agency and lack of funds. The City created an economic development webpage that is updated quarterly and includes helpful business resources. The City Council adopted a commercial broker incentive program. City staff regularly meets with providers and businesses to identify grant opportunities. |
| 32     | Light and Glare                    | 5.5                     | Review all new development projects to determine if the projects will have adverse light and glare impacts  | 4.6-1              | Developers               |             |             | X        |           | All projects are reviewed for compliance with light and glare regulations.   |
| 33     | Participation in Regional Planning | 6.1, 6.2                | Represent the community's best interest and play a pro-active role in developing regional planning strategies   |                    | General Fund             |             |             | X        |           | The City regularly participates in regional planning activities. City Council and staff participate on regional boards and committees (e.g., LAFCO, Metro JPA, MTS, SANDAG) and report on pertinent issues as needed.  |
| 34     | Attractive Public Areas            | 1.1, 1.2, 5.4           | Beautify the City through maintaining landscaping   |                    | General Fund             |             |             | X        |           | The Public Works Department maintains public landscape throughout the City via private contractor. Efforts are underway to expand upon the City's urban forestry program. Staff identified urban forestry as an objective of the Health & Wellness Element. Staff enhanced the City's agreement with West Coast Arborist that allocated, identified, and assessed all city-owned and maintained trees in the City and as opportunities and funding present themselves staff will expand the program.   |
| 35     | Housing Element Implementation     | 2.3, 2.4                | Continue attempting to implement the Lemon Grove Housing Element and periodically update the Element to reflect population and development trends as required by State Law. | 4.3-1              | General Fund             |             | X           | X        |           | The City adopted the 2010-2020 Lemon Grove Housing Element. A work program was created to ensure compliance with the Housing Element's Goals, Policies, and Programs within the first five years.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Community Development Element                      | Element Policies   | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|--------------------|---|--------------------|---|-------------|-------------|----------|-----------|---|
|        |  |                    |   |                    |   |             |             |          |           |   |
| 36     | Revitalization of Federal Blvd Industrial District | 1 5, 4 1, 4 4      | Promote revitalization of the Federal Boulevard Industrial District.  |                    | General Fund, Business Operators                            |             |             | X        |           | The City continues to consider development opportunities within the Federal Blvd Industrial District  |
| Item # | Mobility Element                                   | Element Policies   | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status  |
| 37     | Citywide Street Inventory                          | 1 1, 1 3, 1 5, 1 6 | Maintain & update the Citywide Street Inventory as needed.  |                    | General Fund  |             |             | X        |           | The City adopted a pavement management program. The condition of roadways are mapped and pavement repair is scheduled as funding allows. Heartland Communications Facility Authority and the City maintains a comprehensive computerized on-line roadway facility database. |
| 38     | Traffic Impact Assessment                          | 1 6                | Establish guidelines for Traffic Impacts Report.  | 4.2-13             | General Fund  |             |             | X        |           | The City uses both the Institute of Transportation Engineers and the City of San Diego's traffic standards. Traffic Impact Reports are required by the City Engineer if needed for discretionary projects.  |
| 39     | Neighborhood Traffic Control                       | 1 2, 1 3           | Monitor local street traffic in neighborhoods adjacent to Skyline Drive, Central Avenue, and San Miguel Avenue.   |                    | General Fund  |             |             | X        |           | The City conducts traffic improvements and studies as funding allows. Improvements are prioritized in the Five-Year Capital Improvement Program.  |
| 40     | Traffic Signal Coordination and Optimization       | 1 2                | Consider conducting a signal timing optimization and coordination study to improve traffic flows on Broadway and the adjacent cross-street intersections. | 4.2-12             | General Fund, Congestion Management and Air Quality Program |             |             | X        | X         | Rick Engineering developed traffic signal timing plans. The signals are preempted by the Trolley. A traffic corridor study was developed for Massachusetts Avenue and improvements are complete. Updates are conducted as needed as funding allows.                         |
| 41     | Street Access Guidelines                           | 1 2, 1 3, 1 6      | Evaluate the merit and feasibility of instituting street access guidelines consistent with roadway functional classifications.                            |                    | General Fund  | X           |             |          |           | The City uses the Regional Standard Drawings for driveway standards. Street access guidelines will be conducted as funding allows.  |
| 42     | Truck Routes                                       | 1 1, 1 3, 1 5      | Anticipate designating a system of truck routes utilizing major roads including Federal Blvd.   |                    | General Fund  |             |             |          | X         | The City Council adopted designated Truck Routes on November 7, 2000.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment

| Item # | Mobility Element                                      | Element Policies | Task   | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status  |
|--------|---|------------------|--|--------------------|--|-------------|-------------|----------|-----------|---|
| 43     | Massachusetts Avenue/ Lemon Grove Avenue Intersection | 1.3, 1.5         | At the intersection of Massachusetts Ave. and Lemon Grove Ave., prioritize implementing the planned improvements, including roadway striping and median modifications as adopted by the City Council.  | 4.2                | General Fund   |             |             | X        | X         | The roadway striping is completed. The median modifications are completed.  |
| 44     | Lemon Grove Ave, State Route 94 Intersection          | 1.2, 1.3         | Plan to conduct a detailed traffic operational study for the purpose of identifying traffic signal phasing improvements in conjunction with the trolleys.  |                    | General Fund, Prop 1b Funds, Transnet                |             | X           |          | X         | Rick Engineering developed traffic signal timing plans. The City has received its permits for the Lemon Grove Avenue (LGA) Right-of-Way project which will allow traffic to access the SR-94 west of the trolley tracks. UGA Right-of-Way construction began work and is anticipated to be completed in 2017.   |
| 45     | Sidewalk Improvement Program                          | 4.1, 4.2, 4.4    | Consistent with the policies and objectives of the Mobility Element, encourage the provision of sidewalks on one or both sides of the streets where feasible, especially between activity centers such as schools, transit stops, parks, and the downtown commercial area. Provide an inventory of existing pedestrian facilities to assist in identifying deficiencies. | 4.2-6              | General Fund, Transnet, Safe Routes to Schools, CDBG |             |             | X        |           | The City continues to install/replace several pedestrian ramps and sidewalk repairs at various locations in 2016 as a part of its annual street rehabilitation project. The City continues to improve sidewalks as part of the Five-Year Capital Improvement Program and the Public Works Department Annual Maintenance Program. In 2015, the Path Safe Routes to School project commenced and was completed in 2016. Future improvement areas are currently being researched to determine if street lighting can be added with sidewalk improvement. |
| 46     | Trolley Crossings                                     | 1.3              | Coordinate with MTS in evaluating the need to provide additional signage or pavement markings to safely direct traffic flow and delineate stopping points at the following rail crossings: Massachusetts, San Miguel, Central, Broadway & North Ave.   |                    | General Fund   |             |             | X        |           | Fencing is installed at key locations along Lemon Grove Avenue and the trolley tracks. Signage and markings are installed as needed. In 2013, the City installed a new pedestrian crossing at Broadway. In 2014, MTS upgraded trolley crossings at Central Ave. and at North Ave./Lemon Grove Ave.  |
| 47     | Construction of State Route 125                       | 1.2, 1.4         | In coordination with Caltrans, monitor the construction of SR-125.   |                    | State Highway Funds                                  |             |             |          | X         | The SR-125 is completed.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Mobility Element                   | Element Policies | Task   | Mitigation Measure | Funding                  | Not Started | In Progress | On-going | Completed | Status  |
|--------|------------------------------------|------------------|--|--------------------|--------------------------|-------------|-------------|----------|-----------|---|
| 48     | Bikeway Implementation and Funding | 3.1, 3.2         | Strongly consider adoption of the Bicycle Facilities Sub-Element as the Bikeway Plan for the City of Lemon Grove   |                    | General Fund, Developers |             |             | X        | X         | An update of the Bikeway Master Plan was adopted. Staff incorporates bike facility project priorities into the Capital Improvement Program as needed.   |
| 49     | Pedestrian Linkage                 | 4.2, 4.4         | City should encourage the provision of a pedestrian linkage as a condition of new development in STA IV (West Central Residential)   |                    | General Fund             |             |             | X        |           | The City will ensure that future development of this area will include pedestrian linkages as required by the General Plan. The City continues to install sidewalks when funds are available. On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging safe pedestrian connections throughout the City. |
| 50     | Review Parking Standards           | 5.1, 5.2, 5.4    | Conduct a review of current parking standards with a particular focus on mixed-use and transit   |                    | General Fund             |             |             | X        | X         | The adoption of the Downtown Village Specific Plan includes modified off-street parking standards consistent with mixed-use transit oriented development. Parking standards were modified in November 2010 (Ord 394)  |
| 51     | Downtown Village Parking           | 5.3              | Provide additional directional signage to direct drivers to the off-street parking areas located to the rear of buildings in the Downtown Village.   | 4.2                | General Fund             |             |             | X        |           | Directional signage is provided. Staff is reviewing additional wayfinding programs to present to City Council. Staff continues to work with the City of San Diego on pedestrian and bicycle signage in the downtown area.   |
| 52     | Evaluation of Parking Alternatives | 5.1, 5.4, 5.6    | Evaluate alternatives to increasing the supply of parking in areas where parking is proposed for elimination. This effort should be coordinated with the development of street access guidelines | 4.2-7              | General Fund             |             |             | X        | X         | Development activities require compliance with City parking standards. The City currently uses the City of San Diego's street access guidelines. Parking standards were modified in November 2010 (Ord 394)   |
| 53     | Regional Coordination              | All              | Continue to support and participate in regional transportation planning programs through SANDAG  | 4.9-12             | General Fund             |             |             | X        |           | Staff continues to support and participate in regional transportation planning programs through SANDAG  |
| 54     | CMP Compliance Program             | 1.6              | Determine City compliance to the Congestion Management Program requirements using the self-certification process every two years   |                    | General Fund             |             |             |          | X         | City Council supported the regional opt-out of the CMP approved by the SANDAG board in 2009   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Mobility Element                  | Element Policies   | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status   |
|--------|-----------------------------------|--------------------|---|--------------------|---|-------------|-------------|----------|-----------|--|
|        |                                   |                    |   |                    |   |             |             |          |           |  |
| 55     | Roadway Improvements              | 1.3, 1.4, 1.6      | Strive to implement needed roadway improvements in conformance with the policies and direction provided by the City's Mobility Element  | 4.2-1              | Federal and State Funding, Transnet, General Fund |             |             | X        |           | Various street and median improvements are constructed in accordance with the Pavement Management Program and the Capital Improvement Program as needed.   |
| 56     | Neighborhood and Business Impacts | 1.2, 1.5           | Consider the preservation and enhancement of existing neighborhoods, schools, and commercial centers in the planning and design of roadway improvements                                   |                    | General Fund                                      |             |             | X        |           | Staff actively considers the preservation and enhancement of existing neighborhoods in the City when reviewing proposed projects. Many new development projects create impacts that require dedication of public right-of-way and construction of public street improvements to meet General Plan roadway classifications. |
| 57     | High Accident Locations           | 1.3, 1.5           | Continue to develop and utilize the Accident Data Base to identify high accident locations.   |                    | General Fund                                      |             |             | X        |           | The City continues to identify high-accident locations and analyze ways to reduce collisions.  |
| 58     | State Route 94 Access             | 1.4                | Continue to examine methods of improving access to and from SR-94, particularly due to the closure of the Grove Street Ramp   | 4.2-8              | General Fund                                      | X           | X           |          |           | The City obtained the permit for the Lemon Grove Avenue Realignment project and completed the project in summer 2016. Staff continues with priority to complete the project by summer of 2017.   |
| 59     | Right-of-Way Acquisition          | 1.2, 1.6, 4.1, 5.5 | Where additional property is required for the street improvements identified in the Mobility Element, the City should attempt to fairly compensate property owners for acquired property. | 4.1-4              | General Fund                                      |             |             | X        |           | The street dedication ordinance requires public street dedication for certain projects for building permits valued over \$15,000. Discretionary permit projects may require street dedication.   |
| 60     | Construction Monitoring           | 1.2, 1.5           | Plan to monitor the construction of roadway-related improvements, including sidewalk, parking, and bicycle facility improvements  | 4.2-2              | General Fund                                      |             |             | X        |           | The Engineering Division approves roadway related public improvement plans and the construction of required public improvements.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Mobility Element                  | Element Policies | Task  | Mitigation Measure | Funding                                 | Not Started | In Progress | On-going | Completed | Status  |
|--------|-----------------------------------|------------------|---|--------------------|---|-------------|-------------|----------|-----------|---|
| 61     | Comprehensive Transit Service     | 2.1              | Promote the provision of comprehensive transit services to residents by coordinating with MTS for the continued operation of bus routes and trolley service for the City. |                    | General Fund, State and Regional Grants |             |             | X        |           | The Main Street Promenade project creates convenient pedestrian paths between the bus stops and the Main Street Trolley Station. The City continues to investigate opportunities for improvements.  |
| 62     | Transit Supportive Development    | 2.3              | Encourage new development to incorporate design features which promote transit utilization, including mixed-use residential/commercial components                         | 2.3                | General Fund                            |             | X           | X        |           | Gravitas I (65 housing units) and Gravitas II (80 housing units) are completed. The planned development permit for the Q-Link development of 85 market rate housing units is almost complete. Staff encourages the incorporation of design features that promote transit utilization. The Main Street Promenade project incorporates sidewalks, pedestrian pathways, and community open space promoting transit utilization. In 2016, the City completed the "Green" trail project on Main Street from the Main Street Promenade to the end of Main Street (Main Street). |
| 63     | City Bus Stop Enhancement Program | 2.1              | Study alternative design schemas for the City bus shelter program   | 4.2-3              | General Fund                            |             |             | X        |           | A bus shelter replacement project was completed. It replaced several bus shelters and added one new one.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Mobility Element                                 | Element Policies | Task   | Mitigation Measure | Funding                            | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|------------------|--|--------------------|------------------------------------|-------------|-------------|----------|-----------|---|
| 64     | Transportation needs of the Elderly and Disabled | 2.4              | Continue to promote the provision of special needs transportation for the elderly and disabled population in Lemon Grove.  |                    | General Fund, TDA, FTA             |             |             | X        |           | The City provides funding to Senior Programs operated by Senior Community Centers. There are four programs available to seniors and persons with disabilities (three transportation programs and one ration program). The City incorporated the Complete Streets Act principles into the Main Street Promenade project. The Main Street Promenade project creates convenient pedestrian paths between a bus stop and the Main Street Trolley Station. The City is currently in the process of creating a senior drop-off/pick-up station to extend the Main Street Promenade project along the trolley corridor through Main Street. On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging safe pedestrian connectors throughout the City. |
| 65     | Promotion of Alternative Modes                   | 2.1, 2.2, 3.2    | Undertake an aggressive program to encourage Lemon Grove commuters to utilize alternative transportation modes.  |                    | General Fund                       |             | X           | X        |           | Staff monitors several different program types and will advance these programs as appropriate. Extension of the Main Street Promenade (Connect Main Street) will promote alternative modes.   |
| 66     | Bikeway Storage Facilities                       | 3.3              | Promote the provision of additional bicycle lockers at trolley stations and park-and-ride lots to provide additional opportunities for this alternative mode utilization for commute trips | 3.3                | General Fund                       |             |             | X        | X         | Changes in the administration of the bike locker system have resulted in an adequate supply of bicycle lockers at the trolley stations. The City has installed bike racks in all of the City Parks, City Hall, and the Main Street Promenade. The City will investigate opportunities in the Connect Main Street project. In 2014, the City Council adopted a Health & Wellness Element encouraging bicycle racks and lockers.  |
| 67     | Bicycle Safety Awareness Program                 | 3.4              | Aggressively promote the Bicycle Safety Awareness Program as established in the Bikeway Plan   |                    | General Fund, TDA Funds, OTS Funds |             |             | X        |           | The Sheriff's Department promotes bicycle awareness through giveaway events and safety education. The City partnered with Circulate San Diego and the San Diego Bike Coalition on several local biking events, education programs, bicycle tune ups, and programs to educate and inform participants on bike safety.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Public Facilities Element             | Element Policies | Task  | Mitigation Measure | Funding                           | Not Started | In Progress | On-going | Completed | Status  |
|--------|---------------------------------------|------------------|---|--------------------|-----------------------------------|-------------|-------------|----------|-----------|---|
| 68     | Sewer System Upkeep and Planning      | 1 3              | Identify damaged and deteriorated lines using existing television camera study data and attempt to develop a long-range improvement plan                                | 4.5-8              | Sanitation District, General Fund |             |             | X        | X         | The Sanitary Sewer Master Plan was completed in 2007 and staff conducted an update in 2009. A long range capital improvement program for sewer facilities has been completed and updates will be conducted as needed. Sewer repairs and linings have been conducted as budgeted and scheduled. The sewer mains are cleaned once every year and videoed once every four years. |
| 69     | Community Volunteers in Local Schools | 6.1, 6.3         | To expand volunteer assistance at local schools, help the school districts coordinate a volunteer program involving local civic organizations, churches, and businesses |                    | School District                   |             |             | X        |           | A volunteer assistance program was created for assistance. The City coordinates with the San Diego County Sheriff's, local faith based organizations, and the Lemon Grove School District during school events and off campus volunteer clean up programs (e.g., Creek to Bay five City programs).  |
| 70     | Water Infrastructure Maintenance      | 1.1, 1.2         | Work closely with the Helix Water District to help identify faulty lines or capacity deficiencies and facilitate the construction of improvements                       | 4.5-1              | Helix Water District              |             |             | X        |           | Helix has completed a number of water facility repairs and upgrades within the City. The City meets with Helix on a monthly basis.  |
| 71     | Water Service for New Development     | 1.1, 1.2         | For proposed development and redevelopment projects, require developers to coordinate with Helix Water District.  | 4.5-2              | Developers, Helix Water District  |             |             | X        |           | All developers are required to coordinate proposed development with Helix Water District.   |
| 72     | Water Facility Planning               | 1.1, 1.2         | Endeavor to participate in Helix Water District's long-range and master planning programs to accommodate City needs   | 4.5-3              | General Fund                      |             |             | X        |           | The Engineering Division hosts a monthly utility coordination meeting. The City meets with Helix on a monthly basis.  |
| 73     | Sewer Service for New Development     | 1.3              | For proposed development and redevelopment projects, require developers to coordinate with the Lemon Grove Sanitation District.   | 4.5-9              | Developers                        |             |             | X        |           | All new development projects are required to coordinate sewer services which are monitored and regulated by the Lemon Grove Sanitation District.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Public Facilities Element                   | Element Policies | Task  | Mitigation Measure | Funding   | Status      |             |          |           |  |
|--------|---|------------------|---|--------------------|---|-------------|-------------|----------|-----------|--|
|        |   |                  |   |                    |   | Not Started | In Progress | On-going | Completed |  |
| 74     | Wastewater Treatment/Reclamation            | 1.4              | Consider participating in long-range wastewater treatment planning programs to better represent the City's interest and help identify appropriate uses for reclaimed water. | 4.5-10             | State funding, General Fund                           |             |             | X        |           | City personnel meets with the Metro JPA and Metro TAC members on a monthly basis to discuss long-range wastewater treatment planning programs  |
| 75     | Reduced Septic System Use                   | 1.3              | To reduce the potential for public health problems, strive to continue reducing septic system use   |                    | Property Owners                                       |             |             | X        |           | All construction projects are reviewed for opportunities to connect properties to the sewer system   |
| 76     | Coordinated Power Service                   | 2.1              | Coordinate closely with service providers wanting to enter the local power market.  |                    | Power Providers                                       | X           |             |          |           | The City does not anticipate pursuing this goal due to local government constraints  |
| 77     | Power Service for New Development           | 2.1              | Require that developers coordinate with the power providers to identify service requirements and any necessary infrastructure improvements                                  | 4.5-15             | Power Providers                                       |             |             | X        |           | Staff requires that all developers coordinate their projects with the power providers prior to approval.   |
| 78     | Underground Power Lines                     | 2.2              | Study options for designating major streets for underground lines and underground other utility lines along the streets with the appropriate providers                      |                    | SDG&E, Other Utility Providers                        |             | X           | X        |           | Certain projects valued over \$25,000 are required to underground utilities. The City coordinates with SDG&E on the undergrounding of utilities through their utility undergrounding program. In 2010, the City Council approved Underground Utility District No. 7 in the former Redevelopment Area. In 2011, the City Council approved the 2011 General Plan, which includes a goal to encourage undergrounding of utilities in the City of Lemon Grove. |
| 79     | State-of-the-Art Telecommunication Services | 3.1              | Urge telecommunication service providers to install advanced communication facilities in Lemon Grove  |                    | Telecommunication Providers, Developers, General Fund |             |             | X        |           | The City has processed and approved several telecommunication projects   |
| 80     | Wireless Facilities                         | 3.2              | To avoid community impacts, require that providers co-locate new cellular and wireless facilities with existing utility infrastructure                                      |                    | Telecommunication Providers                           |             |             | X        |           | All telecommunication facilities are required to obtain a conditional use permit or minor use permit and are required to blend in with the surrounding area by incorporating appropriate design features. The co-location of telecommunication facilities is encouraged  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Public Facilities Element                       | Element Policies | Task  | Mitigation Measure | Funding                              | Not Started | In Progress | On-going | Completed | Status  |
|--------|---|------------------|---|--------------------|--------------------------------------|-------------|-------------|----------|-----------|---|
|        |   |                  |   |                    |                                      |             |             |          |           |   |
| 81     | Solid Waste Collection                          | 4.1              | Maintain regular solid waste collection services to safeguard public health and local aesthetics in part by contracting with a suitable service provider.                           | 4.5-11             | Solid Waste Collection Franchise Fee |             |             | X        |           | The City contracts with EDCO for the City's solid waste collection and disposal services  |
| 82     | City Beautification                             | 4.1              | Continue to co-sponsor an annual clean-up day with the solid waste service provider, giving residents the opportunity to properly dispose of large bulky items                      |                    | EDCO Disposal Services               |             |             | X        |           | The City hosts the clean-up events with disposal by EDCO offered free to residents and sponsors residential household hazardous waste and electronic waste recycling events. The City also educates residents and businesses regarding recycling  |
| 83     | Fire Protection Service Standard                | 5.1, 5.2         | Continue to use service standards to determine the adequacy of emergency fire protection service  | 4.4-1              | General Fund                         |             |             | X        |           | In 2010, the City entered into the Heartland Fire and Rescue Management Joint Powers Authority (JPA). The JPA uses a combined resources approach to meet service standards and ensure adequate fire protection. In 2015, Heartland Fire & Rescue achieved Insurance Service Organization (ISO) Class 1 rating   |
| 84     | Adequate Fire Department Staffing and Equipment | 5.1, 5.2         | Expand the Fire Department staff and upgrade equipment as needed to maintain the service standard and safeguard public safety. Continue to foster the Heartland Fire and Rescue JPA | 4.4-2              | General Fund, CDBG                   |             |             | X        |           | The Fire Department placed a new triple combination pumper engine into service in 2014 replacing existing aging equipment. The Lemon Grove Fire Department, through the Heartland Fire and Rescue management JPA will continue to analyze facility and personnel expansion needs. The Fire Department continues to evaluate performance to determine if additions are needed to meet the needs of the community |
| 85     | Automatic and Mutual Aid Agreements             | 5.1, 5.2         | Continue automatic and mutual aid agreements with the fire departments in the surrounding communities   | 4.4-3              | General Fund                         |             |             | X        |           | The City continues to participate in Automatic and Mutual aid fire safety agreements. These agreements have been enhanced with the use of automatic vehicle location systems which provide for closest unit response  |
| 86     | Law Enforcement Service Standards               | 4.3              | Continue to use service standards to determine the adequacy of emergency law enforcement service.   | 4.4-4              | General Fund                         |             |             | X        |           | The City continues to use the County Law Enforcement Service Standards to determine adequate service levels for the citizens of Lemon Grove.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

