



City of Lemon Grove
City Council Regular Meeting Agenda

Tuesday, May 17, 2016, 6:00 p.m.
Lemon Grove Community Center
3146 School Lane, Lemon Grove, CA

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

Call to Order

Pledge of Allegiance

Changes to the Agenda

Presentation

National Public Works Week May 15-21, 2016

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

May 3, 2016 – Regular Meeting

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

B. City of Lemon Grove Payment Demands

Reference: Gilbert Rojas, Interim Finance Director

Recommendation: Ratify Demands

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

Reference: Jim P. Lough, City Attorney

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

D. USAI Grant Acceptance

The City Council will consider a resolution accepting \$1,500 from the Urban Area Security Initiative Training (USAI) and participation grant funds.

Reference: Chief Drum, Fire Department

Recommendation: Adopt Resolution

- E. Authorization of Application Submittal for the CalRecycle Beverage Container Recycling City/County Payment Program

The City Council will consider a resolution approving the authorization of application submittal and designation to implement and secure payment for the CalRecycle Beverage Container Recycling City/County Payment Program.

Reference: Malik Tamini, Management Analyst
Recommendation: Adopt Resolution

- F. Community Development Block Grant (CDBG) 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project

The City Council will consider a resolution awarding a contract for the CDBG 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project.

Reference: Malik Tamini, Management Analyst
Recommendation: Adopt Resolution

- G. Levy and Collection of Assessments within the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 for Fiscal Year 2016-20

The City Council will consider a resolution approving the levy and collection of assessments within the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 for Fiscal Year 2016-2017. The District includes 46 properties located along both sides of Gold Lake Road, Blue Lake Court, Long Lake Court, and Green Lake Court.

Reference: Mike James, Public Works Director
Recommendation: Adopt Resolution

2. Bee Keeping Ordinance

The City Council will continue a public hearing to consider Ordinance No. 439 – Zoning Amendment ZA1-600-0001 amending the beekeeping regulations Chapter 18.16 of the Municipal Code.

Reference: Miranda Evans, Assistant Planner and
David De Vries, Development Services Director
Recommendation: Introduce Ordinance No. 439 by title only and Conduct First Reading

3. Extension of the Joint Use Agreement Between the City of Lemon Grove and the Lemon Grove School District

The City Council will consider a resolution approving a five-year extension of the Joint Use Agreement between the City of Lemon Grove and the Lemon Grove School District for use of the recreation facilities on the Lemon Grove Academy Middle School Campus.

Reference: Lydia Romero, City Manager
Recommendation: Adopt Resolution

4. Amendment to Option Agreement between City of Lemon Grove and the San Diego Community Land Trust for 8084 Lemon Grove Way

The City Council will consider a resolution amending the Option Agreement providing a six month time extension and requiring an affordable housing regulatory agreement.

Reference: David De Vries, Development Services Director
Recommendation: Adopt Resolution

5. Transnet Local Street Improvement Program of Projects for FY 2017-2021

The City Council will conduct a public hearing and consider a resolution adopting the Transnet Local Street Improvement Program of Projects for Fiscal Years 2017 through 2021.

Reference: Mike James, Public Works Director
Recommendation: Adopt Resolution

6. Ordinance No. 27 – Maintaining the Current Wastewater Rates for Fiscal Year 2016-2017

The Lemon Grove Sanitation District Board will consider the second reading, by title only, and adoption of Ordinance No. 27 that maintains the existing rates for Fiscal Year 2016-2017.

Reference: Tim Gabrielson, District Engineer and Mike James, Public Works Director
Recommendation: Conduct Second Reading by Title and Adopt Ordinance

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)

Adjournment

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

May 3, 2016

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

Call to Order

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

Members absent: None.

City Staff present: Lydia Romero, City Manager, David DeVries, Development Services Director; Daryn Drum, Division Fire Chief; James P. Lough, City Attorney; Mike James, Public Works Director; Lt. May, Sheriff's Department; Gilbert Rojas, Interim Finance Director; Tim Gabrielson, Interim City Engineer; and Laureen Ryan Ojeda, Administrative Analyst.

Presentations

Arun Prem, Executive Director, Facilitating Access to Coordinated Transportation (FACT) provided a presentation of their operation and services they provide.

Public Comment

Jeff Lettow, representing the First Baptist Church of Lemon Grove, thanked the City Council and City Staff for working to remove the medical marijuana dispensaries and also for the Joint Use Agreement with the LG School District

Angela Nelson thanked the Council for putting their funds and effort toward removing the medical marijuana dispensaries and asked that the Joint Use Agreement with the school district be renewed.

1. Consent Calendar

- A. Approval of City Council Minutes**
April 19, 2016 Regular Meeting
- B. Ratification of Payment Demands**
- C. Waive Full Text Reading of All Ordinances and Resolutions on the Agenda**
- D. Acceptance of the Safe Routes to School Non-Infrastructure Grant**

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

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2016–3410: Resolution of the Lemon Grove City Council Accepting the Safe Routes to School Non-Infrastructure Project (Contract No. 2011-14) as Complete

2. Amendment to the Agreement for City Engineer Services

Mike James in October 2015, the City Council approved an agreement with Rick Engineering Company (Rick Engineering) to serve as the interim city engineer and provide general engineering services.

Current Scope of Work is as follows:

Interim City Engineer: Provides 8-10 hours per week working in City Hall. Under general direction of the Development Services Director (now Public Works Director), plan, organize, and direct the design and construction, of the City's street, drainage, and sanitation infrastructure, various engineering programs, subdivision map and improvement plans examination, traffic and transportation program.

Capital Projects and Land Development Services: These services focus on various tasks or projects that may occur during the contract term as directed by the City Manager, Development Services Director or Public Works Director. Example of those duties include engineering review and approval of tentative maps, tentative parcel, final maps, parcel maps, record of survey, grading plans, building permits and improvement plans for conformance with applicable city design standards, the California Subdivision Map Act, Regional Water Quality Control Board permit requirements, and the Lemon Grove Municipal Code requirements.

Bid and Construction Support Services: With specific and separate authorization by the City, Rick Engineering would provide contract administration during the course of construction of city capital improvement projects to include construction observation to assure compliance with contract documents, review and approval of contractor request for payment, and issuance of certification of completion. Also review and respond/approve all construction submittals, RFIs and construction issues that may arise.

Lemon Grove Avenue Realignment Project Management: With specific direction from the Public Works Director, Rick Engineering assists the City by managing all tasks associated with moving forward with the Lemon Grove Avenue Realignment Project that may include: Overseeing NV5 design progress, coordinate all utility coordination meetings, and facilitate all permits necessary to begin construction.

Other Services As Needed: Other services as listed that are not included in the original cost estimate that may be performed by Rick Engineering include:

Urban design and planning, GIS services, Assessment engineering, Flood control studies, Landscape architecture, Survey and mapping, Other studies, investigations, and reports, as directed, Traffic engineering, and Civil design services.

Amended Scope of Work:

Beginning in March 2016, Rick Engineering and City staff met to discuss the existing scope of services and how it should be modified to better serve the city's needs through the next fiscal year. The proposed scope is very similar to the current scope and is summarized below.

1. *City Engineer:* Plan, organize and direct the design and construction of the City's street, drainage and sanitation infrastructure, various engineering programs, subdivision map and improvement plans examination, transportation program and participate as a part of the City's management team.
2. *Attend City Council Meetings (As-needed):* Attend City Council meetings and in support of city projects, policies, programs and city engineer duties and responsibilities. This is may equal up to 30 meetings at three hours per meeting.

3. *Capital Projects and Land Development Services:* Continuing under the same model as the last five months, this area of work can be utilized by various tasks or projects that may occur during the project period. Elements of consultant services will be developed as the needs are identified by city staff. Possible areas of work may include engineering review, approval of tentative maps, tentative parcel, final maps, parcel maps, record of survey, grading plans, building permits, and improvement plans for conformance with applicable city design standards, California Subdivision Map Act, Regional Water Quality Control Board Permit requirements, and the Lemon Grove Municipal Code Requirements. Additional work items may include work on the capital improvement program, transportation/traffic engineering services, and public utility coordination.
4. *Bid and Construction Support Services:* Provide contract administration during the course of construction of City capital improvement projects to include construction observation to assure compliance with contract documents, review and approval of contractor requests for payment, and issuance of certificates of completion, review and respond/approve all construction submittals, RFIs and construction issues that may arise, and assist in bid process including bid opening, review of bids, and recommendation for contract award.
5. *Lemon Grove Avenue Realignment Project Management:* Continue to systematically move the project from design and advertisement to contractor selection, award and construction of the realignment and underground utility district. Rick Engineering is playing the vital role in total project coordination with city staff, utility companies, MTS and Caltrans.
6. *Metro Wastewater Commission/JPA Project Management Services (As-needed):* An ancillary duty of the former City Engineer and interim City Engineer was to attend the Metro Technical Advisory Committee and Joint Powers Authority meetings. This added service will recommend a wastewater experienced engineer from Rick Engineering to serve (as-needed) in the City's role and to support the City Council's appointee on the Metropolitan Wastewater Joint Powers Authority.
7. *Other Services As Needed:* Other services as listed that are not included in the original cost estimate that may be performed by Rick Engineering include:
Urban design and planning, GIS services, Assessment engineering, Flood control studies, Landscape architecture, Survey and mapping, Other studies, investigations, and reports, as directed, and Traffic engineering.