| Item # | Public Facilities Element              | Element Policies | Task  | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|------------------|---|--------------------|--|-------------|-------------|----------|-----------|---|
| 87     | Sufficient Law Enforcement Service     | 5.3              | When the City renews the service contract with the Sheriff's Department, consider whether the contracted staffing levels reflect local service standard demographics and crime trends.  | 4.4-5              | General Fund   |             |             | X        |           | The City examines the level of service and the City's needs prior to renewing the Sheriff's contract.   |
| 88     | Local Sheriff's Office                 | 5.3, 5.4         | Work with the Sheriff's Department in future years to maintain the local station  |                    | General Funds  |             |             | X        |           | The City will continue to include a local station as a part of the Sheriff's Department annual contract renewal process   |
| 89     | Retired Volunteer Senior Patrol (RVSP) | 5.3, 5.4         | Continue to support the Retired Volunteer Senior Patrol (RVSP) program and help recruit new members.  |                    | Sheriff's Department   |             |             | X        |           | The City continues to support the Retired Senior Volunteer Patrol program   |
| 90     | Community Participation                | 5.3, 5.5         | Encourage the Fire and Sheriff's Departments to actively participate in all facets of the community, including involvement in business, senior, and youth activities  |                    | General Fund   |             |             | X        |           | The Sheriff and Fire Department continue to participate in community events and training. Examples are: Citizen Clean-Up Day, Business Crime Prevention, Adult Crossing Guards, Student Safety Patrol, Disaster Preparedness Training, School Fire Safety Education, Smoke Detector Installation Program, Prescription Take-Back Day, CERT Training, Community forums, Fire Open House Event and various community meetings and clean-up events   |
| 91     | School Facilities                      | 6.1              | Work closely with the Lemon Grove School District to determine any existing or projected facility and service inadequacies and help develop appropriate strategies to remediate deficiencies. Require developers to coordinate the payment with the school districts. | 4.4-6              | Lemon Grove School District, Grossmont Union High School District, Development impact Fees |             |             | X        |           | The City and the Lemon Grove School District have been working closely to find more efficient and cost effective ways to provide services. Joint projects include Lemon Grove School field improvements, sidewalk construction near schools, school safety and bike programs and collaboration on grants. All developments over 500 square feet are required to pay school impact fees to the school districts prior to issuance of building permits. The Lemon Grove School District passed a bond measure in 2008 that includes the construction of a joint school/public library on school property (completed 2013). Efforts continue towards additional joint use opportunities. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Public Facilities Element               | Element Policies | Task   | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status   |
|--------|---|------------------|--|--------------------|--|-------------|-------------|----------|-----------|--|
| 92     | Co-Sponsored Youth Programs             | 6.1, 6.2         | With Lemon Grove School District and Grossmont Union High School District, co-sponsor recreational and educational programs for area youth to the extent feasible                          |                    | General Fund, School Districts                                     |             |             | X        |           | City facilities are used for various school sponsored events by the Lemon Grove School District and Grossmont Union High School District. The Lemon Grove Academy continues to use the recreation center for their physical education classes during school hours.   |
| 93     | Attractive and Well Maintained Campuses | 6.1, 6.3         | Help the Lemon Grove School District organize campus clean-up days in conjunction with local parents, students, civic groups, and businesses   |                    | Lemon Grove School District, Civic Organizations, Local Businesses |             |             | X        |           | The City works with community volunteers to provide clean-up projects City wide.   |
| 94     | Safe Schools                            | 6.1, 6.2, 6.4    | Coordinate with the local school districts to evaluate student safety  |                    | School Districts, Sheriff's Department, General Fund               |             |             | X        |           | The Sheriff's Office provides a security force at various school locations in the community. Security workers such as the City of Redondo Beach and the Sheriff's Office provide a security force at various school locations. The City provides security for various school locations. The City continuously coordinates with the school district through a collaboration committee to evaluate student safety and other items of joint interest. |
| 95     | Library Planning                        | 7.1              | Participate in San Diego County Library planning programs to ensure that the Lemon Grove Library is adequately furnished with books, facilities, and state-of-the-art information services | 4.4-7              | General Fund   |             |             | X        |           | Friends of the Library and the City ensure the library is adequately furnished.  |
| 96     | Promote Community Literacy              | 7.1              | Endeavor to co-sponsor outreach events and literacy programs with community entities like the Lemon Grove Library and Friends of Lemon Grove Library.                                      |                    | General Fund   |             |             | X        |           | The City uses its newsletters, the City website, social media, and annual community events to assist in outreach events for these community entities.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Public Facilities Element                            | Element Policies | Task   | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status   |
|--------|--|------------------|--|--------------------|---|-------------|-------------|----------|-----------|--|
|        |  |                  |  |                    |   |             |             |          |           |  |
| 97     | New Central Location (Library)                       | 7.2              | Plan to move the library to a larger facility on the school district property to heighten its accessibility and prominence.  |                    | School District Bond Fund, County Library       |             |             |          | X         | The Lemon Grove School District passed a bond measure in November 2008 that includes a provision for constructing a joint school/public library on school property. The project was completed in 2013. |
| Item # | Safety Element                                       | Element Policies | Task   | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status   |
| 98     | Improve Federal Boulevard Drainage                   | 2.1, 2.2         | Study the infrastructure required to reduce the area subject to the 100-year flood, and investigate funding options to construct the improvements. Coordinate improvements with the City of San Diego.           | 4.15-1             | Bond Revenue, General Fund, Assessment District |             | X           | X        | X         | The City completed this work in 2005. In 2016, staff began working with Civil Engineering to review and eventually design a long term CIP project to address flooding areas on Federal Blvd.           |
| 99     | Participation in the Federal Flood Insurance Program | 2.1, 2.2         | To allow local property owners to obtain federal flood insurance, consider participating in the National Flood Insurance Administration Program administered by the Federal Emergency Management Administration. | 4.15-2             | General Fund                                    |             |             | X        |           | The City participates in the National Flood Insurance Administration Program.  |
| 100    | Hazardous Material Transport Routes                  | 4.1, 4.3         | In coordination with the County Hazardous Materials Management Division and the Lemon Grove Fire Department, strive to establish routes for the transport of hazardous materials.                                | 4.15-13            | General Fund                                    | X           |             |          |           | The City will research the feasibility of establishing these routes.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Safety Element                           | Element Policies | Task   | Mitigation Measure | Funding                               | Progress    |             |          |           | Status  |
|--------|--|------------------|--|--------------------|---------------------------------------|-------------|-------------|----------|-----------|---|
|        |  |                  |  |                    |                                       | Not Started | In Progress | On-going | Completed |   |
| 101    | Safe Trolley Corridor                    | 5.2, 5.3         | Coordinate with MTS to identify methods to reduce crime around the local trolley stations  | 4.15-20            | MTS, General Fund                     |             |             | X        |           | These issues are addressed as needed. The Sheriff's Department informs the City of any problems associated with crime at the local trolley stations. MTS conducted lighting upgrades at the trolley stations. The City implemented ongoing and targeted enforcement at specific sites along the trolley route. In 2015, the City completed a Smart Growth plan planning project to address the North-South Promenade project along the trolley corridor. (Approved East 2016) |
| 102    | Earthquake Preparedness and Education    | 1.1, 1.2         | Attempt to initiate an earthquake preparedness program   | 4.10-1             | General Fund, Corporate Sponsors      |             |             | X        |           | Emergency preparedness information is available to residents at City Hall, the Fire Department, and via Heartland Fire website and social media (Facebook, Twitter, & Nixie). The Heartland Fire and Rescue Emergency Preparedness Coordinator provides training and information on all aspects of disaster preparedness.   |
| 103    | Safe Buildings                           | 1.1, 1.2         | For existing development, strive to enforce current building codes to reduce the potential for structural failure during an earthquake. Require improvements where necessary to bring buildings up to code.  | 4.10-2             | General Fund, Private Property Owners |             |             | X        |           | The City's Building Department enforces current building codes.   |
| 104    | New Development without Geologic Hazards | 1.1, 1.3         | Through the environmental review process required by the California Environmental Quality Act (CEQA), assess potential geologic hazards created by new development projects and require appropriate mitigation measures to reduce the risk to acceptable levels. | 4.10-3             | Developers                            |             |             | X        |           | Environmental assessment is conducted on all development projects as required by CEQA.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Safety Element                            | Element Policies | Task   | Mitigation Measure | Funding                               | Not Started | In Progress | On-going | Completed | Status  |
|--------|---|------------------|--|--------------------|---------------------------------------|-------------|-------------|----------|-----------|---|
| 105    | Slope Stability                           | 1.1, 1.3         | Evaluate the feasibility of monitoring and mapping slope failures and assisting property owners to plan remedial actions   | 4.10-4             | Property Owners, General Fund, Grants |             |             | X        |           | Staff meets with residents as needed to assist them with slope stability issues   |
| 106    | Adequate Drainage for New Development     | 2.1              | Through the environmental review process required by CEQA, require assessment of potential drainage and flood impacts from proposed development projects depending on the site and proposed development characteristics                          | 4.15-4             | Developers                            |             |             | X        |           | Environmental assessment is conducted on all development projects as required by CEQA. The Engineering Division requires that development projects mitigate for added runoff with detention or infiltration on-site.  |
| 107    | Community Risk Reduction                  | 3.1              | Help to educate community residents and businesses about fire prevention and safety, including property maintenance, smoke detectors, excessive accumulation of combustible materials, disaster preparedness, and what to do if there is a fire. | 4.15-5             | General Fund                          |             |             | X        |           | The Lemon Grove Fire Department implements its public education and fire prevention programs on a regular basis through Fire Safety Trailer Visits and participation in Community Emergency Response Teams (CERT) training. The Fire Department has an active code enforcement program aimed at reducing community risk.  |
| 108    | Adequate Water Flows for Fire Suppression | 3.2, 3.3         | Monitor the adequacy of water pressures throughout Lemon Grove for fire fighting purposes.   | 4.15-6             | Helix Water District, General Fund    |             |             | X        |           | Helix Water District monitors the water pressures through the use of hydro-systems in the district's pumping stations and uses a computer program to analyze available fire flow. Heartland Fire & Rescue determines the required fire flow based on the California Fire Code and confirms available fire flow with Helix Water District prior to issuance of Building Permits. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Safety Element  | Element Policies | Task  | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status  |
|--------|---|------------------|---|--------------------|--|-------------|-------------|----------|-----------|---|
| 109    | Reduced Fire Hazard in Older Structures   | 3 1, 3 3         | Encourage conformance to existing codes by providing information about potential fire hazards in older buildings in the City newsletter and brochures in City Hall. Where code violations are identified, require the proper improvements to protect public safety. | 4 15-7             | Property Owners, General Fund                                |             |             | X        |           | The City provides information regarding fire hazards in newsletters and through social media. All business related structures in the City receive annual fire safety inspections to ensure that safety regulations are being met.   |
| 110    | Weed Control and Waste Matter Ordinance   | 3 1, 3 2, 3 3    | Continue implementing the ordinance and update as necessary to address new fire hazards.  | 4.15-9             | General Fund, Property Owners                                |             |             | X        |           | The Weed Control and Waste Matter Ordinance address current community needs and is enforced on a regular basis. Heartland Fire & Rescue responds to citizen concerns and proactively investigates risk areas for fire hazards, issuing abatement notices ensuring fire hazards are mitigated.   |
| 111    | Reduced Public Safety Risk from Hazardous Materials and Weapons of Mass Destruction | 4 1, 4 2, 4 3    | To reduce the number of potential injuries, attempt to control concentrations of hazardous materials in areas where people congregate, such as neighborhoods, schools, and shopping areas and prevent the development and use of weapons of mass destruction.       | 4 15-10            | General Fund, Grant Funds                                    |             |             | X        |           | All projects are reviewed and inspected by the Lemon Grove Fire Department to ensure that the storage of hazardous materials complies with the appropriate regulations. Staff is implementing homeland security measures within the City and has completed updated drafts of the City's Emergency Plan, the Continuity of Operations Plan, and the Evacuation Plan. |
| 112    | Hazardous Materials Use Regulations   | 4 1, 4 2, 4 3    | When issuing business licenses, plan to check that the appropriate permits to handle, transport, use, and dispose of hazardous materials have been obtained from the regulatory agencies.   | 4 15-11            | Business Operators   |             |             | X        |           | All business licenses are reviewed by the Lemon Grove Fire Department.  |
| 113    | Household Hazardous Waste Control   | 4 1, 4 2         | Consider adopting and implementing the Household Hazardous Waste Element prepared in 1991.  | 4 15-12            | County Hazardous Materials Management Division, General Fund |             |             | X        |           | The City adopted a Household Hazardous Waste Program in June of 1992 which was re-adopted in April of 1996.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

| Item # | Safety Element                         | Element Policies | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|------------------|---|--------------------|---|-------------|-------------|----------|-----------|---|
| 114    | Contaminated Site Clean-Up             | 4.3, 4.4         | The City should assist in the clean up of contaminated sites  | 4.15-14            | Property Owners, County Hazardous Materials Management Division                             |             |             | X        |           | The County of San Diego is the responsible agency for the clean-up of sites. The City does report any violations.   |
| 115    | County Hazardous Waste Management Plan | 4.1, 4.2, 4.3    | Attempt to implement the County of San Diego's Hazardous Waste Management Plan locally and participate in future updates  | 4.15-15            | Business Operators, Property Owners, General Fund   |             |             | X        |           | The City implements this plan locally.  |
| 116    | Crime Prevention                       | 5.1, 5.2         | Promote the well-being of residents to maintain a stable community  | 4.15-16            | General Fund, Corporate Sponsors, Civic Organizations, Local Churches, Sheriff's Department |             |             | X        |           | The City utilizes its governing power, services and efforts to maintain and improve the quality of life for all of its citizens. The City of Lemon Grove works with the Sheriff's Crime Prevention Division personnel on a case by case basis. The Crime Prevention Division hosts community meetings, events, and trainings.                     |
| 117    | Community Network                      | 5.1, 5.2, 5.4    | Promote a community-wide network of public and private agencies, organizations, businesses, and individuals   |                    | General Fund, Corporate Sponsors, Civic Organizations, Local Churches, Sheriff's Department |             |             | X        |           | The City's newsletter provides a listing of public and private agencies and organizations to assist the community. The City Council provides funding for various organizations and events. The City directs interested parties to the 2-1-1 Information Line which provides information relating to local community health and disaster services. |
| 118    | Positive Community Relationships       | 5.1, 5.2         | Encourage positive community relationships and improve community security.  | 4.15-16            | General Fund, Corporate Sponsors, Civic Organizations, Local Churches, Sheriff's Department |             |             | X        |           | The City provides events, literature, and programs to encourage positive community relationships and improve community security.  |
| 119    | New Development that Deters Crime      | 5.2, 5.5         | Require that new development deter crime through the incorporation of defensible space concepts and sufficient lighting and visibility as feasible. Request that the Sheriff's Department review development proposals and recommend measures to enhance public safety and prevent crime. | 4.15-17            | Developers, Sheriff's Department  |             |             | X        |           | Development plans are reviewed by the Sheriff's Department for recommendations of measures to prevent crime through the Department's Crime Free Multi-Housing, Business Watch, and Community Advisory Groups.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Safety Element                      | Element Policies | Task  | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status  |
|--------|-------------------------------------|------------------|---|--------------------|--|-------------|-------------|----------|-----------|---|
|        |                                     |                  |   |                    |  |             |             |          |           |   |
| 120    | Positive Youth Activities           | 5 1, 5.2, 5.4    | Deter youth from alcohol and other drug use, gang involvement, and vandalism Encourage and provide recreation, education, and prevention programs through forums like the schools, churches, the Student Safety Patrol, the Juvenile Fire Setters Program, and other civic programs and organizations | 4.15-18            | General Fund, Sheriff's Department, Civic Organizations, Lemon Grove School District, Grossmont Union High School District |             |             | X        |           | The City co-sponsors and provides four camps and limited recreational activities for youth within the City The Sheriff's Crime Prevention Division continues to partner with the City and its partners to educate the youth in safe bicycling habits The City partnered with CirculateSanDiego and the San Diego Bike Coalition on several local biking events, education programs, bicycle tune ups, and programs to educate and inform participants on bike safety. |
| 121    | Graffiti Tracker                    | 5.2, 5 4, 5.5    | Continue to implement the graffiti removal program to reduce the potential for gang activity  | 4.15-19            | General Fund, Property Owners  |             |             |          | X         | The City has adopted a graffiti removal program which receives and responds to requests for graffiti removal. The City and Sheriff's Department implemented a regional graffiti tracker program in April of 2009  |
| 122    | Swift and Efficient Response        | 6 1, 6.2, 6.3    | Regularly update the Emergency Plan Educate residents and businesses about the Emergency Plan Periodically train City staff and other emergency response staff to effectively implement the Emergency Plan  | 4 15-22            | General Fund   |             |             | X        |           | Through the Heartland Fire and Rescue Emergency Preparedness Coordinator (EPC), the City regularly updates its Emergency Operations Plan, Continuity of Operations Plan, and Evacuation Plan The EPC provides City staff with regular emergency response training through NIMS position training and EOC drills   |
| 123    | Updated Storm Drainage General Plan | 2 1              | Endeavor to update the Storm Drainage General Plan to reassess current drainage inadequacies, identify required improvements and funding sources, and prioritize improvement projects and incorporate them into the Five-Year Capital Improvement Program   | 4.15-3             | General Fund, Assessment Districts, Community Development Block Grants   |             |             |          | X         | The Storm Drainage Master Plan was updated in 1998 and is effective through 2010 The plan identifies the City's needs for drainage improvements and prioritizes them The projects are part of the City's Five-Year Capital Improvement Plan (CIP) An update to the Master Plan will be proposed as part of the CIP as funding allows  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

| Item # | Safety Element   | Element Policies   | Task   | Mitigation Measure | Funding                            | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|--------------------|--|--------------------|------------------------------------|-------------|-------------|----------|-----------|---|
| 124    | Target High Crime Areas  | 5.2, 5.3           | Each year, when renewing the law enforcement contract with the County Sheriff's Department, endeavor to identify high crime areas in Lemon Grove, probable causes, and a plan to reduce criminal activity.                       | 4.15-21            | General Fund, Sheriff's Department |             |             | X        |           | Staff meets with the Sheriff's Department on a regular basis to discuss high crime areas and actions necessary to reduce crime in these areas. Extra presence was sent to problem locations to assist in deterring crime. |
| Item # | Noise Element  | Element Policies   | Task   | Mitigation Measure | Funding                            | Not Started | In Progress | On-going | Completed | Status  |
| 125    | Noise and Land Use Compatibility Standards for New Development | 1.1, 2.1, 2.5, 4.1 | Use the noise and land use compatibility standards established in the Noise Element to guide future development.   | 4.7-1              | Developers                         |             |             | X        |           | Discretionary projects are reviewed for compliance with the Noise Element. Noise studies are required for new development projects as applicable to ensure compatibility.   |
| 126    | Future Residential Development                                 | 2.1, 3.0           | Review future residential development for conformance with California Noise Insulation Standards, which requires that interior noise levels for both single-family and multiple-family dwelling units equal 45 decibels or less. | 4.7-2              | Developers                         |             |             | X        |           | All new residential development is required to comply with the California Noise Insulation Standards.   |
| 127    | Minimal Noise Impacts from New Development                     | 1.1, 2.1, 4.1      | Review proposed development projects for noise impacts to determine if the noise conditions are incompatible with the proposed use.  | 4.7-3              | Developers                         |             |             | X        |           | All new development is reviewed for noise compatibility. Noise studies are required as applicable to ensure compatibility.  |
| 128    | Compatible Land Use Plan                                       | 1.1, 1.2, 1.3      | Strive for future development that conforms to the Land Use Plan to maintain peaceful neighborhoods.   |                    | General Fund, Developers           |             |             | X        |           | New development is required to conform with the General Plan.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Noise Element                         | Element Policies | Task   | Mitigation Measure | Funding                              | Not Started | In Progress | On-going | Completed | Status   |
|--------|---------------------------------------|------------------|--|--------------------|--------------------------------------|-------------|-------------|----------|-----------|--|
|        |                                       |                  |  |                    |                                      |             |             |          |           |  |
| 129    | Circulation Plan Implementation       | 1.3              | Implement the Circulation Plan through future roadway improvements subject to funding availability   |                    | General Fund, Developers             |             |             | X        |           | All projects are evaluated for impacts and are required to comply with the adopted Mobility Element of the General Plan. Discretionary and building permit projects often require street dedication and improvements based on impacts and/or building valuation. |
| 130    | Vehicle Noise and Speed Enforcement   | 2.4              | Coordinate with the Sheriff's Department to encourage active enforcement of vehicle noise and speed laws   | 4.7-8              | Sheriff's Department, Vehicle Owners |             |             | X        |           | Staff meets with the Sheriff's Department once a week to discuss issues within the City. Engineering staff coordinates with the Sheriff's Department on traffic/speed related issues   |
| 131    | Noise Abatement and Control Ordinance | 4.2              | Actively enforce the Noise Abatement and Control Ordinance, particularly in residential neighborhoods, to maintain quiet and peaceful conditions   | 4.7-9              | General Fund, Sheriff's Department   |             |             | X        |           | All noise complaints are investigated by the Code Enforcement Department or the Sheriff's Department   |
| 132    | Quiet Residences in Mixed Use Areas   | 1.2, 3.1         | Reduce the potential noise exposure of residents in the Downtown Village and Massachusetts Station STAs by requiring site designs where noise is attenuated by building features and the use of appropriate insulation, treated windows, and ventilation systems |                    | Developers                           |             |             | X        |           | All proposed new or rehabilitated building projects are evaluated for potential noise exposure of residents. Potential impacts are required to be mitigated  |
| 133    | Protection from SR-94 Noise           | 2.1, 2.2         | Implement the Land Use Plan which calls for the continued transition of the residential neighborhood abutting SR-94 between Corona Street and Vista Way to commercial development, which will reduce adverse noise impacts from the freeway                      | 4.7-5              | Developers, Caltrans                 |             |             | X        |           | The City will implement the approved Land Use Plan within the STA III area when a development plan is presented  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

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| Item # | Noise Element                     | Element Policies | Task   | Mitigation Measure | Funding      | Not Started | In Progress | On-going | Completed | Status   |
|--------|-----------------------------------|------------------|--|--------------------|--------------|-------------|-------------|----------|-----------|--|
| 134    | Protection from SR-125 Noise      | 2 1, 2 2, 2 3    | Plan to monitor construction of the SR-125 and help monitor proper implementation of the mitigation measures required in the Environmental Impact Statement / Environmental Impact Report for the freeway project.   | 4 7-6              | Caltrans     |             |             |          | X         | State Route 125 is completed   |
| 135    | Quiet Trolley Operations          | 2 5              | Consider working with MTS to identify objectionable sources of trolley noise and appropriate measures to reduce noise where feasible   | 4 7-7              | MTS          |             |             | X        |           | Addressed as needed  |
| Item # | Conservation & Recreation Element | Element Policies | Task   | Mitigation Measure | Funding      | Not Started | In Progress | On-going | Completed | Status   |
| 136    | City Historic Survey              | 1 1, 1 2, 1 3    | Under supervision of a qualified historian, and with the assistance of the Lemon Grove Historical Society, endeavor to conduct a comprehensive survey throughout the City to identify significant historic and architectural resources, which include buildings, sites, objects, structures, and districts | 4 12-1             | General Fund | X           |             | X        |           | The City currently utilizes the list of historic properties developed by the Lemon Grove Historical Society. A comprehensive historic survey will be done when funds become available. A list of cultural resources in the Downtown Village Specific Plan area has been compiled.      |
| 137    | Historic Sites List               | 1 1, 1 2, 1 3    | Based on the result of the City-wide Historic Survey, plan to develop a Historic Sites List with the assistance of a qualified historian and the Lemon Grove Historical Society  | 4 12-2             | General Fund |             | X           |          |           | The City adopted an official list of historic properties with the General Plan. An updated list of historic properties provided by the Lemon Grove Historical Society will be completed and the General Plan Update. A list of cultural resources in the STA-1 area has been compiled. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Conservation & Recreation Element           | Element Policies | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status  |
|--------|---|------------------|---|--------------------|---|-------------|-------------|----------|-----------|---|
| 138    | Historic Preservation Ordinance             | 1.1, 1.2         | Consider adopting a Historic Preservation Ordinance that could incorporate: 1) prohibiting the demolition of a structure or object on the Historic Sites List until the condition of the structure, rehabilitation cost, and reuse potential have been evaluated; and 2) measures to preserve the structure | 4.12-3             | General Fund  | X           |             |          |           | The City has not adopted a Historic Preservation Ordinance. However, as part of the 2016 General Plan adopted by Council, adopted by 2016 Ordinance Historical Building Guide which allows for certain building code exceptions to historic fabric; being included within the General Plan. |
| 139    | Historic Sites Signage                      | 1.1, 1.2         | To enhance awareness and appreciation of the community's history, evaluate options for identifying properties on the Historic Sites List with standard signage  |                    | Community/Corporate Sponsors  |             |             | X        |           | Historic Site signage is provided as needed   |
| 140    | Oral History                                | 1.2, 1.3         | In conjunction with the Lemon Grove Historical Society, support or sponsor a program to record old timers stories about the early years of the community  |                    | Community/Corporate Sponsors  |             |             | X        |           | The Lemon Grove Historical Society takes historic accounts and information regularly  |
| 141    | Historic School Curriculum                  | 1.2, 1.3         | With the Lemon Grove Historical Society and Lemon Grove School District, support developers of a standard curriculum on Lemon Grove's history for the local schools   |                    | General Fund, Community/Corporate Sponsors, Grants                        |             |             | X        |           | The Lemon Grove Historical Society developed a standard curriculum on Lemon Grove's history for the schools   |
| 142    | Home for the Lemon Grove Historical Society | 1.2, 1.4         | Help the Lemon Grove Historical Society to find a home for collected relics and artifacts and establish a museum.   |                    | General Fund, Lemon Grove Historical Society, Community/Corporate Society |             |             |          | X         | The City has assisted the Lemon Grove Historical Society in establishing the Parsonage Museum and the H Lee House within the Civic Center Park  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

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| Item # | Conservation & Recreation Element          | Element Policies                     | Task  | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|--------------------------------------|---|--------------------|--|-------------|-------------|----------|-----------|---|
| 143    | Increased Bicycle Transportation           | 8.1, 8.2, 8.5                        | Subject to funding availability, implement the Bicycle Facilities Sub-Element of the Mobility Element to help improve regional air quality in addition to improving bicycle safety. | 4.9-3              | ISTEA, the California Bicycle Transportation Act, TransNet, the Transportation Development Act, Traffic Mitigation Fees, Development Street Improvements |             | X           | X        |           | The City is actively implementing the Bikeways Master Plan with the installation of bicycle facilities on most of the arterial streets in Lemon Grove. New bicycle facilities on Massachusetts Ave. were completed in August of 2005. The City Council adopted an update of the Bikeways Master Plan in October 2006. The Main Street Promenade includes bicycle facilities and the Connect Main Street planning project will include additional facilities.  |
| 144    | Parks Master Plan                          | 9.1, 9.2, 9.3, 9.4, 11.1, 11.2, 11.3 | Anticipate preparing and implementing a Parks Master Plan   | 4.14-1             | General Fund for Preparation, Development In-Lieu Fees, Community Development Block Grants, Private Donations for Implementation                         |             | X           |          |           | A Parks Master Plan may be a part of the preparation of the General Plan Update in 2017.  |
| 145    | Recreation Strategy Plan                   | 10.1, 10.2                           | Endeavor to develop a Recreation Strategy Plan to explore alternatives for expanding recreational options in the community.   | 4.14-7             | General Fund   |             |             | X        |           | Staff continues to meet with the School District and City community groups to explore cost neutral means to expand on the recreational options in the community. In 2015, the City constructed the first dog park at Sunny Street Park. The City and School District entered into a joint use agreement for recreational activities at the Lemon Grove Academy School. In 2016, a new promenade park and dog park was constructed at the south end of the City as a part of the Valencia development. |
| 146    | Visually Enhanced Open Space               | 11.2, 11.3                           | Subject to funding availability, maximize the benefit of open spaces such as the trolley right-of-way and parks through enhanced landscaping and maintenance.                       |                    | SAFE TEALU, General Fund   |             |             | X        | X         | Landscaping of the Trolley Corridor is completed. In 2016, the City completed "Smart Growth" grant planning project to extend the Main Street Promenade project along the trolley corridor (Connect Main Street).   |
| 147    | Fossil and Prehistoric Resource Protection | 2.1                                  | For proposed new development or redevelopment projects, the City should require impact assessment and mitigation according to CEQA for paleontological or prehistoric resources.    | 4.12-4, 4.13-1     | Developers   |             |             | X        |           | All non-exempt projects requiring environmental review in compliance with CEQA are evaluated for fossil and prehistoric resource protection.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Conservation & Recreation Element     | Element Policies | Task   | Mitigation Measure | Funding  | Progress    |             |          |           | Status  |
|--------|---------------------------------------|------------------|--|--------------------|--|-------------|-------------|----------|-----------|---|
|        |                                       |                  |  |                    |  | Not Started | In Progress | On-going | Completed |   |
| 148    | Natural Habitat Protection            | 3.1              | For future development within the City limits that could affect the 7 acre of coastal sage scrub or the 7 acre of disturbed wetlands, the City should require an impact assessment and appropriate mitigation according to the requirements of applicable local, State, and Federal policies and regulations related to the impacted biological resources. | 4.11-1             | Developers   |             |             | X        |           | Projects located in the coastal sage scrub / wetland areas within the City must undergo environmental review and are required to prepare a biological resource study for potential impacts to this resource |
| 149    | Integrated Waste Management           | 4.1              | Continue to implement the Lemon Grove Source Reduction and Recycling Element and update as necessary to respond to new conditions and State requirements   | 4.5-12             | General Fund   |             |             | X        |           | This is an on-going program in which the City provides a yearly report to the State   |
| 150    | Long-Term Landfill Capacity           | 4.2              | Evaluate opportunities to participate in interjurisdictional efforts to explore solid waste disposal solutions that minimize environmental and economic impacts  | 4.5-14             | General Fund   |             |             | X        |           | There are currently limited opportunities to participate or coordinate with neighboring jurisdictions   |
| 151    | Ongoing Water Conservation            | 5.1              | Provide the Helix Water District and San Diego County Water Authority literature on Water conservation at City Hall, the Lemon Grove Library, and the Chamber of Commerce office as feasible   | 4.5-5              | Helix Water District, San Diego County Water Authority |             |             | X        |           | The City provides water conservation information at these locations and through the City newsletter and website   |
| 152    | Water Conservation in New Development | 5.1, 5.2         | As a general guideline, require drought tolerant landscaping, efficient irrigation systems, and ultra low-flow plumbing fixtures for all new development and rehabilitation projects, including public projects  | 4.5-6              | Developers, Property Owners, General Fund              |             |             | X        |           | Staff requires drought tolerant landscaping and water efficient irrigation systems for all new development projects   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

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| Item # | Conservation & Recreation Element       | Element Policies | Task   | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status   |
|--------|---|------------------|--|--------------------|--|-------------|-------------|----------|-----------|--|
| 153    | Water Conservation Retrofits            | 4.5-5            | Investigate the adoption of an ordinance requiring water-efficient plumbing retrofits during the resale of residential, commercial, office, and industrial properties  |                    | Property Owners  | x           |             |          |           | No activity on this task occurred.   |
| 154    | Future Reclaimed Water Use              | 5.3              | Monitor reclaimed water programs implemented by the Helix Water District and the City of San Diego Wastewater Department.  | 4.5-7              | Helix Water District                                       | x           |             |          |           | Staff monitors reclaimed water programs implemented by the Helix Water District and the City of San Diego Wastewater Department. The Water and Sewer Division is a member of the San Diego County Point Loma Wastewater Treatment Plant to meet future water demands while reducing dependence on imported water. The City of San Diego has the North City Water Reclamation Plant and the South Bay Water Reclamation Plant for non-potable purposes. The City of San Diego's Pure Water program will use proven water recycling technology to produce potable water. Advanced treatment facilities will be constructed in the northern part of the City of San Diego, as well as in Point Loma and South Bay. Construction of the North City facility is set to begin by 2019. |
| 155    | NPDES Compliance                        | 6.2              | Endeavor to implement all applicable requirements of the National Pollutant Discharge Elimination System (NPDES) Municipal Permit in Lemon Grove   | 4.8-1              | Developers, Business Owners, General Fund, Stormwater Fees |             |             | x        |           | City is currently working to comply with the 2013 NPDES Municipal permit by implementing the permit required programs  |
| 156    | Promote Energy Conservation             | 7.1              | Endeavor to provide literature about SDG&E energy conservation and retrofit programs at City Hall.   | 4.5-16             | San Diego Gas & Electric                                   |             |             | x        |           | SDG&E provides informative brochures with their monthly statements.  |
| 157    | Efficient Energy Use in New Development | 7.2              | Require that new development projects - including public projects - incorporate the State Title 24 energy requirements as appropriate and consider requiring the following components to maximize energy efficiency. | 4.5-17             | Developers   |             |             | x        |           | All new development projects are required to comply with Title 24 energy requirements. Compliance is verified by the Building Official.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Conservation & Recreation Element       | Element Policies   | Task   | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Status  |
|--------|---|--------------------|--|--------------------|---|-------------|-------------|----------|-----------|---|
| 158    | Accessible Urban Form                   | 8.1, 8.2, 8.3, 8.5 | To decrease pollutants from automobile use, strive towards a development or redevelopment pattern that allows people to use transit, walk, or bicycle to activity centers                        | 4.9-1              | Developers, General Fund, State and Federal Housing grants, SAFE TEALU, Companion Agencies: San Diego Association of Governments, MTS |             |             | X        |           | The development of the GTA and STA II areas will create mixed use redevelopment areas near Lemon Grove's trolley stations. The City will comply with SANDAG's pedestrian access guidelines, where applicable. The Main St Promenade and extension (Connect Main Street) will promote multi-modal transit. The Main Street Promenade is complete. In 2016, the City completed a "Smart Growth" development plan to expand the Main Street Promenade project to include a new project (Connect Main Street). On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging safe pedestrian and bicycle connections to transit centers and throughout the City. |
| 159    | Efficient Traffic Flow                  | 8.3                | improve local roads according to the Circulation Plan as needed to maintain efficient traffic flow subject to funding availability.  | 4.9-2              | Developers, General Fund, Caltrans  |             |             | X        | X         | The City is actively improving traffic circulation on local streets through various funding sources. The Massachusetts Avenue Corridor improvements were completed in 2009. The Main Street Promenade and Lemon Grove Avenue realignment project will improve bus, vehicle, and pedestrian circulation in the Downtown Village area.  |
| 160    | Improve Job Opportunities for Residents | 8.1, 8.5           | Through the City's economic development program, encourage the local establishment of new businesses offering high-quality jobs to allow residents to work locally and avoid excessive commutes. | 4.9-4              | General Fund  |             |             | X        |           | The City is continually encouraging the establishment of new local businesses. The City completed an "Assessment of Economic Development Opportunities" in December of 1993 which continues to provide valid direction. At the time of the Assessment as a part of the background for the Downtown Village South of Main Street (DOWS) development, the City Council adopted the Downtown Village South of Main Street (DOWS) as a part of the City's General Plan Update. The City Council adopted a commercial broker incentive program.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

| Item # | Conservation & Recreation Element              | Element Policies        | Task  | Mitigation Measure | Funding            | Not Started | In Progress | On-going | Completed | Status   |
|--------|--|-------------------------|---|--------------------|--------------------|-------------|-------------|----------|-----------|--|
| 161    | Minimize Impacts of New Development            | 8.1, 8.2, 8.3, 8.4, 8.5 | Review development proposals for potential air quality impacts- both construction and operation impacts - pursuant to CEQA and the regional Air Quality Strategy, and evaluate compliance with regional clean air planning objectives | 4.9-6              | Developers         |             |             | X        |           | All discretionary development applications are reviewed for potential air quality impacts. This evaluation is conducted in compliance with CEQA.   |
| 162    | Minimize Asbestos Hazards                      | 8.4                     | To minimize public health hazards, follow due diligence to identify asbestos and require conformance with all applicable regulations for removal and containment of asbestos where necessary.   | 4.9-7              | Developers         |             |             | X        |           | The City coordinates with the San Diego County Department of Environmental Health on the abatement of asbestos as it arises.   |
| 163    | Proper APCD Permits                            | 8.4, 8.5                | Endeavor to ensure that all commercial and industrial operations in the City obtain all appropriate permits from the San Diego Air Pollution District.  | 4.9-8              | Business Operators |             |             | X        |           | The Lemon Grove Fire Department reviews Air Quality permits during their yearly inspection of businesses. Appropriate Air Quality permits are required as a part of the building permit process. |
| 164    | Protect Sensitive Receptors                    | 8.1, 8.2, 8.3, 8.4      | Consider the effects of emissions from nearby transportation corridors when considering development proposals for residential and mixed-use development.  | 4.9-9              | Developers         |             |             | X        |           | All projects are reviewed for potential Air Quality impacts to the existing community as required by the CEQA process.   |
| 165    | Participation in Regional Air Quality Programs | 8.5                     | Participate in regional air quality planning and implement regional plans such as the Regional Air Quality Strategy and the Regional Growth Management Strategy.  | 4.9-10             | General Fund       |             |             | X        |           | Staff attends regional growth management meetings at SANDAG to help develop guidelines that will preserve air quality in the region.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Conservation & Recreation Element           | Element Policies   | Task  | Mitigation Measure | Funding   | Status      |             |          |           |  |
|--------|---|--------------------|---|--------------------|---|-------------|-------------|----------|-----------|--|
|        |   |                    |   |                    |   | Not Started | In Progress | On-going | Completed |  |
| 166    | Joint Use of City and School Facilities     | 9.3                | The City should work to continue the joint use of City and Lemon Grove School District facilities and cooperatively address facility maintenance, vandalism, and other concerns that arise        | 4.14-2             | General Fund, Lemon Grove School District                       |             | X           | X        |           | The City has coordinated with the Lemon Grove School District on the Safe Neighborhoods-after school program, the Lemon Grove Middle School Field improvements, the Monterey Heights Sports Park, and the schedules for all district athletic fields. In 2004, the City entered into a new joint use agreement with the school district (updated in 2012). The Lemon Grove School District passed a bond measure in 2008 that includes the construction of a joint school/public library on school property (completed 2013). As part of the HEAL zone initiative, additional joint use opportunities are being explored. On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging joint use agreements throughout the City. |
| 167    | Facilities for Active Recreational Pursuits | 9.1, 9.2, 9.3, 9.4 | Provide areas in parks for active youth and adult recreational activities in addition to passive recreational areas for picnicking and relaxing to the extent feasible.                           | 4.14-3             | General Fund, Community Development Block Grants, Private Funds |             |             | X        |           | The City continues to seek additional funds to enhance all City parks. The Main Street Promenade is complete. The City completed the "Main Street" grant planning project for the Main Street Promenade project along the trolley corridor (Connect Main Street). The Promenade and extension are expected to increase recreational opportunities. On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging increased recreation throughout the City.  |
| 168    | Optimize Park Use                           | 9.4                | Since no regional park exists within the City limits, monitor options to participate in the planning for nearby regional parks to promote facilities that meet the needs of Lemon Grove residents | 4.14-4             | General Fund  |             |             | X        | X         | The Monterey Heights Sports Park conceptual design is complete. The Connect Main Street planning project is underway. The Promenade and Connect Main Street are expected to include active and passive recreational opportunities. On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging increased recreation throughout the City.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 5

| Item # | Conservation & Recreation Element | Element Policies           | Task  | Mitigation Measure | Funding  | Not Started | In Progress | On-going | Completed | Status   |
|--------|-----------------------------------|----------------------------|---|--------------------|--|-------------|-------------|----------|-----------|--|
| 169    | Offset Impacts of New Development | 9 1, 9 2, 11 1, 11.2, 11 3 | As provided by the Quimby Act, require new development to dedicate land and/or pay fees in lieu of dedication for the acquisition and development of recreational facilities as a general guideline                       | 4 14-5             | Developers                                       |             |             | X        |           | Parkland dedication in-lieu fees are collected for all new residential and commercial development.   |
| 170    | Diverse Recreational Programs     | 10 1 10 2                  | Continue to provide diverse recreational programs reflecting the interests of local children, teens, adults, and seniors  | 4 14-6             | General Fund; Federal, State and Regional Grants |             |             | X        |           | The City is currently evaluating cost neutral recreation programs. The programs may be available for adults and youth. There are existing winter, spring, summer, and fall day camps. On July 15, 2014, the City Council adopted a Health & Wellness Element encouraging increased recreation throughout the City.   |
| 171    | Open Space for Public Well-Being  | 11 1                       | When considering approval of proposed residential projects, evaluate the capacity of nearby open space areas for both children and adults   |                    | General Fund, Developers                         |             |             | X        |           | All proposed residential development is reviewed for available open space and recreational areas. The Main Street Promenade is complete. In 2016, the City completed a "Green" way plan project to extend the Main Street Promenade project along the trolley corridor (Connect Main Street). The Promenade and extension are expected to increase open space opportunities. |
| 172    | Public Education                  | 4 1                        | Through periodic articles in the City's newsletter, increase the public's awareness of recycling, reuse, and source reduction in addition to the environmental and economic benefits of efficient solid waste management. | 4 5-13             | Household Hazardous Waste (AH939) Fee            |             |             | X        |           | Articles regarding recycling and waste management are regularly published in the City's newsletter and website.  |
| 173    | Water Conservation Month          | 5.1                        | Attempt to increase awareness about the need to use water efficiently, and educate the community about different ways to conserve water.  | 4.5-4              | General Fund, Helix Water District               |             |             | X        |           | Helix Water District periodically provides information bulletins within the monthly statements. The Main Street Promenade project includes educational signage regarding water conservation.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Conservation & Recreation Element          | Element Policies | Task   | Mitigation Measure                 | Funding  | Not Started | In Progress | On-going | Completed | Status  |
|--------|--|------------------|--|------------------------------------|--|-------------|-------------|----------|-----------|---|
|        |  |                  |  |                                    |  |             |             |          |           |   |
| 174    | Reduced Runoff Pollutants                  | 6.1, 6.2         | Each year, attempt to conduct a campaign to educate the community about the importance of minimizing pollutants in runoff (non-point source pollutants)  | 4.8-2                              | General Fund   |             |             | X        |           | The City utilizes their newsletter, website, and community events to educate the residents on preventing storm water pollution and household hazardous waste disposal.  |
| 175    | Park-and-Ride                              | 8.1, 8.5         | Encourage increased use of the park-and-ride lot at the SR-94 freeway and Lemon Grove Avenue by periodically advertising the lot in the City newsletter. | 4.9-5                              | General Fund   |             |             | X        |           | The City encourages increased use of the park-and-ride lot at the SR-94 freeway and Lemon Grove Avenue by periodically advertising the lot in the City newsletter.  |
| Item # | Housing Element                            | Element Policies | Task   | Mitigation Measure                 | Funding  | Not Started | In Progress | On-going | Completed | Accomplishments   |
| 176    | Maintenance and Enhancement of Housing (1) | 1.1-1.3          | Maintain and enhance the quality of residential neighborhoods in Lemon Grove   | Program 1, 4-5, 8-11, 13-14, 17-18 | CDBG, County HUD, HUD Section 8 and Housing Vouchers, General Fund |             | X           | X        |           | Housing Rehabilitation Programs: Programs in the Housing Element including "Promote Community Based Neighborhood Improvement Districts", "Prepare and Adopt a Street Design Manual", and "Promote County of San Diego Home Repair Loan/Grant Programs" will enhance the quality of neighborhoods once implemented. The Home Repair Loan Program provides low-interest loans for the repair of low-income owner-occupied homes. Grants are available to low income mobile home owners to repair their mobile homes. The City allows the conversion of apartments to condominiums and facade and landscaping improvements are required. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

| Item # | Housing Element                           | Element Policies | Task   | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Accomplishments   |
|--------|---|------------------|--|--------------------|---|-------------|-------------|----------|-----------|---|
| 177    | Promote a Balanced Mix of Housing (2 & 7) | 2 1-2 6, 7 1-7 2 | Encourage a balanced mix of housing Assist in the development of adequate housing to meet the need of extremely low, very low, low, and moderate income households                                     | Program 2-21       | General Fund, CDBG HOME funds, LIHTC, Tax-Exempt Multi-Family Revenue Bonds, Tax Credit for Low Income Rental Housing, HOPWA, Non-profit Developers |             | X           | X        |           | The City continues to encourage second units (accessory rental dwelling units) which continue to be a valuable source of low income housing. The City promotes smart growth housing opportunities adjacent to its' trolley stations Citron Court and Citronica 1 and 11 provide 172 affordable housing units. Programs to be developed pursuant to the Housing Element include "Utilize Density Bonus Provisions", "Preserve Affordable Dwelling Units "At-Risk" of Converting to Market Rates", "Cooperate/Coordinate with Housing Developers, Agencies and Tenant Groups", "Pursue Affordable Housing Sources" and "Coordinate Section 8 Housing Choice Vouchers and Public Housing".   |
| 178    | Provision of Housing (3 & 6)              | 3 1-3.8, 6.1     | Encourage the adequate provision of housing in a variety of costs, types, styles, locations, and tenures to meet the existing and future needs of Lemon Grove residents Provide adequate housing sites | Program 1-21       | General Fund, CDBG, HOME funds, LIHTC, Tax-Exempt Multi-Family Revenue Bonds, Tax Credit for Low Income Rental Housing, HOPWA, Developers           |             |             | X        |           | During 2016, the City continued to work towards its goal of providing a variety of housing opportunities to meet the needs of its residents. The City has approved the development of 251 new housing units and units within every income category. The City has approved planned development applications for the development of an additional 43 low density residential units to include single family homes, attached homes, townhomes, and multi-family units. The City has also approved the development of 251 new housing units and units within every income category. The City has approved planned development applications for the development of an additional 43 low density residential units to include single family homes, attached homes, townhomes, and multi-family units. The City has also approved the development of 251 new housing units and units within every income category. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Housing Element                      | Element Policies | Task   | Mitigation Measure       | Funding                 | Not Started | In Progress | On-going | Completed | Accomplishments  |
|--------|--------------------------------------|------------------|--|--------------------------|-------------------------|-------------|-------------|----------|-----------|--|
| 179    | Home Ownership (4)                   | 4.1, 4.2         | Provide increased opportunities for home ownership                               | Program 3-4, 12, 14, 21  | MCC, DCCA, Cal HFA, NHF |             |             | X        |           | The City encourages home ownership through the use of the Mortgage Credit Certificate (MCC), the County Down Payment and Closing Cost Assistance Program (DCCA), the California Housing Finance Agency Homebuyer's Down Payment Assistance Program (CHDAP), the National Homebuyer's Fund (NHF), and community land trusts. A condominium conversion ordinance was adopted on January 19, 2016.  |
| 180    | Equal Opportunity (5)                | 5.1-5.3          | Promote equal opportunity for all residents to reside in housing of their choice | Program 1, 5, 12, 16, 20 | CDBG, General Fund      |             |             | X        |           | The City supports fair housing laws and statutes. To promote equal opportunity, the City participates in the Fair Housing Council of San Diego's Fair Housing Program.   |
| 181    | Address Governmental Constraints (8) | 8.1-8.3          | Address impediments to the provision of housing                                  | Program 6-7, 12, 14-15   | General Fund            |             | X           | X        |           | A density bonus ordinance was adopted in 2016 and allows deviations of development standards. The Planned Development Permit process allows for deviations of development standards. The City is amongst the lowest in the County for development impact and processing fees for new housing units. Processing times for new developments in the City are generally faster than most jurisdictions in the County. City Council Ordinance 386 (adopted 2009) simplified the discretionary permit process. City Council Ordinance 394 (adopted 2010) reduced development standards to promote development consistent with the General Plan goals. City Council Ordinance 438 was adopted in 2016 implementing several Housing Element obligations. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

| Item # | Health & Wellness Element                | Element Policies                  | Task  | Mitigation Measure | Funding   | Not Started | In Progress | On-going | Completed | Accomplishments   |
|--------|--|-----------------------------------|---|--------------------|---|-------------|-------------|----------|-----------|---|
|        |  |                                   |   |                    |   |             |             |          |           |   |
| 182    | Safe Comfortable Public Spaces (1.1)     | 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5 | Provide safe and comfortable streets and public spaces that foster physical and social connections  | Program 1-4        | General Fund, Grant Funds                         |             |             | X        |           | City Council Ordinance 422 was adopted on April 15, 2014 allowing community gardens in the City. The City has completed the construction of the Main Street Promenade project. The Council Ordinance 422 also incorporated in 2015, a farmer's market commenced in the Main Street Promenade. The City hosts and continues to seek sponsorship of community events such as summer concerts in the park series, movies in the park and a community center. |
| 183    | Bicycle and Pedestrian Connections (1.2) | 1.2.1, 1.2.2, 1.2.3               | Provide bicycle and pedestrian routes throughout the City connecting people with transit, parks, schools, employment, shopping, and residences. | Program 1-4        | General Fund, Grant Funds                         |             |             | X        |           | The City has completed the construction of the Main Street Promenade project. The CIP includes improvements to the bicycle and pedestrian network.  |
| 184    | Lead by Example (2.1)                    | 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5 | The City shall strive to lead by example  | Program 4          | Federal and State Funding, Transnet, General Fund |             |             | X        |           | The City maintains City owned street infrastructure, landscape, and facilities and ensures graffiti is removed within a timely manner. Improvements to City owned assets are constructed according to the CIP. The City actively promotes positive messaging with the City's website, publications, and social media  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

| Item # | Health & Wellness Element         | Element Policies           | Task  | Mitigation Measure | Funding                   | Not Started | In Progress | On-going | Completed | Accomplishments   |
|--------|-----------------------------------|----------------------------|---|--------------------|---------------------------|-------------|-------------|----------|-----------|---|
| 185    | Diverse Flourishing Economy (2.2) | 2.2.1, 2.2.2               | Provide a diverse flourishing economy that promotes public health | Program 1-4        | General Fund              |             |             | X        |           | Design for the "Coronet Main Street Planning" project is nearly complete. The Lemon Grove Avenue freeway reconstruction project will be completed in 2017. The General Plan Update public outreach program has commenced and the Update facilitates incorporation of a "Complete Streets" initiative. Grant funding for the Downtown Village Specific Plan Amendment was awarded. A consultant was selected. Plan Engineering and public workshops have been conducted to refine plan alternatives. A bicycle structure on Main Street was constructed and is open for business. The Express Way remodel the Grant & Main shopping center is complete. The Downtown Village development project (Market) has been approved, construction and the City will be supporting the project under construction. A healthy menu options for the affordable housing project is being |
| 186    | Healthy Affordable Foods (3.1)    | 3.1.1, 3.1.2, 3.1.3, 3.1.4 | Connect neighborhoods to healthy affordable food.                 | Program 1-4        | General Fund, Grant Funds |             |             | X        |           | City Council Ordinance 422 was adopted on April 15, 2014 allowing community gardens in the City. The City has completed the construction of the Main Street Promenade project. The City has completed planning for the project. In 2015, a farmer's market commenced in the Main Street Promenade. City Council Ordinance 422 was adopted on April 15, 2014 allowing community gardens in the City.   |
| 187    | Healthy Eating Choices (3.2)      | 3.2.1, 3.2.2, 3.2.3, 3.2.4 | Encourage healthy eating choices amongst residents.               | Program 1-4        | General Fund              |             |             | X        |           | City Council Ordinance 422 was adopted on April 15, 2014 allowing community gardens in the City. In 2015, a farmer's market commenced in the Main Street Promenade. Eight participating restaurants have healthy menu options. In 2016, City Council Ordinance 422 was adopted on April 15, 2014 allowing community gardens in the City.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

| Item # | Health & Wellness Element          | Element Policies                         | Task   | Mitigation Measure | Funding                   | Not Started | In Progress | On-going | Completed | Accomplishments  |
|--------|------------------------------------|--|--|--------------------|---------------------------|-------------|-------------|----------|-----------|--|
| 188    | Local Residential Facilities (4.1) | 4.1.1, 4.1.2                             | Promote enjoyment for residents at local recreational facilities | Program 1-4        | General Fund, Grant Funds |             |             | X        |           | In 2013, the City built its first dog park at Berry Street Park. The City has completed the construction of the Main Street Promenade project. The Corridor Main Street parking project remains. The City hosts and continues to seek sponsorship of community events such as summer concerts in the park, senior rummage sale, movies in the park, and a community bonfire. In 2015, a farmer's market commenced in the Main Street Promenade. In 2016, as a part of the Sage project, SDSU students provided tours for our adult and family programming in the Promenade and community events to follow.   |
| 189    | Active Living (4.2)                | 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6 | Promote buildings and open spaces that encourage active living   | Program 3-4        | General Fund, Grant Funds |             |             | X        |           | The City has completed the construction of the Main Street Promenade project. The Corridor Main Street parking project remains. The City hosts and continues to seek sponsorship of community events such as summer concerts in the park, senior rummage sale, movies in the park, and a community bonfire. In 2015, a farmer's market commenced in the Main Street Promenade. The Corridor Main Street parking project remains. The City hosts and continues to seek sponsorship of community events such as summer concerts in the park, senior rummage sale, movies in the park, and a community bonfire. In 2015, a farmer's market commenced in the Main Street Promenade. The Corridor Main Street parking project remains. The City hosts and continues to seek sponsorship of community events such as summer concerts in the park, senior rummage sale, movies in the park, and a community bonfire. In 2015, a farmer's market commenced in the Main Street Promenade. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

### *Housing Element Implementation* (CCR Title 25 §6202 )

Jurisdiction City of Lemon Grove  
Reporting Period 1-Jan-16 - 31-Dec-16

**Table A**

#### Annual Building Activity Report Summary - New Construction Very Low-, Low-, and Mixed-Income Multifamily Projects

| Housing Development Information                               |               |                               |                                    |            |                 |                       | Housing with Financial Assistance and/or Deed Restrictions |                      | Housing without Financial Assistance or Deed Restrictions        |   |   |
|---|---------------|-------------------------------|------------------------------------|------------|-----------------|-----------------------|--|----------------------|--|---|---|
| 1   | 2             | 3                             | 4                                  |            |                 |                       | 5  | 5a                   | 6  | 7   | 8   |
| Project Identifier<br>(may be APN No project name or address) | Unit Category | Tenure<br>R=Renter<br>O=Owner | Affordability by Household Incomes |            |                 |                       | Total Units per Project                                    | Est. # Infill Units* | Assistance Programs for Each Development<br><br>See Instructions | Deed Restricted Units<br><br>See Instructions | Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions. |
|   |               |                               | Very Low-Income                    | Low-Income | Moderate-Income | Above Moderate-Income |  |                      |  |   |   |
| 7321 San Miguel   | SU            | R                             |                                    |            | 1               |                       | 1  | 1                    |  |   | 1 Comparables   |
| 2654 Bonita   | SU            | R                             |                                    | 1          |                 |                       | 1  | 1                    |  |   | 1 Comparables   |
| 3015 New Jersey   | SU            | R                             |                                    | 1          |                 |                       | 1  | 1                    |  |   | 1 Comparables   |
| 5122 Jefferson  | SU            | R                             |                                    |            | 1               |                       | 1  | 1                    |  |   | 1 Comparables   |
| 2648 Grange   | SU            | R                             |                                    |            | 1               |                       | 1  | 1                    |  |   | 1 Comparables   |
| 8465 Broadway   | 5+            | R                             | 1                                  |            | 15              |                       | 16   | 16                   |  | DB  | 16 Comparables  |
| 100 Citronica Ln  | 5+            | R                             |                                    |            | 42              | 42                    | 84   | 84                   |  |   | 42 Actual   |
| 2548 Grange   | SF            | R                             |                                    |            | 1               |                       | 1  | 1                    |  |   | 1 Comparables   |
| (9) Total of Moderate and Above Moderate from Table A3        |               |                               |                                    |            | 0               | 0                     | 103  | 0                    |  |   |   |
| (10) Total by income Table A/A3                               |               |                               | 1                                  | 2          | 61              | 42                    | 106  | 108                  |  |   |   |
| (11) Total Extremely Low-Income Units*                        |               |                               |                                    |            |                 |                       |  |                      |  |   |   |

\* Note: These fields are voluntary.

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment

## *Housing Element Implementation*

(CCR Title 25 §6202 )

Jurisdiction City of Lemon Grove  
 Reporting Period 1-Jan-16 - 31-Dec-16

**Table A2  
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant  
to GC Section 65583.1(c)(1)**

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

| Activity Type                     | Affordability by Household Incomes |                 |            |             | (4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1 |
|-----------------------------------|------------------------------------|-----------------|------------|-------------|---|
|                                   | Extremely Low-Income*              | Very Low-Income | Low-Income | TOTAL UNITS |   |
| (1) Rehabilitation Activity       |                                    |                 |            | 0           |   |
| (2) Preservation of Units At-Risk |                                    |                 |            | 0           |   |
| (3) Acquisition of Units          |                                    |                 |            | 0           |   |
| (5) Total Units by Income         | 0                                  | 0               | 0          | 0           |   |

\* Note: This field is voluntary

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment B

## *Housing Element Implementation*

(CCR Title 25 §6202 )

Jurisdiction City of Lemon Grove  
 Reporting Period 1-Jan-16 - 31-Dec-16

**Table A3**  
**Annual building Activity Report Summary for Above Moderate-Income Units**  
 (not including those units reported on Table A)

|   | 1.<br>Single Family | 2.<br>2 - 4 Units | 3.<br>5+ Units | 4.<br>Second Unit | 5.<br>Mobile Homes | 6.<br>Total | 7.<br>Number of<br>infill units* |
|---|---------------------|-------------------|----------------|-------------------|--------------------|-------------|----------------------------------|
| No. of Units Permitted for Moderate       | 1                   |                   | 57             | 3                 |                    | 61          | 61                               |
| No. of Units Permitted for Above Moderate |                     |                   | 42             |                   |                    | 42          | 42                               |

\* Note: This field is voluntary.