The total agreement cost estimate is proposed not to exceed \$330,000. The agreement is based on multiple types of work anticipated to be performed during the term of the agreement. Each type of work and the respective cost estimate shown are based on a time and material basis in accordance with the current schedule of hourly rates. Any printing and miscellaneous processing fees are extra and not a part of this agreement.

This proposed funding plan is consistent with the how the full time City Engineer position was funded when it was an internal employee. The plan is consistent with the current and anticipated scope of work that Rick Engineering will provide during the term of the amended agreement.

Staff is proposing an contract term to June 30, 2017, with the option to extend the agreement for an additional 12-months based on need to complete any outstanding priority projects listed in the City's Five Year Capital Improvement Program

Public Speaker(s)

There were no requests from the public to speak.

Action: Motion by Mayor Pro Tem Gastil, seconded by Councilmember Jones, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2016-3411: Resolution of the City Council of the City of Lemon Grove, California Amending the Agreement with Rick Engineering Company for City Engineering Services

3. Ordinance No. 27 – Maintaining the Current Wastewater Rates for Fiscal Year 2016-2017

Mike James explained that the established 2011 wastewater rate case study will end June 30, 2016. Staff advertised a request for qualifications for a current wastewater rate case study on September 24, 2015 and the Board awarded the contract to NBS Government Finance Group (NBS) on December 1, 2015. After reviewing the District's revenues and expenditures and working with staff, NBS determined that the current rate should be maintained through FY 2016-17 for the following reasons:

The District is not anticipating any increases in expenditures, and

The District Board has adequately built its reserve funds to anticipate any unforeseen incident that may increase Metro Wastewater charges to the District for transportation and treatment of flow, and

The current rates and reserve levels are sufficient to meet the projected funding requirements.

Public Speaker(s)

There were no requests from the public to speak.

Action: Motion by Councilmember Jones, seconded by Mayor Pro Tem Gastil, to introduce Ordinance 27 and conduct first reading by title passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Ordinance No. 27: An Ordinance Amending Ordinance No. 26 of the Lemon Grove Sanitation District Describing Methods for Calculating Sewer Use Charges

4. Amendment to the Agreement for Sanitation Rate Case Study

Mike James reported that every four to five years, the Lemon Grove Sanitation District evaluates the Sanitation District rates paid by Lemon Grove Sanitation District users. The rates charged per equivalent dwelling unit (EDU) fund expenditures related to the transfer and treatment of wastewater through the District's sanitary sewer system to the City of San Diego, the cost associated with the annual capital improvement program, and the expense to maintain mandatory reserve funds.

In order to ensure an accurate method of calculation is used, staff recommends that periodically the District perform a financial modeling plan. The plan will continue to evaluate current sewer rates relative to the anticipated capital, operational, and maintenance obligations in future years.

NBS does not anticipate any revenue shortfall based on the current amount of expenditures during the next fiscal year. However, when NBS reviewed the District's connection fee it brought to staff's attention that this fee may not be fully capturing the appropriate amounts to

fund the District. This item will require an additional amount of analysis to determine if there should be an amendment to the amount of the connection fee. Should the agreement be extended this item will be evaluated.

The District currently has two reserve funds: Operational Reserves (40% of the total annual operational costs in the District) and Rate Stabilization Reserves (equivalent to one year of Metro Wastewater transportation and treatment costs).

NBS satisfactorily reviewed and recommended a rate structure for a five year period as was originally requested by the District Board. However, there are a number of new components that staff now feels should be further analyzed in order to recommend the best methodology to calculate rates, review and assess if sufficient funds for the construction of capital projects is addressed, and recommend the proper level of reserves to fund all District projects while also avoiding any rate spikes to district users. For these reasons, staff believes there is merit to continue working with NBS and create a second phase of work that will provide this analysis

The existing scope of work with NBS lasts until January 5, 2017 with the total fees not to exceed \$43,235. Due to the reduced scope of work that NBS is anticipated to perform in FY 2015-16, the total fee is anticipated fee will not to exceed \$16,500, which is \$26,735 less than originally budgeted. Moving forward to FY 2016-17, staff anticipates NBS will perform additional analysis that will not exceed \$51,000. The total two year proposal of \$67,500 is \$24,265 more than the original agreement amount.

If the extension is approved, NBS will continue to work closely with District staff during the fiscal year to refine its final five year report based on the changes discussed in this report. The five-year analysis and presentation will return to the District Board in March or April 2017 for discussion and final consideration.

After the discussion, staff was directed to continue to work with NBS and bring this matter back to the Sanitation District Board.