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

## Housing Element Implementation (CCR Title 25 §6202 )

Jurisdiction City of Lemon Grove  
Reporting Period 1-Jan-16 - 31-Dec-16

**Table B  
Regional Housing Needs Allocation Progress  
Permitted Units Issued by Affordability**

| Enter Calendar Year starting with the first year of the RHNA allocation period. See Example |                     |                                 |      |      |      |      |      |      |      |      | Total Units to Date (all years) | Total Remaining RHNA by Income Level |     |
|---|---------------------|---------------------------------|------|------|------|------|------|------|------|------|---------------------------------|--------------------------------------|-----|
| Income Level  |                     | RHNA Allocation by Income Level | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018                            |                                      |     |
| Very Low  | Deed Restricted     | 77                              |      | 32   |      | 56   |      |      | 1    |      |                                 | 89                                   | -13 |
|   | Non-deed Restricted |                                 |      | 1    |      |      |      |      |      |      |                                 | 1                                    |     |
| Low   | Deed Restricted     | 59                              |      | 23   |      | 24   |      |      |      |      |                                 | 47                                   | -29 |
|   | Non-deed Restricted |                                 | 4    | 3    | 1    | 26   |      | 5    | 2    |      |                                 | 41                                   |     |
| Moderate  | Deed Restricted     | 54                              |      |      |      |      |      |      |      |      |                                 |                                      | -13 |
|   | Non-deed Restricted |                                 | 1    | 1    | 1    | 3    |      |      | 51   |      |                                 | 57                                   |     |
| Above Moderate  |                     | 119                             |      | 1    |      |      | 23   | 72   | 42   |      |                                 | 135                                  | -16 |
| Total RHNA by COG<br>Enter allocation number  |                     | 309                             | 5    | 61   | 2    | 109  | 23   | 77   | 100  |      |                                 | 385                                  |     |
| Total Units   |                     |                                 |      |      |      |      |      |      |      |      |                                 |                                      |     |
| Remaining Need for RHNA Period  |                     |                                 |      |      |      |      |      |      |      |      |                                 |                                      | -76 |

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

# The City of Lemon Grove 2016 General Plan Annual Progress Report

## Attachment B

### *Housing Element Implementation*

(CCR Title 25 §6202 )

Jurisdiction            City of Lemon Grove  
Reporting Period        1-Jan-16 -        31-Dec-16

**Table C**

**Program Implementation Status**

| Program Description<br>(By Housing Element Program Names) |   | Housing Programs Progress Report - Government Code Section 65583.<br>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |                      |   |
|---|---|---|----------------------|---|
| Name of Program   |   | Objective   | Timeframe<br>in H.E. | Status of Program Implementation  |
| 1   | Nonconforming Units                       | Continue to implement the Nonconforming Unit Ordinance  | Ongoing              | The City provides for the issuance of Reconstruction Permits to allow the restoration of substantially destroyed residential units.   |
| 2   | Encourage Second Units                    | Provide periodic reminders  | Ongoing              | The City will provide periodic reminders and updates promoting second units through City-wide information venues (website, mail outs, electronic notifications, public notices, etc.).  |
| 3   | Facilitate Higher Density Housing         | Encourage the development of the minimum densities near trolley stations  | Ongoing              | The City continues to encourage minimum densities near trolley stations. The City Council adopted a Density Bonus Ordinance on January 19, 2016.  |
| 4   | Evaluate Condominium Conversion Ordinance | Explore changes to the Condominium Conversion Ordinance   | 1-Aug-14             | The City Council adopted a Condominium Conversion Ordinance on January 19, 2016.  |
| 5   | Improve Substandard Housing               | Utilize code enforcement regulations to improve Substandard Housing   | Ongoing              | Substandard housing complaints are managed by the Code Enforcement Division and abatement proceedings occur when necessary.   |
| 6   | Density Bonuses                           | Utilize Density Bonus provisions  | 1-Aug-13             | The City utilizes the State's Density Bonus provisions. The City Council adopted a Density Bonus Ordinance on January 19, 2016 consistent with State Law.   |
| 7   | Special Treatment Areas (STA)             | Develop plans for Special Treatment Areas   | Ongoing              | The Downtown Village Specific Plan for STA 1 is complete and provides for higher density housing and mixed uses. An expansion to the Downtown Village Specific Plan is in progress. Other specific plans may be pursued for other STAs. |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 1

## Housing Element Implementation

(CCR Title 25 §6202 )

Jurisdiction City of Lemon Grove

Reporting Period 1-Jan-16 - 31-Dec-16

|    | Name of Program                                       | Objective  | Timeframe in H.E. | Status of Program Implementation   |
|----|---|--|-------------------|--|
| 8  | Community Based Improvement Districts                 | Promote community based improvement districts                              | Ongoing           | The program may be applied in 2017 as a part of the General Plan Update.   |
| 9  | Crime Prevention Through Environmental Design (CPTED) | Promote the CPTED principles   | Ongoing           | Projects are evaluated for compliance with CPTED principles.   |
| 10 | Street Design Manual                                  | Prepare and adopt a street design manual                                   | 1-Aug-14          | A street design manual incorporating "Complete Streets" principles shall be prepared and adopted. The General Plan Update will consider complete streets principles and revised street configurations in 2017.   |
| 11 | Energy Conservation & Sustainable Best Practices      | Encourage energy conservation and sustainable best practices               | Ongoing           | The City encourages development incorporating energy conservation and sustainable best practices and will provide information resources to the public. Related housing resources are listed on the City website. |
| 12 | Maintain Residential Site Inventory                   | Maintain residential site inventory  | Ongoing           | Site inventory is maintained. The site inventory was updated for the 2010-2020 Housing Element and the Series 13 SANDAG Growth Forecast.   |
| 13 | Preserve "At-Risk" Affordable Housing                 | Preserve Affordable Dwelling Units "At Risk" of Converting to Market Rates | Ongoing           | Preservation occurs as funds allow.  |
| 14 | Cooperate with Housing Groups                         | Cooperate/Coordinate with housing developers, agencies, and tenant groups  | Ongoing           | The City maintains a list of active affordable housing developers.   |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment B

## Housing Element Implementation

(CCR Title 25 §6202 )

Jurisdiction            City of Lemon Grove  
Reporting Period        1-Jan-16 -        31-Dec-16

| Name of Program   | Objective  | Timeframe in H.E. | Status of Program Implementation   |
|---|--|-------------------|--|
| 15 Reduce Governmental Constraints to Provision of Housing                            | Reduce constraints                               | Underway          | On January 19, 2016, the City Council adopted Ordinance 438 which adopted a condominium conversion ordinance, adopted a density bonus ordinance consistent with state law and provided additional incentives, amended the definitions of "family" and "household" to allow transitional and supportive housing consistent with state law, added "accessibility improvements" in the Minor Modification (ministerial variance) process, amended the definition of "senior housing" and "day care" consistent with state law, and added affordable housing as an equivalent benefit as part of the Planned Development Permit process. On December 1, 2015, the City Council Ordinance 435 which adopted simplified water efficient landscapes regulations. In 2017, the State permitted many local regulations related to second dwelling units. Generally, the new State regulations permit larger units and require less parking. Local amendments may be concerned with the adoption of the General Plan Update. |
| 16 Participate in Regional Analysis of Housing Need                                   | Participate in regional analysis of housing need | Ongoing           | The City actively participates in regional housing needs analysis.   |
| 17 Pursue Affordable Housing Funding Sources  | Pursue affordable housing funds                  | Ongoing           | Affordable housing opportunities continue to be pursued. In 2009, 36 affordable housing units (Citron Court) were completed. In 2013, Citronica 1 was completed (56 units). In 2014, Citronica 2 (60 units) was completed and the City provided an option to purchase 8084 Lemon Grove Way (9 units) for deed-restricted affordable housing development. In 2016, Grove Lofts, a 16-unit density bonus project was completed.  |
| 18 County of San Diego Home Repair Loan/Grant Program                                 | Support loan/grant program                       | Ongoing           | Program is listed on the City's Housing Resources Webpage and is supported as needed.  |
| 19 Section 8 Housing Choice Vouchers and Public Housing                               | Support voucher program                          | Ongoing           | Program is listed on the City's Housing Resources Webpage and is supported as needed.  |
| 20 Participate in the Fair Housing Council of San Diego's (FHCS) Fair Housing Program | Support fair housing program                     | Ongoing           | Program is listed on the City's Housing Resources Webpage and is supported as needed.  |

# The City of Lemon Grove 2016 General Plan Annual Progress Report

Attachment 3

## Housing Element Implementation

(CCR Title 25 §6202 )

Jurisdiction      City of Lemon Grove  
Reporting Period      1-Jan-16 - 31-Dec-16

| Name of Program | Objective  | Timeframe in H.E.                                     | Status of Program Implementation |   |
|-----------------|--|---|----------------------------------|---|
| 21              | Promote Funding Opportunities for Home Ownership | Actively promote home ownership                       | Ongoing                          | The City supports home ownership programs such as the Mortgage Credit Certificate (MCC), the County of San Diego Down Payment and Closing Cost Assistance Program (DCCA), the National Homebuyer's Fund (NHF), community land trusts, and other programs. Programs are shown in the City's Housing Resources Webpage. |
| 22              | Encourage Extremely Low-Income Housing           | Encourage housing for extremely low-income households | Ongoing                          | The City supports the development of housing for extremely low-income persons. In 2014, 17 units affordable to extremely low-income persons were constructed (Clironica 2). In 2016 construction resulted in one deed-restricted very-low income studio apartment unit.   |

**General Comments:**

**Actual:** Based on actual monthly rent or mortgage paid and number of bedrooms.  
**Comparables:** Average statistics of comparables (dwelling units that are similar in size and with a similar number of bedrooms) were used to support the affordability of housing units identified in this progress report. The statistics show that the identified unit will be affordable to the specified income level based on market rate rents for these unit types. Source used for the comparable properties was rental price of similar units on Craigslist and apartment complex web pages in March 2017. Six comparables were used to justify the affordability of the second unit.

**LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY**

**Item No.**   5    
**Mtg. Date**   March 21, 2017    
**Dept.**   Finance  

**Item Title:** Annual Financial Report for Fiscal Year 2015-16

**Staff Contact:** Gilbert Rojas, Interim Finance Director

**Recommendation:**

Receive and file the annual Financial Report for Fiscal Year 2015-16

**Item Summary:**

The City contracted with Badawi & Associates to complete the Fiscal Year 2015-16 independent audit. The Audit has been completed and staff presents the annual Financial Report for the Fiscal Year ending on June 30, 2016. Mr. Ahmed Badawi, CPA will be available to the City Council to present the report and answer questions.

**Fiscal Impact:**

None.

**Environmental Review:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration           |
| <input type="checkbox"/> Categorical Exemption, Section   | <input type="checkbox"/> Mitigated Negative Declaration |

**Public Information:**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> None                     | <input type="checkbox"/> Newsletter article   | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting |   |

**Attachments:**

None.

# City of Lemon Grove

Lemon Grove, California

*Basic Financial Statements*

*For the year ended June 30, 2016*



# City of Lemon Grove

For the year ended June 30, 2016

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# City of Lemon Grove

For the year ended June 30, 2016

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## 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, 2016, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Members of the City Council  
of the City of Lemon Grove  
Lemon Grove, CA  
Page 2

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, defined benefit pension plan information, and other post-employment benefits on pages 5-9 and 72-77, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

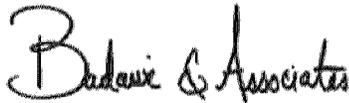
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison information on pages 82-112 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison information on pages 82-112 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 82-112 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Badawi & Associates".

Badawi & Associates, CPAs  
Oakland, California  
March 16, 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016. 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 plus deferred outflows of the City exceeded its liabilities and deferred inflows of the City by \$78.3 million.
- The net position value increased from the previous year by \$3.1 million, or 4.12 percent.
- The City's governmental funds reported a combined ending fund balance of \$16.2 million, an increase from the previous year of \$0.2 million, or 1.25 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.

Also included in the government-wide financial statements are the Lemon Grove Sanitation District (Sanitation District), a blended component unit, and the Lemon Grove Lighting District (Lighting District), a blended component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. While the Sanitation District and Lighting District are legally separate agencies, their governing board consists entirely of City Council members.

**Statement of Net Position:** This statement presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The following schedule displays a summary breakdown of the City's statement of net position:

**Comparative Statements of Position**  
**June 30, 2016 and 2015**  
**(Amounts in Millions)**

|  | Governmental Activities |               |              | Business-type Activities |               |              |
|--|-------------------------|---------------|--------------|--------------------------|---------------|--------------|
|  | 2016                    | 2015          | Change       | 2016                     | 2015          | Change       |
| <b>Assets:</b>                         |                         |               |              |                          |               |              |
| Cash and investments                   | \$6.1                   | \$6.9         | (\$0.8)      | \$16.5                   | \$16.1        | \$0.4        |
| Other assets                           | 15.3                    | 13.7          | 1.6          | 0.1                      | 0.7           | (0.6)        |
| Capital assets, net                    | 41.6                    | 41.9          | (0.3)        | 5.7                      | 5.6           | 0.1          |
| <b>Total Assets</b>                    | <b>63.0</b>             | <b>62.5</b>   | <b>0.5</b>   | <b>22.3</b>              | <b>22.4</b>   | <b>(0.1)</b> |
| <b>Deferred Outflows of Resources:</b> |                         |               |              |                          |               |              |
| Deferred outflows                      | 2.7                     | 0.8           | 1.9          | 1.0                      | 0.2           |              |
| <b>Total Deferred Outflows</b>         | <b>2.7</b>              | <b>0.8</b>    | <b>1.9</b>   | <b>1.0</b>               | <b>0.2</b>    | <b>-</b>     |
| <b>Liabilities:</b>                    |                         |               |              |                          |               |              |
| Long-term liabilities                  | 5.7                     | 5.4           | 0.3          | 1.9                      | 1.6           | 0.3          |
| Other liabilities                      | 2.1                     | 2.1           | -            | 0.1                      | 0.1           | -            |
| <b>Total Liabilities</b>               | <b>7.8</b>              | <b>7.5</b>    | <b>0.3</b>   | <b>2.0</b>               | <b>1.7</b>    | <b>0.3</b>   |
| <b>Deferred Inflows of Resources:</b>  |                         |               |              |                          |               |              |
| Deferred inflows                       | 0.7                     | 0.9           | (0.2)        | 0.1                      | 0.3           |              |
| <b>Total Deferred Inflows</b>          | <b>0.7</b>              | <b>0.9</b>    | <b>(0.2)</b> | <b>0.1</b>               | <b>0.3</b>    | <b>-</b>     |
| <b>Net Position:</b>                   |                         |               |              |                          |               |              |
| Net investment in capital assets       | 41.5                    | 41.8          | (0.3)        | 5.7                      | 5.7           | -            |
| Restricted                             | 10.4                    | 16.1          | (5.7)        | -                        | -             | -            |
| Unrestricted                           | 5.3                     | (3.0)         | 8.3          | 15.4                     | 14.9          | 0.5          |
| <b>Total Net Position</b>              | <b>\$57.2</b>           | <b>\$54.9</b> | <b>\$2.3</b> | <b>\$21.1</b>            | <b>\$20.6</b> | <b>\$0.5</b> |

The City's total net position increased by 4.12 percent over last year. Net position from governmental activities increased by 4.2 percent while net position from business activities increased by 2.4 percent. The City's assets exceeded its liabilities by approximately \$78.3 million.

Approximately 60 percent of the City's net position reflect its investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 13 percent of the City's net assets reflect resources that are subject to external restrictions as to how they may be used. These restrictions are typically imposed by parties outside the government, such as creditors, grantors, and laws or regulations of other governments.

**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:

| <b>Comparative Statements of Activities</b> |                         |               |              |                          |               |              |
|---|-------------------------|---------------|--------------|--------------------------|---------------|--------------|
| <b>June 30, 2016 and 2015</b>               |                         |               |              |                          |               |              |
| <b>(Amounts in Millions)</b>                |                         |               |              |                          |               |              |
|   | Governmental Activities |               |              | Business-type Activities |               |              |
|   | 2016                    | 2015          | Change       | 2016                     | 2015          | Change       |
| <b>Revenues:</b>                            |                         |               |              |                          |               |              |
| <b>Program revenues:</b>                    |                         |               |              |                          |               |              |
| Charges for services                        | 1.9                     | 2.3           | (\$0.4)      | \$6.3                    | \$6.6         | (\$0.3)      |
| Operating grants and contributions          | 1.4                     | 2.3           | (0.9)        | -                        | -             | -            |
| Capital grants and contributions            | 2.0                     | 1.5           | 0.5          | -                        | -             | -            |
| <b>Total program revenues</b>               | <b>5.3</b>              | <b>6.1</b>    | <b>(0.8)</b> | <b>6.3</b>               | <b>6.6</b>    | <b>(0.3)</b> |
| <b>General revenues:</b>                    |                         |               |              |                          |               |              |
| <b>Taxes:</b>                               |                         |               |              |                          |               |              |
| General property taxes                      | 2.6                     | 3.7           | (1.1)        | -                        | -             | -            |
| Sales tax                                   | 5.3                     | 3.8           | 1.5          | -                        | -             | -            |
| Franchise tax                               | 1.0                     | 1.0           | -            | -                        | -             | -            |
| Investment earnings                         | 0.3                     | -             | 0.3          | 0.2                      | -             | 0.2          |
| Other                                       | 2.3                     | 2.1           | 0.2          | -                        | -             | -            |
| Transfers                                   | 0.7                     | 0.7           | -            | (0.7)                    | (0.7)         | -            |
| <b>Total general revenues</b>               | <b>12.2</b>             | <b>11.3</b>   | <b>0.9</b>   | <b>(0.5)</b>             | <b>(0.7)</b>  | <b>0.2</b>   |
| <b>Total Revenues</b>                       | <b>17.5</b>             | <b>17.4</b>   | <b>0.1</b>   | <b>5.8</b>               | <b>5.9</b>    | <b>(0.1)</b> |
| <b>Expenses:</b>                            |                         |               |              |                          |               |              |
| General government                          | 0.9                     | 2.0           | (1.1)        | -                        | -             | -            |
| Public safety                               | 8.9                     | 9.2           | (0.3)        | -                        | -             | -            |
| Public works                                | 3.9                     | 1.6           | 2.3          | -                        | -             | -            |
| Community development                       | 1.3                     | 2.2           | (0.9)        | -                        | -             | -            |
| Sanitation                                  | -                       | -             | -            | 5.2                      | 3.9           | 1.3          |
| Interest on long-term debt                  | -                       | -             | -            | -                        | -             | -            |
| <b>Total Expenses</b>                       | <b>15.0</b>             | <b>15.0</b>   | <b>0.0</b>   | <b>5.2</b>               | <b>3.9</b>    | <b>1.3</b>   |
| Increase (decrease) in net position         | 2.5                     | 2.4           | 0.1          | 0.6                      | 2.0           | (1.4)        |
| Net position - beginning (as restated)      | 54.7                    | 52.4          | 2.3          | 20.5                     | 18.6          | 1.9          |
| Net position - ending                       | <b>\$57.2</b>           | <b>\$54.8</b> | <b>\$2.4</b> | <b>\$21.1</b>            | <b>\$20.6</b> | <b>\$0.5</b> |

The governmental activities increased the City's net position by \$3.1 million. Governmental program revenues offset 35 percent of program expenditures, a 6% decrease when compared with prior year. General revenues and transfers of \$12.2 million did not meet total expenditures. There was a 4.3 percent increase to governmental activities net position.

The business-type activities increased the City's net position by \$.6 million. Business-type program revenues exceeded expenditures, resulting in a 2.4 percent increase to business-type net position. This is the ninth year that the Lemon Grove Sanitation District has had staff to maintain the sewers, thus allowing for more control over expenditures and an enhanced ability to grow assets for future needs.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Unlike the government-wide financial statements, the fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year, and offer summary information for each major fund. Such information may be useful in evaluating a government's near-term financing requirements. In particular, *unassigned fund balance* serves as a useful measure of a government's net resources available for spending at fiscal year-end.

**Governmental Funds:** *Governmental funds* are used to account for the functions reported as *governmental activities* in the government-wide financial statements.

As of June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$16.1 million. The unassigned fund balance, which represents the amount that is available for spending at the City's discretion, is currently at \$3.7 million. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has been committed to a variety of restricted purposes including low and moderate housing and debt service.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds - General, and Housing Fund. Data from the other seventeen governmental funds are combined into a single, aggregated presentation entitled Nonmajor Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the supplementary information section of this report.

The General Fund is the chief operating fund of the City. As of June 30, 2016, its unassigned fund balance is approximately 4.6 million.

**Proprietary Funds:** The City maintains two types of proprietary funds; an enterprise fund to account for the Lemon Grove Sanitation District and an internal service fund to account for the City's self-insurance - function.

There are no restricted net position for these funds, and the changes in net position show a growth over last year for Sanitation of 2.5 percent and an increase of for the Internal Service fund of 6.3 percent.

## 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 \$26.8 million. Approximately \$17.6 million was invested with the Local Agency Investment Fund. Approximately \$1.8 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 \$41.5 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 \$1.2 million. The majority of this amount, \$809,718 is comprised of compensated absences. The City's total long-term debt stayed relatively the same from the prior year. 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 2015.

The General Fund Budgetary Comparison Schedule shows that, for this fiscal year, the General Fund experienced a gain of expected revenues and transfers of \$1,682,316 while the expenditures were over what was expected by \$501,821. The actual revenues and expenditures resulted in a net gain of \$953,995. The difference between expected gain and actual is \$1,180,495.

## 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](mailto:grojas@lemongrove.ca.gov).

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**BASIC  
FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Lemon Grove**  
**Statement of Net Position**  
**June 30, 2016**

|  | Primary Government      |                          | Total         |
|--|-------------------------|--------------------------|---------------|
|  | Governmental Activities | Business-Type Activities |               |
| <b>ASSETS</b>  |                         |                          |               |
| Current assets:  |                         |                          |               |
| Cash and investments   | \$ 6,180,661            | \$ 16,535,940            | \$ 22,716,601 |
| Receivables:   |                         |                          |               |
| Accounts, net  | 3,291,306               | 73,682                   | 3,364,988     |
| Prepays  | 101,265                 | 4,592                    | 105,857       |
| Total current assets   | 9,573,232               | 16,614,214               | 26,187,446    |
| Noncurrent assets:   |                         |                          |               |
| Restricted cash and investments  | 25,000                  | -                        | 25,000        |
| Notes receivable   | 8,084,288               | -                        | 8,084,288     |
| Due from Successor Agency  | 3,719,687               | -                        | 3,719,687     |
| Property held for resale   | 84,471                  | -                        | 84,471        |
| Capital assets:  |                         |                          |               |
| Capital assets, not being depreciated                                  | 7,874,401               | 260,314                  | 8,134,715     |
| Capital assets, depreciated, net                                       | 33,673,606              | 5,447,716                | 39,121,322    |
| Total capital assets   | 41,548,007              | 5,708,030                | 47,256,037    |
| Total noncurrent assets  | 53,461,453              | 5,708,030                | 59,169,483    |
| Total assets   | 63,034,685              | 22,322,244               | 85,356,929    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                                   |                         |                          |               |
| Deferred outflow - pension related amounts                             | 963,121                 | 196,610                  | 1,159,731     |
| Deferred outflow - employer pension contributions                      | 1,796,955               | 774,920                  | 2,571,875     |
| Total deferred outflows of resources                                   | 2,760,076               | 971,530                  | 3,731,606     |
| <b>LIABILITIES</b>   |                         |                          |               |
| Accounts payable   | 1,201,422               | 35,505                   | 1,236,927     |
| Accrued wages  | 108,661                 | 34,531                   | 143,192       |
| Deposits payable   | 177,148                 | -                        | 177,148       |
| Unearned revenue   | 317,206                 | -                        | 317,206       |
| Claims payable, due within one year                                    | 50,000                  | -                        | 50,000        |
| Compensated absences, due within one year                              | 242,915                 | -                        | 242,915       |
| Total current liabilities  | 2,097,352               | 70,036                   | 2,167,388     |
| Noncurrent liabilities:  |                         |                          |               |
| Net OPEB obligation  | 376,881                 | -                        | 376,881       |
| Net pension liability  | 4,755,061               | 1,871,702                | 6,626,763     |
| Claims payable, due in more than one year                              | 43,941                  | 94,846                   | 138,787       |
| Compensated absences, due in more than one year                        | 566,803                 | -                        | 566,803       |
| Total noncurrent liabilities   | 5,742,686               | 1,966,548                | 7,709,234     |
| Total liabilities  | 7,840,038               | 2,036,584                | 9,876,622     |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                    |                         |                          |               |
| Deferred inflow - pension related amounts                              | 743,429                 | 139,781                  | 883,210       |
| Total deferred inflow of resources                                     | 743,429                 | 139,781                  | 883,210       |
| <b>NET POSITION</b>  |                         |                          |               |
| Net investment in capital assets                                       | 41,548,007              | 5,708,030                | 47,256,037    |
| Restricted:  |                         |                          |               |
| Construction of capital assets   | -                       | -                        | -             |
| Streets, highways, bikeways, public transit and other related purposes | 1,015,280               | -                        | 1,015,280     |
| Community development  | 333,082                 | -                        | 333,082       |
| Public safety  | 230,600                 | -                        | 230,600       |
| Housing  | 8,741,981               | -                        | 8,741,981     |
| Unrestricted   | 5,342,344               | 15,409,379               | 20,751,723    |
| Total net position   | \$ 57,211,294           | \$ 21,117,409            | \$ 78,328,703 |

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Activities**  
**For the year ended June 30, 2016**

| Functions/Programs                    | Expenses             | Program Revenues     |                                    |                                  | Total                |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|----------------------|
|                                       |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                      |
| <b>Primary Government:</b>            |                      |                      |                                    |                                  |                      |
| <b>Governmental activities:</b>       |                      |                      |                                    |                                  |                      |
| General government                    | \$ 913,892           | \$ 468,405           | \$ 633,196                         |                                  | \$ 1,101,601         |
| Public safety                         | 8,858,907            | 518,866              | 114,618                            |                                  | 633,484              |
| Public works                          | 3,975,465            | 637,507              | 446,318                            | 2,043,592                        | 3,127,417            |
| Community development                 | 1,299,116            | 216,744              | 230,356                            |                                  | 447,100              |
| <b>Total governmental activities</b>  | <b>15,047,380</b>    | <b>1,841,522</b>     | <b>1,424,488</b>                   | <b>2,043,592</b>                 | <b>5,309,602</b>     |
| <b>Business-type activities:</b>      |                      |                      |                                    |                                  |                      |
| Sanitation                            | 5,194,291            | 6,312,436            | -                                  | -                                | 6,312,436            |
| <b>Total business-type activities</b> | <b>5,194,291</b>     | <b>6,312,436</b>     | <b>-</b>                           | <b>-</b>                         | <b>6,312,436</b>     |
| <b>Total primary government</b>       | <b>\$ 20,241,671</b> | <b>\$ 8,153,958</b>  | <b>\$ 1,424,488</b>                | <b>\$ 2,043,592</b>              | <b>\$ 11,622,038</b> |

**General Revenues:**

Taxes:

Property tax

Sales tax

Transient occupancy tax

Franchise tax

Motor vehicle in lieu tax - unrestricted

Total taxes

Investment earnings

Miscellaneous revenue

Transfers

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year (as restated)**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

| Net (Expense) Revenue<br>and Changes in Net Position |                             |                       |
|--|-----------------------------|-----------------------|
| Governmental<br>Activities                           | Business-Type<br>Activities | Total                 |
| \$ 187,709   | \$ -                        | \$ 187,709            |
| (8,225,423)  | -                           | (8,225,423)           |
| (848,048)  | -                           | (848,048)             |
| (852,016)  | -                           | (852,016)             |
| <u>(9,737,778)</u>                                   | <u>-</u>                    | <u>(9,737,778)</u>    |
| -  | 1,118,145                   | 1,118,145             |
| -  | 1,118,145                   | 1,118,145             |
| <u>\$ (9,737,778)</u>                                | <u>\$ 1,118,145</u>         | <u>\$ (8,619,633)</u> |
| 2,650,773  | -                           | 2,650,773             |
| 5,388,718  | -                           | 5,388,718             |
| 53,184   | -                           | 53,184                |
| 965,068  | -                           | 965,068               |
| 2,135,491  | -                           | 2,135,491             |
| <u>11,193,234</u>                                    | <u>-</u>                    | <u>11,193,234</u>     |
| 261,750  | 131,711                     | 393,461               |
| 131,113  | -                           | 131,113               |
| 652,400  | (652,400)                   | -                     |
| <u>12,238,497</u>                                    | <u>(520,689)</u>            | <u>11,717,808</u>     |
| 2,500,719  | 597,456                     | 3,098,175             |
| 54,710,575   | 20,519,953                  | 75,230,528            |
| <u>\$ 57,211,294</u>                                 | <u>\$ 21,117,409</u>        | <u>\$ 78,328,703</u>  |