5. Potential Funding Measure- SANDAG

SANDAG is considering a potential funding measure for the November 2016 ballot. This item is to provide the City Council an opportunity to discuss this draft measure and give direction to the appointed SANDAG representatives

After discussion the consensus of the City Council was that the SANDAG representatives to votes yes to place a measure on the ballot.

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

Councilmember Jones reported on recent meetings at SANDAG and the East County Chamber.

Councilmember Mendoza participated in the Lemon Grove Clean-up event and attended American Cancer Action Network Society breakfast. She added the Rely for Life event will be on May 14 and recognized Lemon Grove employee Stephanie Boyce.

Councilmember Vasquez attended meetings with City County Reinvestment Task Force, Heartland Fire Training Authority Commission Meeting, and a Local Agency Formation Committee.

Mayor Pro Tem Gastil participated in the Lemon Grove Clean-up event, 100th birthday party for Betty Hunter, and an ECEDC meeting.

Mayor Sessom reported on recent Airport Authority and SANDAG meetings

City Manager and Department Director Reports

Tim Gabrielson reported on a pre-bid meeting for Lemon Grove Avenue Realignment construction project.

Lt. May noted that the Sheriff Department participated on April 30th for National Drug Take Back Day.

Closed Session

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

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 9:15 p.m.

Susan Garcia

Susan Garcia, City Clerk

City of Lemon Grove Demands Summary

Approved as Submitted:

Gilbert Rojas, Interim Finance Director

For Council Meeting: 05/17/16

ACH/AP Checks 04/27/16-05/04/16

200,638.50

Payroll - 4/26/16

119,489.89

Total Demands

320,128.39

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	44735061	WEX Wright Express Fleet Services	04/27/2016	Fuel - Fire Dept - Mar'16	429.58	429.58
ACH	Refill 4/26/16	Pitney Bowes Global Financial Services LLC	04/27/2016	Postage Usage 4/26/16	250.00	250.00
ACH	Apr26 16	Employment Development Department	04/28/2016	State Taxes 4/26/16	6,919.68	6,919.68
ACH	Apr26 16	US Treasury	04/28/2016	Federal Taxes 4/26/16	28,901.40	28,901.40
ACH	Apr16	Bluefin Payment Systems	05/02/2016	Merchant Statement Fee - Apr'16	9.95	9.95
ACH	Apr16	Dharma Merchant Services	05/02/2016	Merchant Fees - Apr'16	373.77	373.77
ACH	Apr16	Power Pay Biz	05/03/2016	Online Credit Card Processing - Apr'16	82.28	82.28
ACH	Apr16	Authorize.Net	05/03/2016	Merchant Fees In-Store & Online - Apr'16	42.55	42.55
5636	6006	911 Restoration of San Diego	04/27/2016	Midigate Water Damage at Sheriff Station- Phase 2	11,875.00	11,875.00
5637	0516 0888	A Aaron Lock & Key	04/27/2016	Keys Keys	14.25 24.84	39.09
5638	C0762	A-Pot Rentals	04/27/2016	Portable Restroom Rental- 4/9/16-5/18/16	132.20	132.20
5639	Amador	Amador, Laura	04/27/2016	Refund/ Amador, Laura/ Deposit-LBH 4/16/16	200.00	200.00
5640	5656261316	AutoZone, Inc.	04/27/2016	LGPW32- Diesel Exhaust Fluid	28.06	28.06
5641	686042-9 689052-9 689476-9	BJ's Rentals	04/27/2016	Propane Propane Propane	26.46 26.46 25.70	78.62
5642	15980556	Canon Financial Services Inc.	04/27/2016	Canon Copier Contract Charge 5/1/16	642.60	642.60
5643	3/18/2016 3/22/2016 3/27/2016 3/16/2016	City of Chula Vista	04/27/2016	After Hours Calls- 3/18/16 After Hours Calls- 3/22/16 After Hours Calls- 3/27/16 Fuel- Animal Control 3/1/16-3/31/16	195.82 195.82 97.91 477.52	967.07
5644	HCFA13669	City of El Cajon	04/27/2016	HCFA Qtrly Billing - 3rd & 4th Qtr Pass Through	667.80	667.80
5645	2860 2861 2862 2863 2864 2865	Clark Telecom & Electric Inc	04/27/2016	Street Light Maintenance- Mar16 Street Light Repairs- Mar16 Street Light Dig Alert Mark Outs- Mar16 Traffic Signal Maintenance- Mar16 Traffic Signal Repairs- Mar16 Traffic Signal Dig Alert Mark Outs- Mar16	137.33 480.21 46.36 1,170.00 562.00 50.00	2,445.90
5646	81680032 81680977	Corelogic Information Solutions Inc	04/27/2016	RealQuest Graphics Package- Mar16 Image Requests- Mar16	300.00 11.00	311.00
5647	16CTOFLGN09	County of San Diego- RCS	04/27/2016	800 MHZ Network - Mar'16	2,906.13	2,906.13
5648	201600279	County of San Diego/Assessor/Recorder	04/27/2016	Recording Services- 3/16/16-3/17/16	12.00	12.00
5649	3123 3124 3125 3126 3127 3128 3129	D- Max Engineering Inc	04/27/2016	Valencia Stormwater Inspections thru Mar31, 2016 Vernon Ranch Stormwater Inspections thru Mar31, 2016 Golden Doors Stormwater Inspections thru Mar31, 2016 100 Celsius Stormwater Inspections thru Mar31, 2016 LG Realignment Stormwater Inspections thru Mar31, 2016 SRTS Stormwater Inspections thru Mar31, 2016 WCIP Support	1,299.47 626.54 1,280.18 647.79 617.50 202.50 1,126.48	5,800.46
5650	0060093-IN	Doggie Walk Bags Inc.	04/27/2016	4,200 Doggie Walk Dispenser Bags W/ Pouch	1,118.84	1,118.84
5651	11828	Duke's Root Control Inc	04/27/2016	Sewer Mainline Root Control - City Wide	17,528.16	17,528.16

5652	4/18-21/16	Esgil Corporation	04/27/2016	75% Building Fees- 4/18/16-4/21/16	2,057.23	2,057.23
5653	83404 86280	Fire Etc.	04/27/2016	Uniform- Reserve Uniform- Brackney 3/8/16	171.72 243.80	415.52
5654	07-2092	Lemon Grove School District	04/27/2016	Fuel Services-PW: Mar16	2,014.14	2,014.14
5655	Mar16 Mar16 Mar16 Mar16 Mar16 Mar16	Lounsberry Ferguson Altona & Peak LLP	04/27/2016	General 01163-00002 - Mar'16 Code Enforcement 01163-00003 - Mar'16 DOF 01163-00017 - Mar'16 Cost-Share Agreement 00023 - Mar'16 7309 Broadway 00024 - Mar'16 7973 North Ave- 00025 - Mar'16 Guillen v. Valencia-00026 - Mar'16	14,110.00 2,859.60 66.40 1,610.20 241.80 3,611.92 747.00	23,246.92
5656	Jan-Apr16	McDonald, John	04/27/2016	Cell Phone Reimbursement- Jan16-Apr16	80.00	80.00
5657	4556	North County EVS, Inc	04/27/2016	E10- Foam Leak Repair	147.00	147.00
5658	WO-26382-1	Office Advantage, Inc	04/27/2016	Binder Clips	17.69	17.69
5659	30783388	RCP Block & Brick, Inc.	04/27/2016	Yard Soil	58.32	58.32
5660	SACWireless	Richard,Dail- SAC Wireless	04/27/2016	Refund/ SAC Wireless/ CUP98-0009 SCR	74.50	74.50
5661	3/13-4/22 4/25/16	Ryan-Ojeda, Laureen	04/27/2016	Reimb: Mileage - Ojeda 3/13/16-4/22/16 Reimb: Sage Project/USA Grants Workshop 4/20-22/2016	219.24 322.28	541.52
5662	Apr26 16 Apr26 16	San Diego County Fire Chief's Association	04/27/2016	Installation of Officers Breakfast- Drum 6/2/16 Installation of Officers Breakfast- Hayward 6/2/16	30.00 30.00	60.00
5663	7209147	SHRM, Society for Human Resource Mgmt	04/27/2016	SHRM Membership- Russell	175.00	175.00
5664	5714	Smart Cover Systems Inc.	04/27/2016	Software Renewal W/ Satellite Connectivity	2,438.00	2,438.00
5665	158339	State of California- Department of Justice	04/27/2016	Fingerprint Apps - Mar'16	320.00	320.00
5666	Apr26 16	Vantage Point Transfer Agents-457	04/27/2016	ICMA Deferred Compensation Pay Period Ending 4/26/16	580.77	580.77
5667	9763691016 9763691664	Verizon Wireless	04/27/2016	Cell Phone- 3/13/16-4/12/16 Mobile Broadband Access- 3/13/16-4/12/16	323.93 76.02	399.95
5668	P501013781	Volvo Construction Equipment & Services	04/27/2016	Nozzle	199.68	199.68
5669	71040103 71089489 71092485 71092486 71095612 71098542 71102306	Vulcan Materials	04/27/2016	Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt	92.66 112.32 92.66 111.61 112.32 91.80 171.07	784.44
5670	4/3/16	Western Door	04/27/2016	Door Repairs - Comm Center	1,085.00	1,085.00
5671	1909493	American Fence Company Inc	05/04/2016	North & OliveTemp Fence Rental- 4/17/16-5/16/16	105.00	105.00
5672	4/22/2016	AT&T	05/04/2016	Backup City Hall Internet 3/23/16-4/22/16	130.00	130.00
5673	687405-9 6950528-9	BJ's Rentals	05/04/2016	Propane Propane	24.42 27.37	51.79
5674	4/22/2016	Cox Communications	05/04/2016	Phone/PW Yard/2873 Skyline- 4/19/16-5/18/16	211.81	211.81
5675	3/28/16	Crest Equipment Inc.	05/04/2016	Refund- Crest/Deposit/WMP/PALM SRTS	6,500.00	6,500.00
5676	0422162305	Domestic Linen- California Inc	05/04/2016	Shop Towels & Safety Mats 4/22/16	96.40	96.40
5677	Reimb4/25/16	Duenez, Nicholas	05/04/2016	Reimb: L380 Point of the Spear Training- Duenez	166.08	166.08
5678	Phase2	Environmental Land Management	05/04/2016	Weed Removal on Parcel numbers #503-481-42-00 & #503-483-€	4,600.00	4,600.00
5679	4/25-28/16	Esgil Corporation	05/04/2016	75% Building Fees- 4/25/16-4/28/16	2,931.91	2,931.91
5680	366903	EW Truck & Equipment Company, Inc	05/04/2016	Fluid	64.85	64.85
5681	8174	G & G Backflow Plumbing Service	05/04/2016	Backflow Repair- Riser Leaking	304.27	304.27
5682	Uni-4/18/16	Gamester, Sean	05/04/2016	Uniform Allowance- Gamester 4/18/16	21.58	21.58
5683	PettyCash-5/5	Gill Rojas or Brenda Wardrip	05/04/2016	Safety Kit	52.72	431.69