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Funds Financial Statements*

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## 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**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

|   | General             | Special Revenue<br>Housing | Total Nonmajor<br>Government<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------------|---------------------------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                            |                                       |                                |
| Cash and investments  | \$ 2,803,200        | \$ 426,851                 | \$ 1,840,698                          | \$ 5,070,749                   |
| Receivables, net:   |                     |                            |                                       |                                |
| Accounts  | 1,737,296           | 264,319                    | 1,283,619                             | 3,285,234                      |
| Notes   | -                   | 8,084,288                  | -                                     | 8,084,288                      |
| Prepaid expenses  | 100,830             | -                          | 435                                   | 101,265                        |
| Property held for resale  | 84,471              | -                          | -                                     | 84,471                         |
| Due from other funds  | 1,066,445           | -                          | -                                     | 1,066,445                      |
| Due from Successor Agency   | 3,719,687           | -                          | -                                     | 3,719,687                      |
| <b>Total assets</b>   | <b>\$ 9,511,929</b> | <b>\$ 8,775,458</b>        | <b>\$ 3,124,752</b>                   | <b>\$ 21,412,139</b>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>      |                     |                            |                                       |                                |
| <b>Liabilities:</b>   |                     |                            |                                       |                                |
| Accounts payable  | \$ 813,480          | \$ 33,477                  | \$ 354,465                            | \$ 1,201,422                   |
| Accrued wages   | 93,346              | -                          | 15,315                                | 108,661                        |
| Due to other funds  | -                   | -                          | 1,066,445                             | 1,066,445                      |
| Deposits payable  | 121,146             | -                          | 56,002                                | 177,148                        |
| Unearned revenue  | 22,355              | -                          | 294,851                               | 317,206                        |
| <b>Total liabilities</b>  | <b>1,050,327</b>    | <b>33,477</b>              | <b>1,787,078</b>                      | <b>2,870,882</b>               |
| <b>Deferred inflows of resources</b>  |                     |                            |                                       |                                |
| Unavailable revenues  | -                   | 1,655,545                  | 692,601                               | 2,348,146                      |
| <b>Total deferred inflows of resources</b>                                    | <b>-</b>            | <b>1,655,545</b>           | <b>692,601</b>                        | <b>2,348,146</b>               |
| <b>Fund Balances:</b>   |                     |                            |                                       |                                |
| <b>Nonspendable:</b>  |                     |                            |                                       |                                |
| Prepaid expenses  | 100,830             | -                          | -                                     | 100,830                        |
| Advances to Successor Agency  | 3,719,687           | -                          | -                                     | 3,719,687                      |
| <b>Restricted:</b>  |                     |                            |                                       |                                |
| Public safety   | -                   | -                          | 230,600                               | 230,600                        |
| Community   | -                   | -                          | 333,082                               | 333,082                        |
| Public works  | -                   | -                          | 1,015,280                             | 1,015,280                      |
| Housing   | -                   | 7,086,436                  | -                                     | 7,086,436                      |
| Unassigned  | 4,641,085           | -                          | (933,889)                             | 3,707,196                      |
| <b>Total fund balances</b>  | <b>8,461,602</b>    | <b>7,086,436</b>           | <b>645,073</b>                        | <b>16,193,111</b>              |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 9,511,929</b> | <b>\$ 8,775,458</b>        | <b>\$ 3,124,752</b>                   | <b>\$ 21,412,139</b>           |

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2016**

**Total Fund Balances - Total Governmental Funds** \$ 16,193,111

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     | <u>33,673,606</u> |
| Total capital assets | <u>41,548,007</u> |

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. 2,348,146

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. 1,047,043

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. 1,796,955

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. 963,121

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. (743,429)

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<br>Funds | Government-<br>Wide Statement<br>of Net Position |
|--|---------------------------|--|
| Claims and judgments payable - due within one year | \$ (50,000)               | \$ 50,000  |
| Compensated leave payable - due within one year    | (242,915)                 | -  |
| Net pension liability                              | (4,755,061)               | -  |
| Compensated leave payable - due after one year     | (566,803)                 | -  |
| Claims and judgments payable - due after one year  | (43,941)                  | 43,941   |
| Net OPEB obligation                                | (376,881)                 | -  |
| Total long-term liabilities                        | <u>\$ (6,035,601)</u>     | <u>\$ 93,941</u>                                 |

**Net Position of Governmental Activities** \$ 57,211,294

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2016**

|   | General<br>Fund     | Special Revenue<br>Housing<br>Fund | Total Nonmajor<br>Government<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|------------------------------------|---------------------------------------|--------------------------------|
| <b>REVENUES:</b>                            |                     |                                    |                                       |                                |
| Taxes                                       | \$ 10,886,038       | \$ -                               | \$ 307,196                            | \$ 11,193,234                  |
| Licenses and permits                        | 673,798             | -                                  | -                                     | 673,798                        |
| Fines, forfeitures and penalties            | 125,713             | -                                  | -                                     | 125,713                        |
| Intergovernmental                           | 78,753              | -                                  | 2,432,408                             | 2,511,161                      |
| Charges for services                        | 543,614             | 24,135                             | 193,185                               | 760,934                        |
| Use of money and property                   | 278,816             | -                                  | 12,835                                | 291,651                        |
| Other                                       | 214,119             | 59,321                             | 46,023                                | 319,463                        |
| <b>Total revenues</b>                       | <b>12,800,851</b>   | <b>83,456</b>                      | <b>2,991,647</b>                      | <b>15,875,954</b>              |
| <b>EXPENDITURES:</b>                        |                     |                                    |                                       |                                |
| Current:                                    |                     |                                    |                                       |                                |
| General government                          | 935,596             | -                                  | 928,096                               | 1,863,692                      |
| Public safety                               | 9,264,798           | -                                  | 16,589                                | 9,281,387                      |
| Public works                                | 1,201,977           | -                                  | 1,409,598                             | 2,611,575                      |
| Community development                       | 972,762             | -                                  | 201,076                               | 1,173,838                      |
| Capital outlay                              | 79,867              | 264,320                            | 1,055,834                             | 1,400,021                      |
| Debt service:                               |                     |                                    |                                       |                                |
| Principal                                   | 22,621              | -                                  | -                                     | 22,621                         |
| <b>Total expenditures</b>                   | <b>12,477,621</b>   | <b>264,320</b>                     | <b>3,611,193</b>                      | <b>16,353,134</b>              |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>323,230</b>      | <b>(180,864)</b>                   | <b>(619,546)</b>                      | <b>(477,180)</b>               |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                     |                                    |                                       |                                |
| Transfers in                                | 710,400             | -                                  | 179,635                               | 890,035                        |
| Transfers out                               | (79,635)            | -                                  | (133,000)                             | (212,635)                      |
| <b>Total other financing sources (uses)</b> | <b>630,765</b>      | <b>-</b>                           | <b>46,635</b>                         | <b>677,400</b>                 |
| <b>Net change in fund balances</b>          | <b>953,995</b>      | <b>(180,864)</b>                   | <b>(572,911)</b>                      | <b>200,220</b>                 |
| <b>FUND BALANCES:</b>                       |                     |                                    |                                       |                                |
| Beginning of year                           | 7,507,607           | 7,267,300                          | 1,217,984                             | 15,992,891                     |
| End of year                                 | <b>\$ 8,461,602</b> | <b>\$ 7,086,436</b>                | <b>\$ 645,073</b>                     | <b>\$ 16,193,111</b>           |

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, 2016

|   |                     |
|---|---------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | \$ 200,220          |
| 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.  | 1,467,524           |
| 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 | (1,765,613)         |
| 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.   | (96,002)            |
| 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.   | (56,412)            |
| 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.                                     | 1,796,955           |
| Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.  | (136,645)           |
| Certain revenues did not meet the revenue recognition criteria in the governmental funds but were recognized as revenue in the Government-Wide Financial Statements   | 1,005,352           |
| 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.  | 22,621              |
| 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                             | 62,719              |
| <b>Change in Net Position of Governmental Activities</b>  | <u>\$ 2,500,719</u> |

See accompanying Notes to Basic Financial Statements.

## PROPRIETARY FUND FINANCIAL STATEMENTS

*Sanitation Enterprise Fund* accounts for the activities of the Sanitation District

*Internal Service Funds* are used to account for the financial transactions related to the City's risk management program.

**City of Lemon Grove**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

|   | Business-Type<br>Activities<br>Enterprise Fund<br>Sanitation | Governmental<br>Activities<br>Internal Service<br>Fund |
|---|--|--|
| <b>ASSETS</b>                                     |  |  |
| Current assets:                                   |  |  |
| Cash and investments                              | \$ 16,535,940  | \$ 1,109,912   |
| Accounts receivable, net                          | 73,682   | 6,072  |
| Prepays   | 4,592  | -  |
| <b>Total current assets</b>                       | <b>16,614,214</b>  | <b>1,115,984</b>                                       |
| Noncurrent assets:                                |  |  |
| Restricted cash and investments                   | -  | 25,000   |
| Capital assets:                                   |  |  |
| Land  | 3,724  | -  |
| Construction in progress                          | 256,590  | -  |
| Depreciable infrastructure                        | 12,174,611   | -  |
| Depreciable equipment                             | 1,366,481  | -  |
| Accumulated depreciation                          | (8,093,376)  | -  |
| <b>Total capital assets</b>                       | <b>5,708,030</b>   | <b>-</b>   |
| <b>Total noncurrent assets</b>                    | <b>5,708,030</b>   | <b>25,000</b>  |
| <b>Total assets</b>                               | <b>22,322,244</b>  | <b>1,140,984</b>                                       |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |  |  |
| Deferred outflow - pension related amounts        | 196,610  | -  |
| Deferred outflow - employer pension contributions | 774,920  | -  |
| <b>Total deferred outflows of resources</b>       | <b>971,530</b>   | <b>-</b>   |
| <b>LIABILITIES</b>                                |  |  |
| Current liabilities:                              |  |  |
| Accounts payable                                  | 35,505   | -  |
| Accrued wages                                     | 34,531   | -  |
| Claims payable, due within one year               | -  | 50,000   |
| <b>Total current liabilities</b>                  | <b>70,036</b>  | <b>50,000</b>  |
| Noncurrent liabilities:                           |  |  |
| Claims payable, due in more than one year         | 94,846   | 43,941   |
| Net pension liability                             | 1,871,702  | -  |
| <b>Total noncurrent liabilities</b>               | <b>1,966,548</b>   | <b>43,941</b>  |
| <b>Total liabilities</b>                          | <b>2,036,584</b>   | <b>93,941</b>  |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |  |  |
| Deferred inflow - pension related amounts         | 139,781  | -  |
| <b>Total deferred inflows of resources</b>        | <b>139,781</b>   | <b>-</b>   |
| <b>NET POSITION</b>                               |  |  |
| Net investment in capital assets                  | 5,708,030  | -  |
| Unrestricted                                      | 15,409,379   | 1,047,043  |
| <b>Total net position</b>                         | <b>\$ 21,117,409</b>   | <b>\$ 1,047,043</b>                                    |

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2016**

|  | Business-Type<br>Activities<br>Enterprise Fund<br>Sanitation | Governmental<br>Activities<br>Internal Service<br>Fund |
|--|--|--|
| <b>OPERATING REVENUES:</b>                             |  |  |
| Charges for services                                   | \$ 6,081,422   | -  |
| Other revenue  | 231,014  | 134,726  |
| <b>Total operating revenues</b>                        | <b>6,312,436</b>   | <b>134,726</b>   |
| <b>OPERATING EXPENSES:</b>                             |  |  |
| Personnel costs  | 2,189,180  | \$ -   |
| Contractual services                                   | 105,758  | -  |
| Materials and supplies                                 | 31,480   | -  |
| Repairs and maintenance                                | 83,764   | -  |
| Dump fees  | 2,348,494  | -  |
| Utilities  | 8,502  | -  |
| Insurance and claims                                   | 200,509  | 61,400   |
| Depreciation   | 226,604  | -  |
| <b>Total operating expenses</b>                        | <b>5,194,291</b>   | <b>61,400</b>  |
| <b>OPERATING INCOME</b>                                | <b>1,118,145</b>   | <b>73,326</b>  |
| <b>NONOPERATING REVENUES:</b>                          |  |  |
| Investment earnings                                    | 131,711  | 14,393   |
| <b>Total nonoperating revenues</b>                     | <b>131,711</b>   | <b>14,393</b>  |
| <b>INCOME (LOSS) BEFORE CONTRIBUTION AND TRANSFERS</b> | <b>1,249,856</b>   | <b>87,719</b>  |
| Transfers out  | (652,400)  | (25,000)   |
| <b>Total transfers</b>                                 | <b>(652,400)</b>   | <b>(25,000)</b>  |
| <b>Change in net position</b>                          | <b>597,456</b>   | <b>62,719</b>  |
| <b>NET POSITION</b>                                    |  |  |
| Beginning of year, as restated                         | 20,519,953   | 984,324  |
| End of year  | <b>\$ 21,117,409</b>   | <b>\$ 1,047,043</b>                                    |

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2016**

|  | Business-Type<br>Activities<br>Enterprise Fund<br>Sanitation | Governmental<br>Activities<br>Internal Service<br>Fund |
|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |  |  |
| Cash received from customers   | \$ 6,868,387   | \$ -   |
| Cash received from user departments  | -  | 128,850  |
| Cash payments to employees   | (2,890,720)  | -  |
| Cash payments to suppliers for goods and services  | (2,760,076)  | (193,354)  |
| <b>Net cash provided by (used in) operating activities</b>   | <b>1,217,591</b>   | <b>(64,504)</b>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>  |  |  |
| Transfers out  | -  | (25,000)   |
| <b>Net cash provided by noncapital financing activities</b>  | <b>-</b>   | <b>(25,000)</b>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                     |  |  |
| Transfer to other departments  | (652,400)  | -  |
| Purchase of capital assets   | (284,364)  | -  |
| <b>Net cash provided by (used in) capital and related financing activities</b>                       | <b>(936,764)</b>   | <b>-</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |  |  |
| Interest received  | 131,711  | 14,393   |
| <b>Net cash provided by investing activities</b>   | <b>131,711</b>   | <b>14,393</b>  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | <b>412,538</b>   | <b>(75,111)</b>  |
| <b>CASH AND CASH EQUIVALENTS - Beginning of year</b>   | <b>16,123,402</b>  | <b>1,210,023</b>                                       |
| <b>CASH AND CASH EQUIVALENTS - End of year</b>   | <b>\$ 16,535,940</b>   | <b>\$ 1,134,912</b>                                    |
| <b>FINANCIAL STATEMENT PRESENTATION:</b>   |  |  |
| Cash and investments   | \$ 16,535,940  | \$ 1,109,912   |
| Restricted cash and investments with fiscal agents   | -  | 25,000   |
| <b>Total</b>   | <b>\$ 16,535,940</b>   | <b>\$ 1,134,912</b>                                    |
| <b>RECONCILIATION OF OPERATING INCOME TO NET</b>   |  |  |
| <b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>  |  |  |
| Operating income   | \$ 1,118,145   | \$ 73,326  |
| Adjustments to reconcile operating income<br>to net cash provided by (used in) operating activities: |  |  |
| Depreciation   | 226,604  | -  |
| Loss on disposal of capital asset  | -  | -  |
| Changes in assets and liabilities:   |  |  |
| Accounts receivable  | 555,951  | (5,876)  |
| Prepays  | 60,957   | -  |
| Deferred outflow of resources - employer contribution  | (534,498)  | -  |
| Deferred outflow of resources - pension related amounts  | (185,139)  | -  |
| Accounts payable   | (42,526)   | -  |
| Accrued wages  | 16,189   | -  |
| Net pension liability  | 269,945  | -  |
| Deferred inflow of resources - pension related amounts   | (194,779)  | -  |
| Claims payable   | (73,258)   | (131,954)  |
| <b>Total adjustments</b>   | <b>99,446</b>  | <b>(137,830)</b>                                       |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 1,217,591</b>  | <b>\$ (64,504)</b>                                     |

See accompanying Notes to Basic Financial Statements.

## FIDUCIARY FUND FINANCIAL STATEMENTS

### Private Purpose Trust Funds

*Successor Agency to the Lemon Grove Community Development Agency Private-Purpose Trust Fund* accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

**City of Lemon Grove**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

|  | Successor Agency<br>to the Lemon<br>Grove Community<br>Development<br>Agency Private<br>Purpose Trust Fund |
|--|--|
| <b>ASSETS</b>  |  |
| Cash and investments   | \$ 2,303,982   |
| Cash and investments with fiscal agent - restricted                      | 1,815,968  |
| Accounts receivable  | 1,102  |
| Notes receivable   | 3,967,178  |
| Property held for resale   | 689,910  |
| Capital assets:  |  |
| Non-depreciable  |  |
| Land   | 5,845,452  |
| Construction in progress   | 412,528  |
| Depreciable  |  |
| Infrastructure   | 300,258  |
| <b>Total assets</b>  | <u>15,336,378</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |  |
| Deferred loss on refunding   | 307,561  |
| Deferred outflow - pension related                                       | 42,047   |
| Deferred outflow - employer pension contributions                        | 165,721  |
| <b>Total deferred outflows of resources</b>                              | <u>515,329</u>   |
| <b>LIABILITIES</b>   |  |
| Accounts payable   | 1,150  |
| Accrued wages  | 681  |
| Interest payable   | 447,926  |
| Due to City of Lemon Grove   | 3,719,687  |
| Bonds payable, due in less than one year                                 | 685,000  |
| <b>Total current liabilities</b>   | <u>4,854,444</u>   |
| Noncurrent liabilities:  |  |
| Net pension liability  | 400,274  |
| Bonds payable, due in more than one year                                 | 23,746,242   |
| <b>Total noncurrent liabilities</b>                                      | <u>24,146,516</u>  |
| <b>Total liabilities</b>   | <u>29,000,960</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |  |
| Deferred inflow - pension related amounts                                | 29,893   |
| <b>Total deferred inflows of resources</b>                               | <u>29,893</u>  |
| <b>NET POSITION</b>  |  |
| Net position:  |  |
| Net position held for dissolution of the<br>Community Development Agency | (13,179,146)   |
| <b>Total net position</b>  | <u>\$ (13,179,146)</u>   |

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2016**

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|  | Successor Agency<br>to the Lemon<br>Grove Community<br>Development<br>Agency Private<br>Purpose Trust Fund |
|--|--|
| <b>ADDITIONS:</b>                        |  |
| Investment income                        | 21,689   |
| RDA property tax trust fund distribution | 2,488,723  |
| Other                                    | 94,510   |
| <b>Total additions</b>                   | <u>2,604,922</u>   |
| <b>DEDUCTIONS:</b>                       |  |
| Administration                           | 131,578  |
| Interest expense                         | 1,102,933  |
| Depreciation                             | 16,378   |
| <b>Total Deductions</b>                  | <u>1,250,889</u>   |
| <b>Change in net position</b>            | 1,354,033  |
| <b>NET POSITION:</b>                     |  |
| Beginning of year, as restated           | <u>(14,533,179)</u>  |
| End of year                              | <u>\$ (13,179,146)</u>   |

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Lemon Grove, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

***A. Financial Reporting Entity***

The City of Lemon Grove was incorporated in 1977, under the laws of the State of California.

The accompanying basic financial statements present the financial activities of the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. The blended component units have a June 30 year end. The following entities are reported as blended component units:

The Lemon Grove Sanitation District (Sanitation District) was established on June 10, 1982 as part of an annexation/detachment change of organization. The Sanitation District provides sewer services within the City of Lemon Grove. The City Council acts as the Sanitation District's governing board and exerts significant influence over its operations.

The Lemon Grove Landscape and Lighting District (Landscape and Lighting District) was established on May 1, 1978 to provide for establishing various street lighting improvements and maintenance for property within the City of Lemon Grove. The City Council acts as the Landscape and Lighting District's governing board and exerts significant influence over its operations.

Separate financial statements for the Sanitation District and Landscape and Lighting District are not available.

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

**Governmental Fund Financial Statements, Continued**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The City reports the following funds as major governmental funds of the City.

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Housing Special Revenue 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.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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 City 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 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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

**Fiduciary Fund Financial Statements**

The City reports the following fiduciary funds:

Successor Agency to the Lemon Grove Community Development Agency Private Purpose Trust Fund – accounts for the activities of the former Agency, except those accounting for in the Housing Special Revenue Fund of the City. This fund’s primary purpose is to expedite the dissolution of the former Agency’s net position (except for the Low and Moderate Housing Fund net position) in accordance with AB 1X26 and AB 1484.

**C. Cash, Cash Equivalents, and Investments**

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as “Cash and Investments” in the accompanying Basic Financial Statements.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Property Taxes, Continued**

*Tax levies* - are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation. The City's share of the \$1.00 varies depending on the tax rate area and it ranges from \$0.0730 to \$0.125.

*Tax Levy Dates* - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

*Tax Levy Apportionments* - due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

*Property Tax Administration Fees* - The State of California FY 1990-91 Budget Act authorized counties to collect an administration fee for collection and distribution of property taxes. Property taxes are recorded as net of administration fees withheld during the fiscal year.

The following are the important dates relating to the City's property taxes:

|                  |                           |
|------------------|---------------------------|
| Lien date        | March 1                   |
| Levy date        | June 30                   |
| Due date         | November 1 and February 1 |
| Collection dates | December 10 and April 10  |

**G. Capital Assets**

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 (\$100,000 for infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2016.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and American Institute of Certified Public Accountants (AICPA), require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**L. Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs are expensed when bonds are issued.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Net Position**

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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. Fund Balances**

**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.

**Restricted Fund Balances**

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, City charter, enabling legislation, laws and government regulations.

**Committed Fund Balances**

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Ordinance) of the City Council are classified as committed fund balances.

**Assigned Fund Balances**

Fund balance amounts for which the City Council has expressed intent for use but not taken formal action to commit are reported as assigned under GASB 54.

**Unassigned Fund Balance**

The residual classification for the General Fund is unassigned fund balance. The General Fund is the only fund that may report a positive unassigned balance. Negative fund balance reported in Special Revenue Funds are classified as unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then followed by unrestricted resources in the following order; committed, assigned, and unassigned, as they are needed.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*O. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports unamortized deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price, and deferred employer pension contributions as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

*P. 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.

City of Lemon Grove  
Notes to Basic Financial Statements  
For the year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

*Q. New Accounting Pronouncements*

In 2016, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*- The objective of this Statement is to identify –in the context of the current governmental financial reporting environment–the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Q. New Accounting Pronouncements, Continued*

(1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.

**2. CASH AND INVESTMENTS**

*A. Summary of Cash and Investments*

Cash and investments within the basic financial statements are reported as:

| <u>Government-Wide Statement of Net Position</u> |                                    |                                     |                            |                      |
|--|------------------------------------|-------------------------------------|----------------------------|----------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Fiduciary<br/>Funds</u> | <u>Total</u>         |
| Cash and investments                             | \$ 6,180,661                       | \$ 16,535,940                       | \$ 2,303,982               | \$ 25,020,583        |
| Restricted cash and investments                  | 25,000                             | -                                   | 1,815,968                  | 1,840,968            |
| <b>Total cash and investments</b>                | <b>\$ 6,205,661</b>                | <b>\$ 16,535,940</b>                | <b>\$ 4,119,950</b>        | <b>\$ 26,861,551</b> |

Cash and investment as of June 30, 2016 consist of the following:

|  |                      |
|--|----------------------|
| Cash on hand                           | \$ 1,700             |
| Deposits with financial institution    | 2,789,345            |
| <b>Total cash on hand and deposits</b> | <b>2,791,045</b>     |
| Local Agency Investment funds          | 17,688,734           |
| Certificates of deposits               | 4,540,804            |
| <b>Total investments</b>               | <b>22,229,538</b>    |
| <b>Total City Treasury</b>             | <b>25,020,583</b>    |
| Cash with fiscal agent                 | 1,840,968            |
| <b>Total cash and investments</b>      | <b>\$ 26,861,551</b> |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**2. CASH AND INVESTMENTS, Continued**

**B. Deposits**

The carrying amount of the City's cash deposit was a positive amount of \$2,789,345 at June 30, 2016. Bank balances before reconciling items amounted to \$3,080,022 at June 30, 2016. 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.

**C. Investments Authorized by the California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City of Lemon Grove by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized<br>Investment Type             | Maximum<br>Maturity | Maximum<br>Percentage/Amount<br>of Portfolio | Maximum<br>Investment<br>in One Issuer |
|---|---------------------|--|--|
| Local Agency Investment Fund (State Pool) | N/A                 | None   | None                                   |
| Certificates of deposits                  | 5 years             | 30%  | None                                   |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**2. CASH AND INVESTMENTS, Continued**

***D. Investments Authorized by Debt Agreements***

Investments of debt proceeds held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

***E. Disclosures Relating to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

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<br>Or Less           | 13 to 24<br>Months | 25-60<br>Months     | More Than<br>60 Months |
| Local Agency Investment Fund | \$ 17,688,734        | \$ 17,688,734                  | \$ -               | \$ -                | \$ -                   |
| Certificates of Deposits     | 4,540,804            | 497,335                        | 988,457            | 3,055,012           | -                      |
| Held by fiscal agents:       |                      |                                |                    |                     |                        |
| US Bank money market         | 1,840,968            | 1,840,968                      | -                  | -                   | -                      |
|                              | <u>\$ 24,070,506</u> | <u>\$ 20,027,037</u>           | <u>\$ 988,457</u>  | <u>\$ 3,055,012</u> | <u>\$ -</u>            |

***F. 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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**2. CASH AND INVESTMENTS, Continued**

**G. 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.

| Investment Type              | Amount               | Minimum<br>Legal Rating | Rating as of Fiscal Year End |             |                      |
|------------------------------|----------------------|-------------------------|------------------------------|-------------|----------------------|
|                              |                      |                         | Aa1                          | Aa3         | Rated                |
| Local Agency Investment Fund | \$ 17,688,734        | N/A                     | \$ -                         | \$ -        | \$ 17,688,734        |
| Certificates of Deposits     | 4,540,804            | N/A                     | -                            | -           | 4,540,804            |
| Held by fiscal agents:       |                      |                         |                              |             |                      |
| US Bank money market         | 1,840,968            | N/A                     | 1,840,968                    | -           | -                    |
| <b>Total</b>                 | <b>\$ 24,070,506</b> |                         | <b>\$ 1,840,968</b>          | <b>\$ -</b> | <b>\$ 22,229,538</b> |

**H. Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. The City has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments by reporting unit (primary government, governmental activities, business type activities, fiduciary funds, major funds, no major funds in the aggregate, etc.)

**I. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

**J. External Investment Pools**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2016, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**2. CASH AND INVESTMENTS, Continued**

**J. External Investment Pools, Continued**

As of June 30, 2016, the City had \$17,688,734 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.08% in the previous year. The LAIF fair value factor as of June 30, 2016 was 1.000621222, which was used to calculate the fair value of the investments in LAIF.