	PettyCash-5/5			Parking- Firehouse Conference 2/3/16 - Drum	15.00	
	PettyCash-5/5			Copies - County Assessor	14 00	
	PettyCash-5/5			Basketball Court Parts	7 00	
	PettyCash-5/5			Station Keys	16 18	
	PettyCash-5/5			Mileage - Molina 2/9/16-3/16/16	34 51	
	PettyCash-5/5			Easter Supplies	25 92	
	PettyCash-5/5			Mileage - Boyce 1/13/16-3/17/16	27 54	
	PettyCash-5/5			Tools	34 55	
	PettyCash-5/5			Pesticide Tank	63 78	
	PettyCash-5/5			Name Plate - DeVries	10 80	
	PettyCash-5/5			Postage	42 11	
	PettyCash-5/5			Office Supplies	37 90	
	PettyCash-5/5			Mileage - Tamimi 2/11/16-4/7/16	49 68	
5684	0022638-IN	HDL Coren & Cone	05/04/2016	Contract Services Property Tax- Apr-Jun16	1,980 00	1,980 00
5685	2/24-4/26	Helix Water District	05/04/2016	Water Services- 2/24/16-4/26/16	7,832.94	7,832.94
5686	00036230	Hudson Safe-T- Lite Rentals	05/04/2016	Concrete in a Can	71.61	71 61
5687	3/26/2016 4/1/2016 4/27/2016	Lemon Grove Firefighters	05/04/2016	Reimb: Cox Internet 3/26/16-4/25/16 Reimb: Cox TV Service 4/1/16-4/30/16 Reimb: Cox Internet 4/26/16-5/25/16	68 97 100.13 68 97	238.07
5688	PSI-46661	NPR, Inc.	05/04/2016	Return of Expired Narcotics	203.00	203 00
5689	121465 121523	Orange Commercial Credit- Best Tire Buy	05/04/2016	LGPW19 Repair LGPW26 Repair	97.00 16.00	113 00
5690	16-0455 16-0500	Pacific HVAC Service	05/04/2016	AC Repair- City Hall AC Repair- City Hall	513.67 105.00	618.67
5691	1892	Pacific IP	05/04/2016	Phone Repair- Front Desk 2/24/16 Phone Repair- intern Desk/Devries Desk 4/14/16, 4/27/16	135.00 270.00	405 00
5692	May16	PLIC- SBD Grand Island	05/04/2016	Dental Insurance - May'16	4,434.00	4,434 00
5693	PD-31234	Plumbers Depot Inc	05/04/2016	Cues Camera System Plus Portable Lateral Mainline Camera	12,150.00	12,150 00
5694	11	Professional Standards Consulting	05/04/2016	Background Investigation	800.00	800 00
5695	Quilalang	Quilalang, Jeanette	05/04/2016	Refund/ Quilalang, Jeanette/Deposit- LBH 4-23-16	200.00	200 00
5696	7471	RapidScale Inc.	05/04/2016	Virtual Hosting - Apr16	2,048.07	2,048 07
5697	Richardson	Richardson, Dawn	05/04/2016	Refund/ Richardson, Dawn/ Deposit-CommCtr 4-23-16	200.00	200 00
5698	17546A6	Rick Engineering Company	05/04/2016	Prof Svc: Interim City Engr Services 2/27/16-3/25/16 Prof Svc: Connect Main St Project- 2/27/16-3/25/16 Prof Svc: LG Realignment- 2/27/16-3/25/16 Prof Svc: Brdwy/Swtwater Drainage Eval- 2/27/16-3/25/16 Prof Svc: Transportation Services- 2/27/16-3/25/16	8,836.36 2,030.00 6,267.52 990.00 3,000.00	21,123 88
5699	0276177	SCS Engineers	05/04/2016	Monitoring Well Installation & Sampling-Main St Prop-Mar'16	8,810.00	8,810 00
5700	4/25/2016 4/22/2016	SDG&E	05/04/2016	3225 Olive- 3/22/16-4/21/16 3500 1/2 Main- 3/21/16-4/20/16	96 99 147 06	244 05
5701	7378	#REF!	05/04/2016	Trimmer Line	25.90	25 90
5702	May16	Standard Insurance Company	05/04/2016	Long Term Disability Insurance - May 16	1,624.79	1,624 79
5703	41160 41313	The East County Californian	05/04/2016	Bid Notice: Street Rehab 4/14/16 Bid Notice: LG Ave Realignment 4/21/16	210.00 245.00	455 00
5704	91310 91384	Vinyard Doors, Inc	05/04/2016	Door Repair - Fire Stn Roll Up Door Repair- Fire Stn	95.00 1,610.00	1,705 00
5705	71030456 71038671 71098543 71099909 71105486 71105487 71106944 71109241 71112152	Vulcan Materials	05/04/2016	Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt Asphalt	149.41 91.80 346.27 236.41 208.87 92 66 92 66 92 66 96 98	1,407 72
5706	75928397	Waxie Sanitary Supply	05/04/2016	Cleaning Supplies	1,293 60	1,293 60
5707	15452	Western Door	05/04/2016	Glass Door Repairs - Rec Center	581 00	581 00
					200,638 50	200,638 50