**K. Investment Valuation**

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2016 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

| Investment Type                         | Fair Value    | Fair Value Measurement Using |               |         |
|---|---------------|------------------------------|---------------|---------|
|   |               | Level 1                      | Level 2       | Level 3 |
| Local Agency Investment Fund            | \$ 17,688,734 | \$ -                         | \$ 17,688,734 | \$ -    |
| Certificates of Deposits                | 4,540,804     | -                            | 4,540,804     | -       |
| Total investments subject to fair value | 22,229,538    | \$ -                         | \$ 22,229,538 | \$ -    |

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool. Certificates of Deposits categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices derived principally from, or corroborated by, observable market data by correlation to other means.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**3. NOTES RECEIVABLE**

Notes receivable as of June 30, 2016, totaled \$12,047,768 and were recorded in the financial statements are as follows:

| Description   | Balance<br>June 30, 2016 |
|---|--------------------------|
| 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, 2016, the City had advanced \$4,263,292 and \$2,500,000 (Citronica One and Two, respectively) to the borrower. In addition \$811,731 and \$560,249 (Citronica One and Two, respectively) of accrued interest was incurred. | \$ 8,135,272             |
| 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, 2016, the City had advanced \$3,130,000 to the borrower. In addition, \$786,194 of accrued interest was incurred.   | 3,916,194                |
| Total notes receivable  | <u>\$12,051,466</u>      |
| As of June 30, 2016, notes receivable is reported as follow:  |                          |
| Primary Government  | \$ 8,084,288             |
| Successor Agency to the Lemon Grove Community Development Agency  | 3,967,178                |
|   | <u>\$12,051,466</u>      |

**4. DUE FROM SUCCESSOR AGENCY**

The General Fund previously advanced the former Lemon Grove Community Development Agency amounts to fund various redevelopment projects. The advances payable had no stated interest rate. During fiscal year 2012, after the dissolution of California redevelopment agencies, the payable was transferred from the former Agency to the Private-purpose trust fund - Successor Agency to the Lemon Grove Community Development Agency. The repayment of this amount is uncertain as of June 30, 2016, and is subject to the approval of the State Department of Finance as an enforceable obligation of the Successor Agency under redevelopment agency dissolution law under AB 1484. As of June 30, 2016, the amount due from the Successor Agency was \$3,719,687.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**5. CAPITAL ASSETS**

**A. Governmental Activities**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2016, was as follows:

| Governmental Activities                      | Balance<br>July 1, 2015 | Additions           | Deletions   | Balance<br>June 30, 2016 |
|--|-------------------------|---------------------|-------------|--------------------------|
| Capital assets, not being depreciated:       |                         |                     |             |                          |
| Land and improvements                        | \$ 7,520,853            | \$ -                | \$ -        | \$ 7,520,853             |
| Construction in progress                     | 353,548                 | -                   | -           | 353,548                  |
| Total capital assets, not being depreciated  | <u>7,874,401</u>        | <u>-</u>            | <u>-</u>    | <u>7,874,401</u>         |
| Capital assets, being depreciated:           |                         |                     |             |                          |
| Buildings and improvements                   | 9,318,302               | 266,477             | -           | 9,584,779                |
| Vehicles and equipment                       | 2,639,998               | 3,826               | -           | 2,643,824                |
| Infrastructure                               | 56,985,432              | 1,197,221           | -           | 58,182,653               |
| Total capital assets, being depreciated      | <u>68,943,732</u>       | <u>1,467,524</u>    | <u>-</u>    | <u>70,411,256</u>        |
| Less accumulated depreciation for:           |                         |                     |             |                          |
| Buildings and improvements                   | (6,056,300)             | (246,893)           | -           | (6,303,193)              |
| Vehicles and equipment                       | (1,384,086)             | (146,605)           | -           | (1,530,691)              |
| Infrastructure                               | (27,531,651)            | (1,372,115)         | -           | (28,903,766)             |
| Total accumulated depreciation               | <u>(34,972,037)</u>     | <u>(1,765,613)</u>  | <u>-</u>    | <u>(36,737,650)</u>      |
| Total capital assets, being depreciated, net | <u>33,971,695</u>       | <u>(298,089)</u>    | <u>-</u>    | <u>33,673,606</u>        |
| Governmental activities, capital assets, net | <u>\$ 41,846,096</u>    | <u>\$ (298,089)</u> | <u>\$ -</u> | <u>\$ 41,548,007</u>     |

Depreciation expense by program for capital assets for the year ended June 30, 2016 was as follows:

|                            |                     |
|----------------------------|---------------------|
| General government         | \$ 70,641           |
| Public safety              | 120,766             |
| Public works               | 1,442,041           |
| Community development      | 132,165             |
| Total depreciation expense | <u>\$ 1,765,613</u> |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**5. CAPITAL ASSETS, Continued**

**B. Business-type Activities**

Capital asset activity for business-type activities for the fiscal year ended June 30, 2016, was as follows:

| <u>Business-type Activities</u>               | <u>Balance<br/>July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30, 2016</u> |
|---|---------------------------------|------------------|------------------|----------------------------------|
| Capital assets, not being depreciated:        |                                 |                  |                  |                                  |
| Land  | \$ 3,724                        | \$ -             | \$ -             | \$ 3,724                         |
| Construction in progress                      | 256,590                         | -                | -                | 256,590                          |
| Total capital assets, not being depreciated   | <u>260,314</u>                  | <u>-</u>         | <u>-</u>         | <u>260,314</u>                   |
| Capital assets, being depreciated:            |                                 |                  |                  |                                  |
| Machinery and equipment                       | 1,366,481                       | -                | -                | 1,366,481                        |
| Infrastructure                                | 11,890,247                      | 284,364          | -                | 12,174,611                       |
| Total capital assets, being depreciated       | <u>13,256,728</u>               | <u>284,364</u>   | <u>-</u>         | <u>13,541,092</u>                |
| Less accumulated depreciation                 | (7,866,772)                     | (226,604)        | -                | (8,093,376)                      |
| Total capital assets, being depreciated, net  | <u>5,389,956</u>                | <u>57,760</u>    | <u>-</u>         | <u>5,447,716</u>                 |
| Business-type activities, capital assets, net | <u>\$ 5,650,270</u>             | <u>\$ 57,760</u> | <u>\$ -</u>      | <u>\$ 5,708,030</u>              |

**6. LONG-TERM DEBT**

**A. Governmental activities**

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2016:

|                                 | <u>July 1, 2015<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>June 30, 2016<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---------------------------------|---------------------------------|-------------------|---------------------|----------------------------------|--------------------------------|
| <b>Governmental activities:</b> |                                 |                   |                     |                                  |                                |
| Capital lease payable           | \$ 21,833                       | \$ -              | \$ (21,833)         | \$ -                             | \$ -                           |
| Compensated absences            | 714,016                         | 124,665           | (28,963)            | 809,718                          | 242,915                        |
| OPEB liability                  | 320,469                         | 188,909           | (132,497)           | 376,881                          | -                              |
| Claims payable                  | 225,895                         | -                 | (131,954)           | 93,941                           | 50,000                         |
| Governmental activities         |                                 |                   |                     |                                  |                                |
| Long-term liabilities           | <u>\$ 1,282,213</u>             | <u>\$ 313,574</u> | <u>\$ (315,247)</u> | <u>\$ 1,280,540</u>              | <u>\$ 292,915</u>              |

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

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**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. During the year ended June 30, 2016, the lease liability is fully paid off.

*Claims Payable*

The City's claims activity is recorded in its internal service funds. Estimated liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims that have been incurred but not reported (IBNRs) are also included in the liability estimates. A summary of changes in claims liabilities for the past three years follows:

|  | 2016             | 2015              | 2014              |
|--|------------------|-------------------|-------------------|
| Liability, July 1                        | \$ 225,895       | \$ 393,999        | \$ 393,999        |
| Incurred claims and changes in estimates | -                | -                 | 8,734             |
| Claim payments                           | (131,954)        | (168,104)         | (8,734)           |
| Liability, June 30                       | <u>\$ 93,941</u> | <u>\$ 225,895</u> | <u>\$ 393,999</u> |
| Due within one year                      | \$ 50,000        | \$ 50,000         | \$ 50,000         |
| Due in more than one year                | 43,941           | 175,895           | 343,999           |
|  | <u>\$ 93,941</u> | <u>\$ 225,895</u> | <u>\$ 393,999</u> |

The City is one member of the San Diego Pooled Insurance Program Authority (SANDPIPA). This organization was created as a joint powers authority to provide liability, property, and casualty coverage to its members. Under the joint powers agreement, SANDPIPA provides liability insurance coverage for the City for the difference between \$2,500,000 and the individual self insured retention of \$125,000 each occurrence. Commercial excess liability insurance is provided from \$2,500,000 up to \$44,500,000 per occurrence through three excess policies with separate companies. The premiums billed by the JPA to member cities are planned to match the expenses of the self insurance as well as the cost of providing the excess layer coverage and the cost of administering the plan.

Property insurance is also through SANDPIPA. There is a deductible of \$5,000 and the coverage is at replacement value.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**6. LONG-TERM DEBT, Continued**

**A. Governmental activities, Continued**

*Claims Payable, Continued*

SANDPIPA also provides "Fidelity & Deposit" insurance coverage. There are deductibles ranging from \$5,000 to \$25,000 and the amount of coverage is \$10,000,000 per occurrence.

Segmented information for the fiscal year ended June 30, 2016 taken from the audited financial statements of SANDPIPA are as follows:

|                                | <u>2016</u>           |
|--------------------------------|-----------------------|
| Statement of Net Position      |                       |
| Assets:                        |                       |
| Cash and investments           | \$ 27,123,913         |
| Other assets                   | 142,250               |
| Total assets                   | <u>27,266,163</u>     |
| Deferred Outflows of Resources | <u>46,558</u>         |
| Liabilities:                   |                       |
| Claims payable                 | 6,914,243             |
| Other liabilities              | 617,466               |
| Total liabilities              | <u>7,531,709</u>      |
| Deferred Inflows of Resources  | <u>24,267</u>         |
| Net position                   | <u>\$ 19,756,745</u>  |
| <br>                           |                       |
| Total Revenues                 | \$ 7,251,952          |
| Total Expenses                 | 12,127,198            |
| Net Increase/(Decrease)        | <u>\$ (4,875,246)</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 \$394,480 reported at June 30, 2016 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, 2016**

**7. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans or the Safety Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (miscellaneous classic tier 1, miscellaneous classic tier 2, miscellaneous PEPRA, safety fire classic, and safety fire PEPRA). Benefit provisions under the Plan are established by State statute and the City's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**B. Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

|   | <u>Miscellaneous</u> |                    |
|---|----------------------|--------------------|
|   | <u>Prior to</u>      | <u>On or after</u> |
| Hire date   | January 1, 2013      | January 1, 2013    |
| Benefit formula                                   | 2.5% @ 55            | 2% @ 62            |
| Benefit vesting schedule                          | 5 years service      | 5 years service    |
| Benefit payments                                  | monthly for life     | monthly for life   |
| Retirement age                                    | 50                   | 52                 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7%         | 1.0% to 2.5%       |
| Required employee contribution rates              | 8%                   | 6.25%              |
| Required employer contribution rates              | 9.67% to 6.70%       | 6.24%              |
|   | <u>Safety</u>        |                    |
|   | <u>Prior to</u>      | <u>On or after</u> |
| Hire date   | January 1, 2013      | January 1, 2013    |
| Benefit formula                                   | 3% @ 55              | 2.7% @ 57          |
| Benefit vesting schedule                          | 5 years service      | 5 years service    |
| Benefit payments                                  | monthly for life     | monthly for life   |
| Retirement age                                    | 50                   | 50                 |
| Monthly benefits, as a % of eligible compensation | 2%                   | 2%                 |
| Required employee contribution rates              | 9%                   | 11.50%             |
| Required employer contribution rates              | 16.52%               | 11.15%             |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**7. DEFINED BENEFIT PENSION PLAN, Continued**

***B. Benefits Provided, Continued***

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$100,039 and \$338,057 for safety and miscellaneous respectively, in fiscal year 2016.

*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 actuarial basis, annually and is effective on 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, 2016, the contributions recognized against net pension liability for the Plan is \$1,194,245.

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

As of June 30, 2016, the City reported net pension liability for its proportionate share of the net pension liability of the Plan is \$7,027,037.

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, 2015, 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, 2014 rolled forward to June 30, 2015 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.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 were as follows:

|                              |                  |
|------------------------------|------------------|
| Proportion - June 30, 2014   | 0.101819%        |
| Proportion - June 30, 2015   | 0.102377%        |
| Change - Increase (Decrease) | <u>0.000558%</u> |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**7. DEFINED BENEFIT PENSION PLAN, Continued**

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

For the year ended June 30, 2016, the City recognized pension expense of \$295,753. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date   | \$ 2,737,596                      | \$ -                             |
| Differences between expected and actual experience   | 29,642                            | 62,049                           |
| Changes of assumptions   | -                                 | 565,829                          |
| Changes in employer's proportion   | 658,482                           | -                                |
| Differences between the employer's contributions and the employer's proportionate share of contributions | 513,654                           | -                                |
| Net differences between projected and actual earnings on plan investments                                | -                                 | 285,225                          |
| Total  | <u>\$ 3,939,374</u>               | <u>\$ 913,103</u>                |

\$2,737,596 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year<br>Ending June 30: | Deferred<br>Outflows/(Inflows)<br>of Resources, Net |
|--------------------------------|---|
| 2017                           | \$ 55,825   |
| 2018                           | 51,832  |
| 2019                           | (2,556)   |
| 2020                           | 183,575   |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**7. DEFINED BENEFIT PENSION PLAN, Continued**

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

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Valuation Date            | June 30, 2014  |
| Measurement Date          | June 30, 2015  |
| Actuarial Cost Method     | Entry-Age Normal Cost Method                         |
| Actuarial Assumptions:    |  |
| Discount Rate             | 7.65%  |
| Inflation                 | 2.75%  |
| Projected Salary Increase | Varies by entry age and service                      |
| Investment Rate of Return | 7.65%  |
| Mortality                 | (1) Derived by CalPERS membership data for all funds |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 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 7.65 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**7. DEFINED BENEFIT PENSION PLAN, Continued**

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| Asset Class                   | New<br>Strategic<br>Allocation | Real Return<br>Years 1 - 10(a) | Real Return<br>Years 11+(b) |
|-------------------------------|--------------------------------|--------------------------------|-----------------------------|
| Global Equity                 | 51.00%                         | 5.25%                          | 5.71%                       |
| Global Fixed Income           | 19.00%                         | 0.99%                          | 2.43%                       |
| Inflation Sensitive           | 6.00%                          | 0.45%                          | 3.36%                       |
| Private Equity                | 10.00%                         | 6.83%                          | 6.95%                       |
| Real Estate                   | 10.00%                         | 4.50%                          | 5.13%                       |
| Infrastructure and Forestland | 2.00%                          | 4.50%                          | 5.09%                       |
| Liquidity                     | 2.00%                          | -0.55%                         | -1.05%                      |
| Total                         | 100%                           |                                |                             |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

***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:

|                       |              |
|-----------------------|--------------|
| 1% Decrease           | 6.65%        |
| Net Pension Liability | \$10,719,200 |
| Current Discount Rate | 7.65%        |
| Net Pension Liability | \$7,027,037  |
| 1% Increase           | 8.65%        |
| Net Pension Liability | \$3,984,179  |

***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, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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.

Funding Policy

The contribution requirement of the City are established and may be amended by the City Council. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2015-16, the City contributed \$132,497 to the plan, which was 100% of the total current premiums.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than on hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the retiree health plan:

|   |                          |
|---|--------------------------|
| Annual required contribution                | \$ 191,268               |
| Interest on net OPEB obligation             | 2,588                    |
| Amortization of net OPEB obligation         | <u>(4,947)</u>           |
| Annual OPEB cost                            | 188,909                  |
| Payments made                               | <u>(132,497)</u>         |
| Increase in net OPEB obligation             | 56,412                   |
| Net OPEB obligation - beginning of the year | <u>320,469</u>           |
| Net OPEB obligation - ending of year        | <u><u>\$ 376,881</u></u> |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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 2016 and the two preceding years were as follows:

| Fiscal Year | Annual<br>OPEB Cost<br>(AOC) | Percentage<br>of AOC<br>Contributed | Net OPEB<br>Obligation |
|-------------|------------------------------|-------------------------------------|------------------------|
| 6/30/2014   | \$ 188,909                   | 73%                                 | \$ 258,017             |
| 6/30/2015   | 188,909                      | 67%                                 | 320,469                |
| 6/30/2016   | 188,909                      | 70%                                 | 376,881                |

Funded Status and Funding Progress

As of the most recent valuation, June 30, 2016, the actuarial accrued liability for benefits was \$2,895,202, 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, 2016**

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**8. OTHER POSTEMPLOYMENT BENEFITS, Continued**

Methods and Assumptions, Continued

*Marital status* – Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* – Life expectancies were based on mortality tables from the U.S. Census Bureau.

*Health insurance premiums* – 2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Payroll growth rate* – The expected long-term payroll growth rate was assumed to equal 2.30%.

Based on the historical and expected returns, a discount rate of 3.5 percent was used. In addition, as simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was thirty years.

**9. JOINT POWERS AUTHORITY**

The City is a member of the Heartland Communications Facility Authority (HCFA). HCFA was created to equip, maintain, operate and staff a facility which provides emergency call receiving and dispatching services to participating agencies. No determination has been made as to each participants proportionate share of fund equity as of June 30, 2016.

Complete financial statements may be obtained at the City of El Cajon, Finance City, 200 E. Main Street, El Cajon, CA 92020.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**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.

The California Department of Finance has approved the Lemon Grove Successor Agency's Long Range Management Plan and has also issued a Finding of Completion. The State continues to monitor the Recognized Obligation Payment Schedule (ROPS) that is filed annually by the Successor Agency.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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

**B. Successor Agency Trust Long Term Debt**

The following is a summary of long-term debt transactions including amortization for the year ended June 30, 2016:

|                                     | Balance<br>July 1, 2015 | Additions   | Deletions         | Balance<br>June 30, 2016 | Due Within<br>One Year |
|-------------------------------------|-------------------------|-------------|-------------------|--------------------------|------------------------|
| Redevelopment Tax Allocation Bonds: |                         |             |                   |                          |                        |
| Series 2007                         | 12,810,000              | -           | (205,000)         | 12,605,000               | 205,000                |
| Series 2010, Refunding              | 6,600,000               | -           | (355,000)         | 6,245,000                | 365,000                |
| Series 2014, Refunding              | 5,740,000               | -           | (100,000)         | 5,640,000                | 115,000                |
| Less deferred amounts:              |                         |             |                   |                          |                        |
| For issuance discounts              | (63,538)                | -           | 4,780             | (58,758)                 | -                      |
| <b>Total long term debt</b>         | <b>\$ 25,086,462</b>    | <b>\$ -</b> | <b>\$ 660,000</b> | <b>\$ 24,431,242</b>     | <b>\$ 685,000</b>      |

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, 2016 are as follows:

| Year Ending<br>June 30, | Principal            | Interest            | Total                |
|-------------------------|----------------------|---------------------|----------------------|
| 2017                    | 205,000              | 555,699             | 760,699              |
| 2018                    | 215,000              | 547,278             | 762,278              |
| 2019                    | 225,000              | 538,412             | 763,412              |
| 2020                    | 230,000              | 529,084             | 759,084              |
| 2021                    | 230,000              | 519,540             | 749,540              |
| 2022-2026               | 1,345,000            | 2,435,667           | 3,780,667            |
| 2027-2031               | 1,710,000            | 2,097,698           | 3,807,698            |
| 2032-2036               | 5,055,000            | 1,451,588           | 6,506,588            |
| 2037-2038               | 3,390,000            | 154,350             | 3,544,350            |
| <b>Total</b>            | <b>\$ 12,605,000</b> | <b>\$ 8,829,314</b> | <b>\$ 21,434,314</b> |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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

**B. Successor Agency Trust Long Term Debt, Continued**

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.

The scheduled annual minimum debt service requirements at June 30, 2016 are as follows:

| Year Ending<br>June 30, | Principal           | Interest            | Total               |
|-------------------------|---------------------|---------------------|---------------------|
| 2017                    | 365,000             | 293,398             | 658,398             |
| 2018                    | 380,000             | 280,068             | 660,068             |
| 2019                    | 395,000             | 265,043             | 660,043             |
| 2020                    | 410,000             | 248,430             | 658,430             |
| 2021                    | 425,000             | 230,155             | 655,155             |
| 2022-2026               | 2,470,000           | 802,831             | 3,272,831           |
| 2027-2029               | 1,800,000           | 144,900             | 1,944,900           |
| <b>Total</b>            | <b>\$ 6,245,000</b> | <b>\$ 2,264,824</b> | <b>\$ 8,509,824</b> |

2014 Tax Allocation Bonds

In August 2014, the Agency issued \$5,740,000 of Tax Allocation Bonds with interest rates varying from 2.00% 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, 2034. 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 \$143,546. 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 \$388,353 and resulted in an economic gain of \$244,087.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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

**B. Successor Agency Trust Long Term Debt, Continued**

The scheduled annual minimum debt service requirements at June 30, 2016 are as follows:

| Year Ending<br>June 30, | Principal           | Interest            | Total               |
|-------------------------|---------------------|---------------------|---------------------|
| 2017                    | 115,000             | 214,461             | 329,461             |
| 2018                    | 115,000             | 211,874             | 326,874             |
| 2019                    | 120,000             | 208,636             | 328,636             |
| 2020                    | 125,000             | 204,961             | 329,961             |
| 2021                    | 130,000             | 201,136             | 331,136             |
| 2022-2026               | 705,000             | 928,456             | 1,633,456           |
| 2027-2031               | 2,210,000           | 718,053             | 2,928,053           |
| 2032-2035               | 2,120,000           | 133,400             | 2,253,400           |
| <b>Total</b>            | <b>\$ 5,640,000</b> | <b>\$ 2,820,978</b> | <b>\$ 8,460,978</b> |

**C. Capital Assets**

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

|                                       | Balance<br>July 1, 2015 | Additions          | Retirements | Balance<br>June 30, 2016 |
|---------------------------------------|-------------------------|--------------------|-------------|--------------------------|
| Non-depreciable assets:               |                         |                    |             |                          |
| Land                                  | \$ 5,845,452            | \$ -               | \$ -        | \$ 5,845,452             |
| Construction in progress              | 412,528                 | -                  | -           | 412,528                  |
| Depreciable assets                    |                         |                    |             |                          |
| Infrastructure                        | 327,555                 | -                  | -           | 327,555                  |
| <b>Total capital assets</b>           | <b>6,585,535</b>        | <b>-</b>           | <b>-</b>    | <b>6,585,535</b>         |
| Less accumulated depreciation for:    |                         |                    |             |                          |
| Infrastructure                        | 10,919                  | 16,378             | -           | 27,297                   |
| <b>Total accumulated depreciation</b> | <b>10,919</b>           | <b>16,378</b>      | <b>-</b>    | <b>27,297</b>            |
| <b>Total capital assets, net</b>      | <b>\$ 6,574,616</b>     | <b>\$ (16,378)</b> | <b>\$ -</b> | <b>\$ 6,558,238</b>      |

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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**11. RISKS AND UNCERTANTITIES**

**A. Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that maybe disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**B. Successor Agency**

Amounts paid and accrued for the year ended June 30, 2016 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

**12. FUND DEFICITS**

The following funds have negative fund balance as of June 30, 2016:

| <u>Fund</u>                   | <u>Deficit</u> |
|-------------------------------|----------------|
| <b>Special Revenue Fund:</b>  |                |
| Gas Tax Fund                  | \$ 2,490       |
| Sundry Grant Fund             | \$ 607,300     |
| TDA Fund                      | \$ 20,859      |
| Transnet Fund                 | \$ 301,637     |
| <b>Capital Projects Fund:</b> |                |
| Main Street Promenade CFD     | \$ 1,603       |

The deficit is expected to be eliminated with the receipt of grant awards and future revenues.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

**13. PRIOR PERIOD ADJUSTMENTS**

The City recorded the following prior period adjustments:

*Government-wide Statements, Proprietary Funds and Fiduciary Funds*

|                  | Prior Period Adjustments             |                                 |                              |                     |                 |                     | Net Position, as Restated |
|------------------|--------------------------------------|---------------------------------|------------------------------|---------------------|-----------------|---------------------|---------------------------|
|                  | Net Position, as Previously Reported | Deferred Employer Contributions | Deferred Outflows/ (Inflows) | Claim Liability     | Note Receivable | Due to the City     |                           |
| Government-wide  | \$ 54,856,998                        | \$ 158,205                      | \$ (73,608)                  | \$ -                | \$ (231,020)    | \$ -                | \$ 54,710,575             |
| Sanitary Fund    | 20,600,077                           | 87,980                          | -                            | (168,104)           |                 |                     | 20,519,953                |
| Successor Agency | (14,227,766)                         | 18,815                          | -                            | -                   | 234,718         | (558,946)           | (14,533,179)              |
| Total            | <u>\$ 61,229,309</u>                 | <u>\$ 265,000</u>               | <u>\$ (73,608)</u>           | <u>\$ (168,104)</u> | <u>\$ 3,698</u> | <u>\$ (558,946)</u> | <u>\$ 60,697,349</u>      |

These prior period adjustments were recorded: 1) to correct the City's deferred contributions made for pension, deferred outflows/inflows as of June 30, 2015; 2) to adjust the claim liability under Sanitation fund; 3) to correct notes receivable amount under government-wise activities and Successor Agency and 4) to correct the amount payable to the City by the Successor Agency.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Lemon Grove**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2016**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgetary Control and Budgetary Accounting***

The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the council. Supplemental appropriations, where required during the period, are also approved by the Council. Budget transfers that affect the total appropriations for any fund require City Council approval. Budget transfers within a budget code with no change in appropriation within the budget code are approved by the City Manager only and do not require approval by the City Council. A budget code could be a program, or a division of a City, or a City. In most cases, expenditures may not legally exceed appropriations at the budget code level for the General Fund, and fund level for Special Revenue, Capital Projects, and Debt Service Funds.

At fiscal year-end, all operating budget appropriations lapse with the exception of encumbered and continuing appropriations.

Budgets are adopted for all funds.

**B. *Encumbrances***

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and Capital Projects funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at fiscal year-end are completed. They do not constitute expenditures or estimated liabilities.

**C. *Continuing Appropriations***

The unexpected and unencumbered appropriations that are available and recommended for continuation are approved by the City Council for carryover to the following fiscal year.

**D. *Budget Basis of Accounting***

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP).