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1D
Mtg. Date May 17, 2016
Dept. Fire Department

Item Title: UASI Grant Acceptance

Staff Contact: Daryn Drum, Division Chief

Recommendation:

Staff recommends that the City Council adopt a resolution accepting FY 2015 Urban Area Security Initiative (UASI) Training Attendance and Participation grant funds and authorize the City Manager to execute appropriate agreements and/or grant documents required to receive and use said funds in accordance with UASI requirements.

Item Summary:

The City of Lemon Grove has been approved to receive \$1,500 from the FY 15 Urban Area Security Initiative Training Attendance and Participation funds. UASI funds play an important role in the implementation of Presidential Policy Directive-8 (PPD-8) by supporting the development and sustainment of core capabilities to fulfill the National Preparedness Goal (NPG). Additionally, UASI supports the implementation of State Homeland Security Strategies to address the identified planning, organizational, equipment, training and exercise needs to prevent, protect against, mitigate, respond to and recover from acts of terrorism and other catastrophic events. The funds will be used to reimburse the City for either overtime paid to employees while attending UASI approved training or provide backfill for employees who are attending UASI approved training.

Fiscal Impact:

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

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. _____

Mtg. Date _____

Item Title:

Staff Contact: Daryn Drum, Division Chief

Discussion:

The City of Lemon Grove has been approved to receive \$1,500 from the Urban Area Security Initiative (UASI) from FY 15 funds. This amount was determined by the training sub-committee of the Urban Area Working Group (UAWG) and is based on the total number of sworn personnel employed by the City. FY 15 UASI funding will be utilized by the Fire Department to reimburse the City of Lemon Grove for overtime paid to Fire Department personnel to attend UASI approved courses or to reimburse the City of Lemon Grove for backfill paid to employees who are attending UASI approved courses. Courses eligible for reimbursement include: Incident Command, Heave Rescue, Leadership, Confined Space Rescue, Medical Response to Terrorist Events and others. UASI funds play an important role in the implementation of Presidential Policy Directive -8 (PPD-8) by supporting the development and sustainment of core capabilities to fulfill the National Preparedness Goal (NPG). UASI also supports the implementation of State Homeland Security Strategies to address the identified planning, organizational, equipment, training and exercise needs to prevent, protect against, mitigate, respond to and recover from acts of terrorism and other catastrophic events.

Conclusion:

Staff recommends that the City Council adopt the resolution (**Attachment B**) authorizing the City Manager to accept FY 2015 Urban Area Security Initiative funds in the amount of \$1,500 and to execute any required grant documents and/or agreements necessary for the receipt and use of said funds.