**City of Lemon Grove**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2016**

**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**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive/(Negative)</u> |
|---|-------------------------|---------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>REVENUES:</b>                            |                         |                     |                           |   |
| Taxes                                       | \$10,631,400            | \$10,631,400        | \$ 10,886,038             | \$ 254,638  |
| Licenses and permits                        | 374,700                 | 374,700             | 673,798                   | 299,098   |
| Fines and forfeitures                       | 81,500                  | 81,500              | 125,713                   | 44,213  |
| Intergovernmental                           | 8,000                   | 8,000               | 78,753                    | 70,753  |
| Charges for services                        | 415,300                 | 415,300             | 543,614                   | 128,314   |
| Investment earnings                         | 230,400                 | 230,400             | 278,816                   | 48,416  |
| Other revenues                              | 8,000                   | 8,000               | 214,119                   | 206,119   |
| <b>Total revenues</b>                       | <b>11,749,300</b>       | <b>11,749,300</b>   | <b>12,800,851</b>         | <b>1,051,551</b>  |
| <b>EXPENDITURES:</b>                        |                         |                     |                           |   |
| <b>Current:</b>                             |                         |                     |                           |   |
| <b>General government:</b>                  |                         |                     |                           |   |
| City council                                | 68,300                  | 68,300              | 69,783                    | (1,483)   |
| City manager                                | 464,100                 | 464,100             | 381,659                   | 82,441  |
| City attorney                               | 141,500                 | 141,500             | 192,993                   | (51,493)  |
| Finance                                     | 231,800                 | 231,800             | 291,161                   | (59,361)  |
| <b>Total general government</b>             | <b>905,700</b>          | <b>905,700</b>      | <b>935,596</b>            | <b>(29,896)</b>   |
| <b>Public safety:</b>                       |                         |                     |                           |   |
| Sheriff                                     | 5,261,200               | 5,261,200           | 5,240,335                 | 20,865  |
| Animal control                              | -                       | -                   | -                         | -   |
| Fire  | 4,143,200               | 4,143,200           | 4,024,463                 | 118,737   |
| <b>Total public safety</b>                  | <b>9,404,400</b>        | <b>9,404,400</b>    | <b>9,264,798</b>          | <b>139,602</b>  |
| Public works                                | 1,062,300               | 1,062,300           | 1,201,977                 | (139,677)   |
| Community development                       | 515,500                 | 515,500             | 972,762                   | (457,262)   |
| Capital outlay                              | 65,200                  | 65,200              | 79,867                    | (14,667)  |
| <b>Debt service:</b>                        |                         |                     |                           |   |
| Principal                                   | 22,700                  | 22,700              | 22,621                    | 79  |
| Interest                                    | -                       | -                   | -                         | -   |
| <b>Total debt service</b>                   | <b>22,700</b>           | <b>22,700</b>       | <b>22,621</b>             | <b>79</b>   |
| <b>Total expenditures</b>                   | <b>11,975,800</b>       | <b>11,975,800</b>   | <b>12,477,621</b>         | <b>(501,821)</b>  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(226,500)</b>        | <b>(226,500)</b>    | <b>323,230</b>            | <b>549,730</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                         |                     |                           |   |
| Transfers in                                | -                       | -                   | 710,400                   | 710,400   |
| Transfers out                               | -                       | -                   | (79,635)                  | (79,635)  |
| <b>Total other financing sources (uses)</b> | <b>-</b>                | <b>-</b>            | <b>630,765</b>            | <b>630,765</b>  |
| <b>Net change in fund balance</b>           | <b>\$ (226,500)</b>     | <b>\$ (226,500)</b> | <b>953,995</b>            | <b>\$ 1,180,495</b>   |
| <b>FUND BALANCE:</b>                        |                         |                     |                           |   |
| Beginning of year                           |                         |                     | 7,507,607                 |   |
| End of year                                 |                         |                     | <u>\$ 8,461,602</u>       |   |

**City of Lemon Grove**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2016**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

*E. Budgetary Comparison Schedules, Continued*

Budgetary Comparison Schedule, Housing Special Revenue Fund

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|-------------------|---|
|  | Original         | Final       |                   |   |
| <b>REVENUES:</b>                         |                  |             |                   |   |
| Charge for services                      | \$ -             | \$ -        | \$ 24,135         | \$ 24,135   |
| Other revenue                            | -                | -           | 59,321            | 59,321  |
| <b>Total revenues</b>                    | <b>-</b>         | <b>-</b>    | <b>83,456</b>     | <b>83,456</b>   |
| <b>EXPENDITURES:</b>                     |                  |             |                   |   |
| Capital outlay                           | -                | -           | 264,320           | (264,320)   |
| <b>Total expenditures</b>                | <b>-</b>         | <b>-</b>    | <b>264,320</b>    | <b>(264,320)</b>  |
| <b>REVENUES OVER (UNDER) EXPENDITURE</b> | <b>-</b>         | <b>-</b>    | <b>(180,864)</b>  | <b>(180,864)</b>  |
| <b>Net change in fund balance</b>        | <b>\$ -</b>      | <b>\$ -</b> | <b>(180,864)</b>  | <b>\$ (180,864)</b>                                     |
| <b>FUND BALANCE:</b>                     |                  |             |                   |   |
| Beginning of year                        |                  |             | 7,267,300         |   |
| End of year                              |                  |             | \$ 7,086,436      |   |

**City of Lemon Grove**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2016**

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**2. DEFINED BENEFIT PENSION PLAN**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - Last 10 Years\***

|  | <u>6/30/2016</u> | <u>6/30/2015</u> |
|--|------------------|------------------|
| Measurement date   | 6/30/2015        | 6/30/2014        |
| Proportion of the net pension liability  | 0.102377%        | 0.101819%        |
| Proportionate share of the net pension liability   | \$ 7,027,037     | \$ 6,335,672     |
| Covered - employee payroll   | 3,854,444        | 3,916,214        |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | 182.31%          | 161.78%          |
| Plan fiduciary net position as a percentage of the total pension liability                 | 78.40%           | 79.82%           |

**Notes to Schedule:**

\*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**City of Lemon Grove**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2016**

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**2. DEFINED BENEFIT PENSION PLAN, Continued**

**SCHEDULE OF CONTRIBUTIONS - Last 10 Years\***

|  | <u>2016</u>           | <u>2015</u>         |
|--|-----------------------|---------------------|
| Contractually required contribution (actuarially determined)         | \$ 909,279            | \$ 929,245          |
| Contribution in relation to the actuarially determined contributions | <u>2,737,596</u>      | <u>1,194,245</u>    |
| Contribution deficiency (excess)                                     | <u>\$ (1,828,317)</u> | <u>\$ (265,000)</u> |
| Covered-employee payroll   | \$ 3,854,444          | \$ 3,854,444        |
| Contributions as a percentage of covered-employee payroll            | 71.02%                | 30.98%              |

**Note to Schedule**

\*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**City of Lemon Grove**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2016**

**3. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

A schedule of funding progress for the actuarial valuation of June 30, 2016 is presented below.

| Valuation<br>Date * | Actuarial<br>Asset<br>Value | Unfunded<br>Actuarial<br>Accrued<br>Liability | Funded<br>Ratio | Covered<br>Payroll ** | Unfunded<br>Actuarial<br>Liability as<br>Percentage of<br>Covered<br>Payroll |
|---------------------|-----------------------------|---|-----------------|-----------------------|--|
| 6/30/2012           | -                           | 2,697,679                                     | 0.0%            | 3,742,383             | 72.1%  |
| 6/30/2014           |                             | 2,803,349                                     | 0.0%            | 3,916,214             | 71.6%  |
| 6/30/2016           | -                           | 2,895,202                                     | 0.0%            | 3,854,444             | 75.1%  |

\* Based on the most recent valuation available

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# SUPPLEMENTARY INFORMATION

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Gas Tax Fund* is supported by revenue from the State gas tax fund. Fund proceeds may be used to research, plan, construct, improve, maintain and operate local streets.

*Parkland Dedication Fund* accounts for fees in-lieu of dedicating park land that are to be used for the purchase of park land, the development of new parks, or the major rehabilitation of existing parks.

*Supplemental Law Enforcement Service Fund* accounts for State grant proceeds to be used to augment the staffing level of Sheriff deputies.

*Sundry Grants Fund* accounts for grants currently being administered by the City.

*CDBG Fund* accounts for grant proceeds from the Community Development Block Grant program. Funds are expended and then reimbursed by the County of San Diego.

*TDA Fund* accounts for transit proceeds allocated from MTS for maintenance of landscaping along the trolley corridor and maintenance of trolley stations and bus shelters throughout the City.

*Lighting District Fund* accounts for activities relating to the Roadway Lighting District which provides for street light benefits and enhanced lighting benefits.

*Transnet Fund* accounts for Transnet allocation and street related projects eligible for Transnet funding. This fund is specifically used to finance significant right-of-way improvements (streets and sidewalks), storm drain, and traffic related projects.

*Storm Water Fund* accounts for designated storm water program fees and support the City's storm water program - a State and Federal mandated program.

*Household Hazardous Waste Fund* accounts for the City's household hazardous waste disposal program. This program is supported by AB 939 funds which are collected for this and recycling related programs. The City relies on this fund for contractual services to provide household hazardous waste events and to promote a higher level of recycling within the City.

*Wild Flower Assessment Fund* accounts for the Wildflower Landscaping Maintenance Assessment District.

*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.

**City of Lemon Grove**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2016**

|  | Special Revenue  |                        |  |                   |
|--|------------------|------------------------|--|-------------------|
|  | Gas<br>Tax       | Parkland<br>Dedication | Supplemental<br>Law Enforcement<br>Service | Sundry<br>Grants  |
| <b>ASSETS</b>  |                  |                        |  |                   |
| Cash and investments   | \$ -             | \$ 116,907             | \$ 14,575                                  | \$ -              |
| Accounts receivable  | 45,285           | 105                    | -  | 840,484           |
| Prepays  | 315              | -                      | -  | -                 |
| <b>Total assets</b>  | <b>\$ 45,600</b> | <b>\$ 117,012</b>      | <b>\$ 14,575</b>                           | <b>\$ 840,484</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>       |                  |                        |  |                   |
| <b>Liabilities:</b>  |                  |                        |  |                   |
| Accounts payable   | 5,267            | 3,826                  | -  | 3,905             |
| Accrued wages  | 6,045            | -                      | -  | -                 |
| Deposit payable  | -                | -                      | -  | -                 |
| Due to other funds   | 36,778           | -                      | -  | 751,278           |
| Unearned revenue   | -                | -                      | -  | -                 |
| <b>Total liabilities</b>   | <b>48,090</b>    | <b>3,826</b>           | <b>-</b>                                   | <b>755,183</b>    |
| <b>Deferred inflows of resources:</b>  |                  |                        |  |                   |
| Unavailable revenue  | -                | -                      | -  | 692,601           |
| <b>Total deferred inflows of resources</b>                                     | <b>-</b>         | <b>-</b>               | <b>-</b>                                   | <b>692,601</b>    |
| <b>Fund Balances:</b>  |                  |                        |  |                   |
| <b>Restricted:</b>   |                  |                        |  |                   |
| Public safety  | -                | -                      | 14,575                                     | -                 |
| Community development  | -                | 113,186                | -  | -                 |
| Public works   | -                | -                      | -  | -                 |
| Unassigned   | (2,490)          | -                      | -  | (607,300)         |
| <b>Total fund balances</b>   | <b>(2,490)</b>   | <b>113,186</b>         | <b>14,575</b>                              | <b>(607,300)</b>  |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 45,600</b> | <b>\$ 117,012</b>      | <b>\$ 14,575</b>                           | <b>\$ 840,484</b> |

Special Revenue

| CDBG              | TDA               | Lighting<br>District | Transnet         | Storm<br>Water   | Household<br>Hazardous<br>Waste | Wild Flower<br>Assessment |
|-------------------|-------------------|----------------------|------------------|------------------|---------------------------------|---------------------------|
| \$ -              | \$ -              | \$ 432,446           | \$ -             | \$ 12,037        | \$ 197,618                      | \$ 5,277                  |
| 173,738           | 121,123           | 2,197                | 84,827           | -                | 1,463                           | 4                         |
| -                 | 27                | 45                   | 47               | -                | 1                               | -                         |
| <u>\$ 173,738</u> | <u>\$ 121,150</u> | <u>\$ 434,688</u>    | <u>\$ 84,874</u> | <u>\$ 12,037</u> | <u>\$ 199,082</u>               | <u>\$ 5,281</u>           |
| 173,738           | 5,391             | 16,782               | 132,193          | 11,344           | 160                             | 354                       |
| -                 | 1,216             | 2,115                | 4,337            | 693              | 702                             | 143                       |
| -                 | -                 | -                    | -                | -                | 56,002                          | -                         |
| -                 | 27,632            | -                    | 249,981          | -                | -                               | -                         |
| -                 | 107,770           | -                    | -                | -                | -                               | -                         |
| <u>173,738</u>    | <u>142,009</u>    | <u>18,897</u>        | <u>386,511</u>   | <u>12,037</u>    | <u>56,864</u>                   | <u>497</u>                |
| -                 | -                 | -                    | -                | -                | -                               | -                         |
| -                 | -                 | -                    | -                | -                | -                               | -                         |
| -                 | -                 | -                    | -                | -                | -                               | -                         |
| -                 | -                 | -                    | -                | -                | -                               | 4,784                     |
| -                 | -                 | 415,791              | -                | -                | 142,218                         | -                         |
| -                 | (20,859)          | -                    | (301,637)        | -                | -                               | -                         |
| -                 | (20,859)          | 415,791              | (301,637)        | -                | 142,218                         | 4,784                     |
| <u>\$ 173,738</u> | <u>\$ 121,150</u> | <u>\$ 434,688</u>    | <u>\$ 84,874</u> | <u>\$ 12,037</u> | <u>\$ 199,082</u>               | <u>\$ 5,281</u>           |

**City of Lemon Grove**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2016**

|  | Special Revenue                          |  |                                   | Capital Projects       |
|--|--|--|-----------------------------------|------------------------|
|  | PEG<br>(Public/Education/<br>Government) | Serious Traffic<br>Offender<br>Program | Total<br>Special Revenue<br>Funds | Street<br>Construction |
| <b>ASSETS</b>  |  |  |                                   |                        |
| Cash and investments   | \$ 201,333                               | \$ 36,735                              | \$ 1,016,928                      | \$ 158,132             |
| Accounts receivable  | 13,779                                   | 32                                     | 1,283,037                         | 143                    |
| Prepays  | -  | -                                      | 435                               | -                      |
| <b>Total assets</b>  | <b>\$ 215,112</b>                        | <b>\$ 36,767</b>                       | <b>\$ 2,300,400</b>               | <b>\$ 158,275</b>      |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>                                       |  |  |                                   |                        |
| <b>Liabilities:</b>  |  |  |                                   |                        |
| Accounts payable   | -  | 678                                    | 353,638                           | -                      |
| Accrued wages  | -  | 64                                     | 15,315                            | -                      |
|  | -  | -                                      | 56,002                            | -                      |
| Due to other funds   | -  | -                                      | 1,065,669                         | -                      |
| Unearned revenue   | -  | -                                      | 107,770                           | -                      |
| <b>Total liabilities</b>   | <b>-</b>                                 | <b>742</b>                             | <b>1,598,394</b>                  | <b>-</b>               |
| <b>Deferred inflows of resources:</b>  |  |  |                                   |                        |
| Unavailable revenue  | -  | -                                      | 692,601                           | -                      |
| <b>Total deferred inflows of resources</b>                                     | <b>-</b>                                 | <b>-</b>                               | <b>692,601</b>                    | <b>-</b>               |
| <b>Fund Balances:</b>  |  |  |                                   |                        |
| <b>Restricted:</b>   |  |  |                                   |                        |
| Public safety  | -  | 36,025                                 | 50,600                            | -                      |
| Community development  | 215,112                                  | -                                      | 333,082                           | -                      |
| Public works   | -  | -                                      | 558,009                           | 158,275                |
| Unassigned   | -  | -                                      | (932,286)                         | -                      |
| <b>Total fund balances</b>   | <b>215,112</b>                           | <b>36,025</b>                          | <b>9,405</b>                      | <b>158,275</b>         |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 215,112</b>                        | <b>\$ 36,767</b>                       | <b>\$ 2,300,400</b>               | <b>\$ 158,275</b>      |

Capital Projects

| Sidewalk<br>Reserve | Main Street<br>Promenade<br>CFD | Safety<br>Capital<br>Purchases | Transportation<br>Mitigation | Total Capital<br>Projects<br>Funds | Total               |
|---------------------|---------------------------------|--------------------------------|------------------------------|------------------------------------|---------------------|
| \$ 23,101           | \$ -                            | \$ 180,000                     | \$ 462,537                   | \$ 823,770                         | \$ 1,840,698        |
| 21                  | -                               | -                              | 418                          | 582                                | 1,283,619           |
| -                   | -                               | -                              | -                            | -                                  | 435                 |
| <u>\$ 23,122</u>    | <u>\$ -</u>                     | <u>\$ 180,000</u>              | <u>\$ 462,955</u>            | <u>\$ 824,352</u>                  | <u>\$ 3,124,752</u> |
| -                   | 827                             | -                              | -                            | 827                                | \$ 354,465          |
| -                   | -                               | -                              | -                            | -                                  | 15,315              |
| -                   | -                               | -                              | -                            | -                                  | 56,002              |
| -                   | 776                             | -                              | -                            | 776                                | 1,066,445           |
| -                   | -                               | -                              | 187,081                      | 187,081                            | 294,851             |
| -                   | 1,603                           | -                              | 187,081                      | 188,684                            | 1,787,078           |
| -                   | -                               | -                              | -                            | -                                  | 692,601             |
| -                   | -                               | -                              | -                            | -                                  | 692,601             |
| -                   | -                               | 180,000                        | -                            | 180,000                            | 230,600             |
| -                   | -                               | -                              | -                            | -                                  | 333,082             |
| 23,122              | -                               | -                              | 275,874                      | 457,271                            | 1,015,280           |
| -                   | (1,603)                         | -                              | -                            | (1,603)                            | (933,889)           |
| <u>23,122</u>       | <u>(1,603)</u>                  | <u>180,000</u>                 | <u>275,874</u>               | <u>635,668</u>                     | <u>645,073</u>      |
| <u>\$ 23,122</u>    | <u>\$ -</u>                     | <u>\$ 180,000</u>              | <u>\$ 462,955</u>            | <u>\$ 824,352</u>                  | <u>\$ 3,124,752</u> |

**City of Lemon Grove**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2016**

|   | Special Revenue  |                     |                                      |                  |
|---|------------------|---------------------|--------------------------------------|------------------|
|   | Gas Tax          | Parkland Dedication | Supplemental Law Enforcement Service | Sundry Grants    |
| <b>REVENUES:</b>                            |                  |                     |                                      |                  |
| Taxes                                       | \$ -             | \$ -                | \$ -                                 | \$ -             |
| Intergovernmental                           | 554,443          | -                   | 114,618                              | 377,302          |
| Charges for services                        | -                | 64,881              | -                                    | -                |
| Use of money and property                   | -                | 804                 | -                                    | -                |
| Other                                       | -                | -                   | -                                    | 31,968           |
| <b>Total revenues</b>                       | <b>554,443</b>   | <b>65,685</b>       | <b>114,618</b>                       | <b>409,270</b>   |
| <b>EXPENDITURES:</b>                        |                  |                     |                                      |                  |
| Current:                                    |                  |                     |                                      |                  |
| General government                          | 753,673          | -                   | -                                    | -                |
| Public safety                               | -                | -                   | -                                    | -                |
| Public works                                | -                | -                   | -                                    | 731,464          |
| Community development                       | -                | -                   | -                                    | 191,896          |
| Capital outlay                              | -                | 3,827               | -                                    | -                |
| <b>Total expenditures</b>                   | <b>753,673</b>   | <b>3,827</b>        | <b>-</b>                             | <b>923,360</b>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(199,230)</b> | <b>61,858</b>       | <b>114,618</b>                       | <b>(514,090)</b> |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                     |                                      |                  |
| Transfers in                                | 100,000          | -                   | -                                    | -                |
| Transfers out                               | -                | -                   | (100,000)                            | -                |
| <b>Total other financing sources (uses)</b> | <b>100,000</b>   | <b>-</b>            | <b>(100,000)</b>                     | <b>-</b>         |
| <b>Net change in fund balances</b>          | <b>(99,230)</b>  | <b>61,858</b>       | <b>14,618</b>                        | <b>(514,090)</b> |
| <b>FUND BALANCES:</b>                       |                  |                     |                                      |                  |
| Beginning of the year                       | 96,740           | 51,328              | (43)                                 | (93,210)         |
| End of the year                             | \$ (2,490)       | \$ 113,186          | \$ 14,575                            | \$ (607,300)     |

Special Revenue

| CDBG           | TDA                | Lighting District | Transnet            | Storm Water     | Household Hazardous Waste | Wild Flower Assessment |
|----------------|--------------------|-------------------|---------------------|-----------------|---------------------------|------------------------|
| \$ -           | \$ -               | \$ 263,032        | \$ -                | \$ -            | \$ 25,595                 | \$ 9,097               |
| 173,738        | 121,170            | -                 | 818,556             | -               | -                         | -                      |
| -              | -                  | -                 | -                   | 70,524          | -                         | -                      |
| -              | 161                | 3,535             | -                   | -               | 1,619                     | 38                     |
| 439            | -                  | -                 | -                   | -               | 3                         | -                      |
| <u>174,177</u> | <u>121,331</u>     | <u>266,567</u>    | <u>818,556</u>      | <u>70,524</u>   | <u>27,217</u>             | <u>9,135</u>           |
| -              | -                  | -                 | 109,385             | -               | 29,916                    | -                      |
| -              | -                  | -                 | -                   | -               | -                         | -                      |
| 173,738        | 66,523             | 286,713           | -                   | 150,160         | -                         | -                      |
| -              | -                  | -                 | -                   | -               | -                         | 9,180                  |
| -              | 58,327             | -                 | 975,820             | -               | -                         | -                      |
| <u>173,738</u> | <u>124,850</u>     | <u>286,713</u>    | <u>1,085,205</u>    | <u>150,160</u>  | <u>29,916</u>             | <u>9,180</u>           |
| <u>439</u>     | <u>(3,519)</u>     | <u>(20,146)</u>   | <u>(266,649)</u>    | <u>(79,636)</u> | <u>(2,699)</u>            | <u>(45)</u>            |
| -              | -                  | -                 | -                   | 79,635          | -                         | -                      |
| -              | (17,400)           | (14,300)          | -                   | -               | (1,200)                   | (100)                  |
| -              | (17,400)           | (14,300)          | -                   | 79,635          | (1,200)                   | (100)                  |
| 439            | (20,919)           | (34,446)          | (266,649)           | (1)             | (3,899)                   | (145)                  |
| (439)          | 60                 | 450,237           | (34,988)            | 1               | 146,117                   | 4,929                  |
| <u>\$ -</u>    | <u>\$ (20,859)</u> | <u>\$ 415,791</u> | <u>\$ (301,637)</u> | <u>\$ -</u>     | <u>\$ 142,218</u>         | <u>\$ 4,784</u>        |

**City of Lemon Grove**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2016**

|   | Special Revenue                            |   |                                   | Street<br>Construction |
|---|--|---|-----------------------------------|------------------------|
|   | PEG<br>(Public<br>Education<br>Government) | Serious<br>Traffic<br>Offender<br>Program | Total Special<br>Revenue<br>Funds |                        |
| <b>REVENUES:</b>                            |  |   |                                   |                        |
| Taxes                                       | \$ -                                       | \$ -                                      | \$ 297,724                        | \$ -                   |
| Intergovernmental                           | -  | -   | 2,159,827                         | -                      |
| Charges for services                        | 57,780                                     | -   | 193,185                           | -                      |
| Use of money and property                   | 1,627                                      | 270                                       | 8,054                             | 1,291                  |
| Other                                       | -  | 13,325                                    | 45,735                            | -                      |
| <b>Total revenues</b>                       | <b>59,407</b>                              | <b>13,595</b>                             | <b>2,704,525</b>                  | <b>1,291</b>           |
| <b>EXPENDITURES:</b>                        |  |   |                                   |                        |
| Current:                                    |  |   |                                   |                        |
| General government                          | 35,122                                     | -   | 928,096                           | -                      |
| Public safety                               | -  | 5,254                                     | 5,254                             | -                      |
| Public works                                | 1,000                                      | -   | 1,409,598                         | -                      |
| Community development                       | -  | -   | 201,076                           | -                      |
| Capital outlay                              | 17,860                                     | -   | 1,055,834                         | -                      |
| <b>Total expenditures</b>                   | <b>53,982</b>                              | <b>5,254</b>                              | <b>3,599,858</b>                  | <b>-</b>               |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>5,425</b>                               | <b>8,341</b>                              | <b>(895,333)</b>                  | <b>1,291</b>           |
| <b>OTHER FINANCING SOURCES (USES):</b>      |  |   |                                   |                        |
| Transfers in                                | -  | -   | 179,635                           | -                      |
| Transfers out                               | -  | -   | (133,000)                         | -                      |
| <b>Total other financing sources (uses)</b> | <b>-</b>                                   | <b>-</b>                                  | <b>46,635</b>                     | <b>-</b>               |
| <b>Net change in fund balances</b>          | <b>5,425</b>                               | <b>8,341</b>                              | <b>(848,698)</b>                  | <b>1,291</b>           |
| <b>FUND BALANCES:</b>                       |  |   |                                   |                        |
| Beginning of the year                       | 209,687                                    | 27,684                                    | 858,103                           | 156,984                |
| End of the year                             | <u>\$ 215,112</u>                          | <u>\$ 36,025</u>                          | <u>\$ 9,405</u>                   | <u>\$ 158,275</u>      |

Capital Projects

| Sidewalk Reserve | Main Street Promenade CFD | Safety Capital Purchases | Transportation Mitigation | Total Capital Projects Funds | Total      |
|------------------|---------------------------|--------------------------|---------------------------|------------------------------|------------|
| \$ -             | \$ 9,472                  | \$ -                     | \$ -                      | \$ 9,472                     | \$ 307,196 |
| -                | -                         | -                        | 272,581                   | 272,581                      | 2,432,408  |
| -                | -                         | -                        | -                         | -                            | 193,185    |
| 197              | -                         | -                        | 3,293                     | 4,781                        | 12,835     |
| -                | 288                       | -                        | -                         | 288                          | 46,023     |
| 197              | 9,760                     | -                        | 275,874                   | 287,122                      | 2,991,647  |
| -                | -                         | -                        | -                         | -                            | 928,096    |
| -                | 11,335                    | -                        | -                         | 11,335                       | 16,589     |
| -                | -                         | -                        | -                         | -                            | 1,409,598  |
| -                | -                         | -                        | -                         | -                            | 201,076    |
| -                | -                         | -                        | -                         | -                            | 1,055,834  |
| -                | 11,335                    | -                        | -                         | 11,335                       | 3,611,193  |
| 197              | (1,575)                   | -                        | 275,874                   | 275,787                      | (619,546)  |
| -                | -                         | -                        | -                         | -                            | 179,635    |
| -                | -                         | -                        | -                         | -                            | (133,000)  |
| -                | -                         | -                        | -                         | -                            | 46,635     |
| 197              | (1,575)                   | -                        | 275,874                   | 275,787                      | (619,546)  |
| 22,925           | (28)                      | 180,000                  | -                         | 359,881                      | 1,217,984  |
| \$ 23,122        | \$ (1,603)                | \$ 180,000               | \$ 275,874                | \$ 635,668                   | \$ 645,073 |

**City of Lemon Grove**

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

**Gas Tax Special Revenue Fund**

**For the year ended June 30, 2016**

|   | Budget Amounts     |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|-------------------|---|
|   | Original           | Final              |                   |   |
| <b>REVENUES:</b>                            |                    |                    |                   |   |
| Intergovernmental revenue                   | \$ 650,800         | \$ 650,800         | \$ 554,443        | \$ (96,357)   |
| <b>Total revenues</b>                       | <b>650,800</b>     | <b>650,800</b>     | <b>554,443</b>    | <b>(96,357)</b>   |
| <b>EXPENDITURES:</b>                        |                    |                    |                   |   |
| Current:                                    |                    |                    |                   |   |
| General government                          | 799,800            | 799,800            | 753,673           | 46,127  |
| <b>Total expenditures</b>                   | <b>799,800</b>     | <b>799,800</b>     | <b>753,673</b>    | <b>46,127</b>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(149,000)</b>   | <b>(149,000)</b>   | <b>(199,230)</b>  | <b>(50,230)</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                    |                    |                   |   |
| Transfers in                                | 100,000            | 100,000            | 100,000           | -   |
| Transfers out                               | (44,500)           | (44,500)           | -                 | 44,500  |
| <b>Total other financing sources (uses)</b> | <b>55,500</b>      | <b>55,500</b>      | <b>100,000</b>    | <b>44,500</b>   |
| <b>Net change in fund balance</b>           | <b>\$ (93,500)</b> | <b>\$ (93,500)</b> | <b>(99,230)</b>   | <b>\$ (5,730)</b>                                       |
| <b>FUND BALANCE:</b>                        |                    |                    |                   |   |
| Beginning of year                           |                    |                    | 96,740            |   |
| End of year                                 |                    |                    | \$ (2,490)        |   |

**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, 2016**

|                                   | Budget Amounts     |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|--------------------|-------------------|---|
|                                   | Original           | Final              |                   |   |
| <b>REVENUES:</b>                  |                    |                    |                   |   |
| Charges for services              | \$ 5,000           | \$ 5,000           | \$ 64,881         | \$ 59,881   |
| Use of money and property         | -                  | -                  | 804               | 804   |
| <b>Total revenues</b>             | <b>5,000</b>       | <b>5,000</b>       | <b>65,685</b>     | <b>60,685</b>   |
| <b>EXPENDITURES:</b>              |                    |                    |                   |   |
| Current:                          |                    |                    |                   |   |
| Capital outlay                    | 64,200             | 64,200             | 3,827             | 60,373  |
| <b>Total expenditures</b>         | <b>64,200</b>      | <b>64,200</b>      | <b>3,827</b>      | <b>60,373</b>   |
| <b>Net change in fund balance</b> | <b>\$ (59,200)</b> | <b>\$ (59,200)</b> | <b>61,858</b>     | <b>\$ 121,058</b>                                       |
| <b>FUND BALANCE:</b>              |                    |                    |                   |   |
| Beginning of year                 |                    |                    | 51,328            |   |
| End of year                       |                    |                    | <b>\$ 113,186</b> |   |

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Supplemental Law Enforcement Service Special Revenue Fund  
 For the year ended June 30, 2016**

|   | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| <b>REVENUES:</b>                            |                   |                   |                   |   |
| Intergovernmental                           | \$ 100,000        | \$ 100,000        | \$ 114,618        | \$ 14,618   |
| <b>Total revenues</b>                       | <b>100,000</b>    | <b>100,000</b>    | <b>114,618</b>    | <b>14,618</b>   |
| <b>EXPENDITURES:</b>                        |                   |                   |                   |   |
| <b>Total expenditures</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>100,000</b>    | <b>100,000</b>    | <b>114,618</b>    | <b>14,618</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                   |                   |                   |   |
| Transfers out                               |                   |                   | (100,000)         | (100,000)   |
| <b>Total other financing sources (uses)</b> | <b>-</b>          | <b>-</b>          | <b>(100,000)</b>  | <b>(100,000)</b>  |
| <b>Net change in fund balance</b>           | <b>\$ 100,000</b> | <b>\$ 100,000</b> | <b>14,618</b>     | <b>\$ (85,382)</b>                                      |
| <b>FUND BALANCE:</b>                        |                   |                   |                   |   |
| Beginning of year                           |                   |                   | (43)              |   |
| End of year                                 |                   |                   | <u>\$ 14,575</u>  |   |

**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, 2016**

|                                   | Budget Amounts    |                   | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------|-------------------|---------------------|---|
|                                   | Original          | Final             |                     |   |
| <b>REVENUES:</b>                  |                   |                   |                     |   |
| Intergovernmental                 | \$ 1,513,600      | \$ 1,513,600      | \$ 377,302          | \$ (1,136,298)  |
| Other                             | -                 | -                 | 31,968              | 31,968  |
| <b>Total revenues</b>             | <b>1,513,600</b>  | <b>1,513,600</b>  | <b>409,270</b>      | <b>(1,104,330)</b>                                      |
| <b>EXPENDITURES:</b>              |                   |                   |                     |   |
| <b>Current:</b>                   |                   |                   |                     |   |
| Public works                      | 430,000           | 430,000           | 731,464             | (301,464)   |
| Community development             | 149,700           | 149,700           | 191,896             | (42,196)  |
| <b>Total expenditures</b>         | <b>579,700</b>    | <b>579,700</b>    | <b>923,360</b>      | <b>(343,660)</b>  |
| <b>Net change in fund balance</b> | <b>\$ 933,900</b> | <b>\$ 933,900</b> | <b>(514,090)</b>    | <b>\$ (1,447,990)</b>                                   |
| <b>FUND BALANCE:</b>              |                   |                   |                     |   |
| Beginning of year                 |                   |                   | (93,210)            |   |
| End of year                       |                   |                   | <b>\$ (607,300)</b> |   |

**City of Lemon Grove**

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

**CDBG Special Revenue Fund**

**For the year ended June 30, 2016**

|                                   | Budget Amounts      |                     | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|---------------------|-------------------|---|
|                                   | Original            | Final               |                   |   |
| <b>REVENUES:</b>                  |                     |                     |                   |   |
| Intergovernmental                 | \$ -                | \$ -                | \$ 173,738        | \$ 173,738  |
| Other                             | -                   | -                   | 439               | 439   |
| <b>Total revenues</b>             | <b>-</b>            | <b>-</b>            | <b>174,177</b>    | <b>174,177</b>  |
| <b>EXPENDITURES:</b>              |                     |                     |                   |   |
| Current:                          |                     |                     |                   |   |
| Public works                      | 169,000             | 169,000             | 173,738           | (4,738)   |
| <b>Total expenditures</b>         | <b>169,000</b>      | <b>169,000</b>      | <b>173,738</b>    | <b>(4,738)</b>  |
| <b>Net change in fund balance</b> | <b>\$ (169,000)</b> | <b>\$ (169,000)</b> | <b>439</b>        | <b>\$ 169,439</b>                                       |
| <b>FUND BALANCE:</b>              |                     |                     |                   |   |
| Beginning of year                 |                     |                     | (439)             |   |
| End of year                       |                     |                     | \$ -              |   |

**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, 2016**

|   | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|-------------------|---|
|   | Original         | Final            |                   |   |
| <b>REVENUES:</b>                            |                  |                  |                   |   |
| Intergovernmental                           | \$ 306,100       | \$ 306,100       | \$ 121,170        | \$ (184,930)  |
| Use of money and property                   | 100              | 100              | 161               | 61  |
| <b>Total revenues</b>                       | <b>306,200</b>   | <b>306,200</b>   | <b>121,331</b>    | <b>(184,869)</b>  |
| <b>EXPENDITURES:</b>                        |                  |                  |                   |   |
| <b>Current:</b>                             |                  |                  |                   |   |
| Public works                                | 65,500           | 65,500           | 66,523            | (1,023)   |
| Capital outlay                              | 201,000          | 201,000          | 58,327            | 142,673   |
| <b>Total expenditures</b>                   | <b>266,500</b>   | <b>266,500</b>   | <b>124,850</b>    | <b>141,650</b>  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(266,500)</b> | <b>(266,500)</b> | <b>(124,850)</b>  | <b>(43,219)</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                  |                   |   |
| Transfers out                               | -                | -                | (17,400)          | (17,400)  |
| <b>Total other financing sources (uses)</b> | <b>-</b>         | <b>-</b>         | <b>(17,400)</b>   | <b>(17,400)</b>   |
| <b>Net change in fund balance</b>           | <b>\$ 39,700</b> | <b>\$ 39,700</b> | <b>(20,919)</b>   | <b>\$ (60,619)</b>                                      |
| <b>FUND BALANCE:</b>                        |                  |                  |                   |   |
| Beginning of year                           |                  |                  | 60                |   |
| End of year                                 |                  |                  | \$ (20,859)       |   |

**City of Lemon Grove**

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

**Lighting District Special Revenue Fund**

**For the year ended June 30, 2016**

|   | Budget Amounts     |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|-------------------|---|
|   | Original           | Final              |                   |   |
| <b>REVENUES:</b>                            |                    |                    |                   |   |
| Taxes                                       | \$ 251,000         | \$ 251,000         | \$ 263,032        | \$ 12,032   |
| Use of money and property                   | 900                | 900                | 3,535             | 2,635   |
| <b>Total revenues</b>                       | <b>251,900</b>     | <b>251,900</b>     | <b>266,567</b>    | <b>14,667</b>   |
| <b>EXPENDITURES:</b>                        |                    |                    |                   |   |
| Current:                                    |                    |                    |                   |   |
| Public works                                | 314,100            | 314,100            | 286,713           | 27,387  |
| <b>Total expenditures</b>                   | <b>314,100</b>     | <b>314,100</b>     | <b>286,713</b>    | <b>27,387</b>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(314,100)</b>   | <b>(314,100)</b>   | <b>(286,713)</b>  | <b>42,054</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                    |                    |                   |   |
| Transfers out                               |                    |                    | (14,300)          | (14,300)  |
| <b>Total other financing sources (uses)</b> | <b>-</b>           | <b>-</b>           | <b>(14,300)</b>   | <b>(14,300)</b>   |
| <b>Net change in fund balance</b>           | <b>\$ (62,200)</b> | <b>\$ (62,200)</b> | <b>(34,446)</b>   | <b>\$ 27,754</b>  |
| <b>FUND BALANCE:</b>                        |                    |                    |                   |   |
| Beginning of year                           |                    |                    | 450,237           |   |
| End of year                                 |                    |                    | \$ 415,791        |   |

**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, 2016**

|  | Budget Amounts      |                     | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| <b>REVENUES:</b>                         |                     |                     |                     |   |
| Intergovernmental                        | \$ 1,911,000        | \$ 1,911,000        | \$ 818,556          | \$ (1,092,444)  |
| <b>Total revenues</b>                    | <u>1,911,000</u>    | <u>1,911,000</u>    | <u>818,556</u>      | <u>(1,092,444)</u>                                      |
| <b>EXPENDITURES:</b>                     |                     |                     |                     |   |
| Current                                  |                     |                     |                     |   |
| General government                       | 103,100             | 103,100             | 109,385             | (6,285)   |
| Capital outlay                           | 2,517,766           | 2,517,766           | 975,820             | 1,541,946   |
| <b>Total expenditures</b>                | <u>2,620,866</u>    | <u>2,620,866</u>    | <u>1,085,205</u>    | <u>1,535,661</u>  |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b> | (709,866)           | (709,866)           | (266,649)           | 443,217   |
| <b>Net change in fund balance</b>        | <u>\$ (709,866)</u> | <u>\$ (709,866)</u> | <u>(266,649)</u>    | <u>\$ 443,217</u>                                       |
| <b>FUND BALANCE:</b>                     |                     |                     |                     |   |
| Beginning of year                        |                     |                     | (34,988)            |   |
| End of year                              |                     |                     | <u>\$ (301,637)</u> |   |

**City of Lemon Grove**

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

**Storm Water Special Revenue Fund**

**For the year ended June 30, 2016**

|   | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|-------------------|---|
|   | Original         | Final            |                   |   |
| <b>REVENUES:</b>                            |                  |                  |                   |   |
| Charges for services                        | \$ 60,800        | \$ 60,800        | \$ 70,524         | \$ 9,724  |
| <b>Total revenues</b>                       | <b>60,800</b>    | <b>60,800</b>    | <b>70,524</b>     | <b>9,724</b>  |
| <b>EXPENDITURES:</b>                        |                  |                  |                   |   |
| Current:                                    |                  |                  |                   |   |
| Public works                                | 217,700          | 217,700          | 150,160           | 67,540  |
| <b>Total expenditures</b>                   | <b>217,700</b>   | <b>217,700</b>   | <b>150,160</b>    | <b>67,540</b>   |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>    | <b>(156,900)</b> | <b>(156,900)</b> | <b>(79,636)</b>   | <b>77,264</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                  |                   |   |
| Transfers in                                | 156,200          | 156,200          | 79,635            | (76,565)  |
| <b>Total other financing sources (uses)</b> | <b>156,200</b>   | <b>156,200</b>   | <b>79,635</b>     | <b>(76,565)</b>   |
| <b>Net change in fund balance</b>           | <b>\$ (700)</b>  | <b>\$ (700)</b>  | <b>(1)</b>        | <b>\$ 699</b>   |
| <b>FUND BALANCE:</b>                        |                  |                  |                   |   |
| Beginning of year                           |                  |                  | 1                 |   |
| End of year                                 |                  |                  | \$ -              |   |

**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, 2016**

|   | Budget Amounts     |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|-------------------|---|
|   | Original           | Final              |                   |   |
| <b>REVENUES:</b>                            |                    |                    |                   |   |
| Taxes                                       | \$ 22,000          | \$ 22,000          | \$ 25,595         | \$ 3,595  |
| Use of money and property                   | 300                | 300                | 1,619             | 1,319   |
| Other                                       | -                  | -                  | 3                 | 3   |
| <b>Total revenues</b>                       | <b>22,300</b>      | <b>22,300</b>      | <b>27,217</b>     | <b>4,917</b>  |
| <b>EXPENDITURES:</b>                        |                    |                    |                   |   |
| Current:                                    |                    |                    |                   |   |
| General government                          | 41,500             | 41,500             | 29,916            | 11,584  |
| <b>Total expenditures</b>                   | <b>41,500</b>      | <b>41,500</b>      | <b>29,916</b>     | <b>11,584</b>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(19,200)</b>    | <b>(19,200)</b>    | <b>(2,699)</b>    | <b>16,501</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                    |                    |                   |   |
| Transfers out                               | -                  | -                  | (1,200)           | (1,200)   |
| <b>Total other financing sources (uses)</b> | <b>-</b>           | <b>-</b>           | <b>(1,200)</b>    | <b>(1,200)</b>  |
| <b>Net change in fund balance</b>           | <b>\$ (19,200)</b> | <b>\$ (19,200)</b> | <b>(3,899)</b>    | <b>\$ 15,301</b>  |
| <b>FUND BALANCE:</b>                        |                    |                    |                   |   |
| Beginning of year                           |                    |                    | 146,117           |   |
| End of year                                 |                    |                    | \$ 142,218        |   |

City of Lemon Grove

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

Wild Flower Assessment Special Revenue Fund

For the year ended June 30, 2016

|   | Budget Amounts  |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-----------------|-------------------|---|
|   | Original        | Final           |                   |   |
| <b>REVENUES:</b>                            |                 |                 |                   |   |
| Taxes                                       | \$ 9,100        | \$ 9,100        | \$ 9,097          | \$ (3)  |
| Use of money and property                   | -               | -               | 38                | 38  |
| <b>Total revenues</b>                       | <b>9,100</b>    | <b>9,100</b>    | <b>9,135</b>      | <b>35</b>   |
| <b>EXPENDITURES:</b>                        |                 |                 |                   |   |
| Current:                                    |                 |                 |                   |   |
| Community development                       | 7,900           | 7,900           | 9,180             | (1,280)   |
| <b>Total expenditures</b>                   | <b>7,900</b>    | <b>7,900</b>    | <b>9,180</b>      | <b>(1,280)</b>  |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>    | <b>1,200</b>    | <b>1,200</b>    | <b>(45)</b>       | <b>(1,245)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                 |                 |                   |   |
| Transfers out                               | (100)           | (100)           | (100)             | -   |
| <b>Total other financing sources (uses)</b> | <b>(100)</b>    | <b>(100)</b>    | <b>(100)</b>      | <b>-</b>  |
| <b>Net change in fund balance</b>           | <b>\$ 1,100</b> | <b>\$ 1,100</b> | <b>(145)</b>      | <b>\$ (1,245)</b>                                       |
| <b>FUND BALANCE:</b>                        |                 |                 |                   |   |
| Beginning of year                           |                 |                 | 4,929             |   |
| End of year                                 |                 |                 | <u>\$ 4,784</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, 2016**

|                                   | Budget Amounts     |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|--------------------|-------------------|---|
|                                   | Original           | Final              |                   |   |
| <b>REVENUES:</b>                  |                    |                    |                   |   |
| Charges for services              | \$ 56,000          | \$ 56,000          | \$ 57,780         | \$ 1,780  |
| Use of money and property         | 400                | 400                | 1,627             | 1,227   |
| <b>Total revenues</b>             | <b>56,400</b>      | <b>56,400</b>      | <b>59,407</b>     | <b>3,007</b>  |
| <b>EXPENDITURES:</b>              |                    |                    |                   |   |
| Current:                          |                    |                    |                   |   |
| General government                | 36,000             | 36,000             | 35,122            | 878   |
| Public works                      | 3,000              | 3,000              | 1,000             | 2,000   |
| Capital outlay                    | 50,000             | 50,000             | 17,860            | 32,140  |
| <b>Total expenditures</b>         | <b>89,000</b>      | <b>89,000</b>      | <b>53,982</b>     | <b>35,018</b>   |
| <b>Net change in fund balance</b> | <b>\$ (32,600)</b> | <b>\$ (32,600)</b> | <b>5,425</b>      | <b>\$ 38,025</b>  |
| <b>FUND BALANCE:</b>              |                    |                    |                   |   |
| Beginning of year                 |                    |                    | 209,687           |   |
| End of year                       |                    |                    | \$ 215,112        |   |

**City of Lemon Grove**

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

**Serious Traffic Offender Program Special Revenue Fund**

**For the year ended June 30, 2016**

|                                   | Budget Amounts    |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------|--------------------|-------------------|---|
|                                   | Original          | Final              |                   |   |
| <b>REVENUES:</b>                  |                   |                    |                   |   |
| Use of money and property         | \$ 100            | \$ 100             | \$ 270            | \$ 170  |
| Other                             | 9,500             | -                  | 13,325            | 13,325  |
| <b>Total revenues</b>             | <b>9,600</b>      | <b>100</b>         | <b>13,595</b>     | <b>13,495</b>   |
| <b>EXPENDITURES:</b>              |                   |                    |                   |   |
| Current:                          |                   |                    |                   |   |
| Public safety                     | 12,500            | 12,500             | 5,254             | 7,246   |
| <b>Total expenditures</b>         | <b>12,500</b>     | <b>12,500</b>      | <b>5,254</b>      | <b>7,246</b>  |
| <b>Net change in fund balance</b> | <b>\$ (2,900)</b> | <b>\$ (12,400)</b> | <b>8,341</b>      | <b>\$ 20,741</b>  |
| <b>FUND BALANCE:</b>              |                   |                    |                   |   |
| Beginning of year                 |                   |                    | 27,684            |   |
| End of year                       |                   |                    | \$ 36,025         |   |

**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, 2016**

|                                   | Budget Amounts     |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|--------------------|-------------------|---|
|                                   | Original           | Final              |                   |   |
| <b>REVENUES:</b>                  |                    |                    |                   |   |
| Use of money and property         | \$ 700             | \$ 700             | \$ 1,291          | \$ 591  |
| <b>Total revenues</b>             | <b>700</b>         | <b>700</b>         | <b>1,291</b>      | <b>591</b>  |
| <b>EXPENDITURES:</b>              |                    |                    |                   |   |
| Capital outlay                    | 100,000            | 100,000            | -                 | 100,000   |
| <b>Total expenditures</b>         | <b>100,000</b>     | <b>100,000</b>     | <b>-</b>          | <b>100,000</b>  |
| <b>Net change in fund balance</b> | <b>\$ (99,300)</b> | <b>\$ (99,300)</b> | <b>1,291</b>      | <b>\$ 100,591</b>                                       |
| <b>FUND BALANCE:</b>              |                    |                    |                   |   |
| Beginning of year                 |                    |                    | 156,984           |   |
| End of year                       |                    |                    | <b>\$ 158,275</b> |   |

**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, 2016**

|                                   | Budget Amounts |       | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|----------------|-------|-------------------|---|
|                                   | Original       | Final |                   |   |
| <b>REVENUES:</b>                  |                |       |                   |   |
| Use of money and property         | \$ -           | \$ -  | \$ 197            | \$ 197  |
| <b>Total revenues</b>             | -              | -     | 197               | 197   |
| <b>Net change in fund balance</b> | \$ -           | \$ -  | 197               | \$ 197  |
| <b>FUND BALANCE:</b>              |                |       |                   |   |
| Beginning of year                 |                |       | 22,925            |   |
| End of year                       |                |       | \$ 23,122         |   |

**City of Lemon Grove**

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

**Main Street Promenade Community Facilities District**

**For the year ended June 30, 2016**

|   | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| <b>REVENUES:</b>                          |                   |                   |                   |   |
| Charges for services                      | \$ 14,600         | \$ 14,600         | \$ 9,472          | \$ (5,128)  |
| Other                                     | -                 | -                 | 288               | 288   |
| <b>Total revenues</b>                     | <b>14,600</b>     | <b>14,600</b>     | <b>9,760</b>      | <b>(4,840)</b>  |
| <b>EXPENDITURES:</b>                      |                   |                   |                   |   |
| Public safety                             | 17,800            | 17,800            | 11,335            | 6,465   |
| <b>Total expenditures</b>                 | <b>17,800</b>     | <b>17,800</b>     | <b>11,335</b>     | <b>6,465</b>  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <b>(3,200)</b>    | <b>(3,200)</b>    | <b>(1,575)</b>    | <b>1,625</b>  |
| <b>Net change in fund balance</b>         | <b>\$ (3,200)</b> | <b>\$ (3,200)</b> | <b>(1,575)</b>    | <b>\$ 1,625</b>   |
| <b>FUND BALANCE:</b>                      |                   |                   |                   |   |
| Beginning of year                         |                   |                   | (28)              |   |
| End of year                               |                   |                   | <b>\$ (1,603)</b> |   |

**City of Lemon Grove**

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

**Safety Capital Purchases Capital Projects Fund**

**For the year ended June 30, 2016**

|                                   | Budget Amounts |       | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|----------------|-------|-------------------|---|
|                                   | Original       | Final |                   |   |
| <b>REVENUES:</b>                  |                |       |                   |   |
| Other                             | \$ -           | \$ -  | \$ -              | \$ -  |
| <b>Total revenues</b>             | -              | -     | -                 | -   |
| <b>EXPENDITURES:</b>              |                |       |                   |   |
| Capital outlay                    | -              | -     | -                 | -   |
| <b>Total expenditures</b>         | -              | -     | -                 | -   |
| <b>Net change in fund balance</b> | \$ -           | \$ -  | -                 | \$ -  |
| <b>FUND BALANCE:</b>              |                |       |                   |   |
| Beginning of year                 |                |       | 180,000           |   |
| End of year                       |                |       | \$ 180,000        |   |

**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, 2016**

|                                   | Budget Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|----------------|---------------|-------------------|---|
|                                   | Original       | Final         |                   |   |
| <b>REVENUES:</b>                  |                |               |                   |   |
| Intergovernmental                 | \$ 34,000      | \$ 34,000     | \$ 272,581        | \$ 238,581  |
| Use of money and property         | -              | -             | 3,293             | 3,293   |
| <b>Total revenues</b>             | <b>34,000</b>  | <b>34,000</b> | <b>275,874</b>    | <b>241,874</b>  |
| <b>EXPENDITURES:</b>              |                |               |                   |   |
| Capital outlay                    | 34,000         | 34,000        | -                 | 34,000  |
| <b>Total expenditures</b>         | <b>34,000</b>  | <b>34,000</b> | <b>-</b>          | <b>34,000</b>   |
| <b>Net change in fund balance</b> | <b>\$ -</b>    | <b>\$ -</b>   | <b>275,874</b>    | <b>\$ 275,874</b>                                       |
| <b>FUND BALANCE:</b>              |                |               |                   |   |
| Beginning of year                 |                |               | -                 |   |
| End of year                       |                |               | \$ 275,874        |   |

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## 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 Net Position**  
**All Internal Service Funds**  
**June 30, 2016**

|   | Self-Insured<br>Workers' Compensation<br>Fund | Self-Insured<br>General Liabilities<br>Fund | Total               |
|---|---|---|---------------------|
| <b>ASSETS</b>                             |   |   |                     |
| <b>Current assets:</b>                    |   |   |                     |
| Cash and investments                      | \$ 654,467                                    | 455,445                                     | \$ 1,109,912        |
| Accounts receivable                       | 593   | 5,479                                       | 6,072               |
| <b>Total current assets</b>               | <b>655,060</b>                                | <b>460,924</b>                              | <b>1,115,984</b>    |
| <b>Noncurrent assets:</b>                 |   |   |                     |
| Restricted cash and investments           | 25,000  | -   | 25,000              |
| <b>Total noncurrent assets</b>            | <b>25,000</b>                                 | <b>-</b>                                    | <b>25,000</b>       |
| <b>Total assets</b>                       | <b>680,060</b>                                | <b>460,924</b>                              | <b>1,140,984</b>    |
| <b>LIABILITIES</b>                        |   |   |                     |
| <b>Liabilities:</b>                       |   |   |                     |
| <b>Current liabilities:</b>               |   |   |                     |
| Claims payable, due within one year       | -   | 50,000                                      | 50,000              |
| <b>Total current liabilities</b>          | <b>-</b>                                      | <b>50,000</b>                               | <b>50,000</b>       |
| <b>Noncurrent liabilities:</b>            |   |   |                     |
| Claims payable, due in more than one year | 43,460  | 481   | 43,941              |
| <b>Total noncurrent liabilities</b>       | <b>43,460</b>                                 | <b>481</b>                                  | <b>43,941</b>       |
| <b>Total liabilities</b>                  | <b>43,460</b>                                 | <b>50,481</b>                               | <b>93,941</b>       |
| <b>NET POSITION</b>                       |   |   |                     |
| Unrestricted                              | 636,600                                       | 410,443                                     | 1,047,043           |
| <b>Total net position</b>                 | <b>\$ 636,600</b>                             | <b>\$ 410,443</b>                           | <b>\$ 1,047,043</b> |

**City of Lemon Grove**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**All Internal Service Funds**  
**For the year ended June 30, 2016**

|   | Self-Insured<br>Workers' Compensation<br>Fund | Self-Insured<br>General Liabilities<br>Fund | Total           |
|---|---|---|-----------------|
| <b>OPERATING REVENUES:</b>                    |   |   |                 |
| Other revenue                                 | \$ 132,639                                    | \$ 2,087                                    | \$ 134,726      |
| <b>Total operating revenues</b>               | <b>132,639</b>                                | <b>2,087</b>                                | <b>134,726</b>  |
| <b>OPERATING EXPENSES:</b>                    |   |   |                 |
| Insurance and claims                          | 1,973   | 59,427                                      | 61,400          |
| <b>Total operating expenses</b>               | <b>1,973</b>                                  | <b>59,427</b>                               | <b>61,400</b>   |
| <b>OPERATING INCOME (LOSS)</b>                | <b>130,666</b>                                | <b>(57,340)</b>                             | <b>73,326</b>   |
| <b>NONOPERATING REVENUES EXPENSES:</b>        |   |   |                 |
| Interest income                               | 5,369   | 9,024                                       | 14,393          |
| <b>Total nonoperating revenues (expenses)</b> | <b>5,369</b>                                  | <b>9,024</b>                                | <b>14,393</b>   |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>         | <b>136,035</b>                                | <b>(48,316)</b>                             | <b>87,719</b>   |
| Transfers out                                 | (25,000)                                      | -   | (25,000)        |
| <b>Total transfers in (out)</b>               | <b>(25,000)</b>                               | <b>-</b>                                    | <b>(25,000)</b> |
| <b>Change in net position</b>                 | <b>111,035</b>                                | <b>(48,316)</b>                             | <b>62,719</b>   |
| <b>NET POSITION:</b>                          |   |   |                 |
| Beginning of year                             | 525,565                                       | 458,759                                     | 984,324         |
| End of year                                   | \$ 636,600                                    | \$ 410,443                                  | \$ 1,047,043    |

**City of Lemon Grove**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the year ended June 30, 2016**

|   | Self-Insured<br>Workers' Compensation<br>Fund | Self-Insured<br>General Liabilities<br>Fund | Total               |
|---|---|---|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |   |                     |
| Cash received from user departments   | \$ 132,070                                    | \$ (3,220)                                  | \$ 128,850          |
| Cash payments to suppliers for goods and services   | (134,408)                                     | (58,946)                                    | (193,354)           |
| <b>Net cash provided by (used in) operating activities</b>  | <b>(2,338)</b>                                | <b>(62,166)</b>                             | <b>(64,504)</b>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |   |   |                     |
| Transfers out   | (25,000)                                      | -   | (25,000)            |
| <b>Net cash provided by (used in) noncapital financing activities</b>                                 | <b>(25,000)</b>                               | <b>-</b>                                    | <b>(25,000)</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |   |                     |
| Interest received   | 5,369   | 9,024                                       | 14,393              |
| <b>Net cash provided by investing activities</b>  | <b>5,369</b>                                  | <b>9,024</b>                                | <b>14,393</b>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | <b>(21,969)</b>                               | <b>(53,142)</b>                             | <b>(75,111)</b>     |
| <b>CASH AND CASH EQUIVALENTS - Beginning of year</b>  | <b>701,436</b>                                | <b>508,587</b>                              | <b>1,210,023</b>    |
| <b>CASH AND CASH EQUIVALENTS - End of year</b>  | <b>\$ 679,467</b>                             | <b>\$ 455,445</b>                           | <b>\$ 1,134,912</b> |
| <b>FINANCIAL STATEMENT PRESENTATION:</b>  |   |   |                     |
| Cash and investments  | \$ 654,467                                    | \$ 455,445                                  | \$ 1,109,912        |
| Restricted cash and investments with fiscal agents  | 25,000  | -   | 25,000              |
| <b>Total</b>  | <b>\$ 679,467</b>                             | <b>\$ 455,445</b>                           | <b>\$ 1,134,912</b> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>               |   |   |                     |
| Operating income (loss)   | \$ 130,666                                    | \$ (57,340)                                 | \$ 73,326           |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |   |   |                     |
| Changes in assets and liabilities:  |   |   |                     |
| Accounts receivable   | (569)   | (5,307)                                     | (5,876)             |
| Claims payable  | (132,435)                                     | 481   | (131,954)           |
| <b>Total adjustments</b>  | <b>(133,004)</b>                              | <b>(4,826)</b>                              | <b>(137,830)</b>    |
| <b>Net cash provided by (used in) operating activities</b>  | <b>\$ (2,338)</b>                             | <b>\$ (62,166)</b>                          | <b>\$ (64,504)</b>  |