Attachment B

RESOLUTION NO. 2016-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA ACCEPTING FISCAL YEAR 2015 URBAN AREA SECURITY INITIATIVE TRAINING ATTENDANCE AND PARTICIPATION GRANT FUNDS

WHEREAS, the City of Lemon Grove is dedicated to providing high quality fire and EMS services to its citizens and maintaining the highest level of preparedness in order to respond to and mitigate acts of terrorism and other catastrophic events ; and

WHEREAS, the distribution formula allocates \$1,500 to the City of Lemon Grove and requires it be used to prepare for, respond to and/or recover from acts of terrorism and other catastrophic events; and

WHEREAS, the allocated funds will be used to provide training to Fire Department personnel to safely respond to acts of terrorism and other catastrophic events;

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

1. Accepts the Fiscal Year 2015 Urban Area Security Initiative Training Attendance and Participation Grant funds.
2. Authorizes the City Manager to execute required grant documents and/or agreements necessary for the receipt and use of said funds.

/////
/////

**AGREEMENT BETWEEN THE CITY OF
SAN DIEGO OFFICE OF HOMELAND SECURITY AND THE
THE CITY OF LEMON GROVE
FOR THE DISTRIBUTION OF FY 2015 UASI GRANT FUNDS**

THIS AGREEMENT is made this day of _____, 2016 in the City and County of San Diego, State of California, by and between The City of Lemon Grove ("SUBRECIPIENT") and the CITY OF SAN DIEGO, a municipal corporation ("San Diego" or "City"), in its capacity as fiscal agent for the Approval Authority, as defined below, acting by and through the San Diego Office of Homeland Security ("OHS").

RECITALS

WHEREAS, The United States Department of Homeland Security ("DHS") designated San Diego as an eligible high risk urban area through an analysis of relative risk of terrorism, the San Diego Urban Area ("SDUA") was established for the purpose of application for and allocation and distribution of federal Urban Areas Security Initiative ("UASI") program grant funds; and

WHEREAS, The Urban Area Working Group ("UAWG"), a collaborative subcommittee established by the San Diego County Unified Disaster Council, was established as the Approval Authority for the SDUA, to provide overall governance of the homeland security grant program across the SDUA, to coordinate development and implementation of all UASI program initiatives, and to ensure compliance with all UASI program requirements; and

WHEREAS, The City of San Diego Office of Homeland Security ("SD OHS"), as the "core city" for the SDUA, will serve as the chair and the UASI Grant Administrator, and SD OHS Executive Director is responsible for implementing and managing the policy and program decisions of the Approval Authority, directing the work of the UASI Management Team personnel, and performing other duties as determined and directed by the Approval Authority, and

WHEREAS, San Diego has been designated as the grantee for UASI funds granted by the DHS through the California Office of Emergency Services ("Cal OES") to the SDUA, with responsibility to establish procedures and execute subgrant agreements for the distribution of UASI program grant funds to jurisdictions selected by the Approval Authority to receive grant funding; and

WHEREAS, San Diego has been designated to serve as the fiscal agent for the Approval Authority, and to establish procedures and provide all financial services for distribution of UASI program grant funds within the SDUA; and

WHEREAS, Pursuant to grant allocation decisions by the Approval Authority, the UASI Management Team has asked San Diego to distribute a portion of the regional UASI grant funds to SUBRECIPIENT on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 **Specific Terms.** Unless the context requires otherwise, the following capitalized terms (whether singular or plural) shall have the meanings set forth below:

(a) “**ADA**” shall mean the Americans with Disabilities Act (including all rules and regulations there under) and all other applicable federal, state and local disability rights legislation, as the same may be amended, modified or supplemented from time to time.

(b) “**Authorized Expenditures**” shall mean expenditures for those purposes identified and budgeted in the SUBRECIPIENT Award Letter (Appendix A) and/or approved modification.

(c) “**Event of Default**” shall have the meaning set forth in Section 7.1.

(d) “**Fiscal Quarter**” shall mean each period of three calendar months commencing on July 1, October 1, January 1, and April 1, respectively.

(e) “**Grant Funds**” shall mean any and all funds allocated or disbursed to SUBRECIPIENT (DUNS#: 945600542) under this Agreement. This Agreement shall specifically cover funds allocated or disbursed from Cal OES Grant No. 2015-00078, Cal OES ID No. 073-66000, CFDA No. 97.067, per Cal OES award notice dated September 25, 2015.

(f) “**Grant Plan**” shall mean the plans, performances, events, exhibitions, acquisitions or other activities or matter, and the budget and requirements, described in the approved Financial Management Forms Workbook (FMFW). If SUBRECIPIENT requests any modification to the Grant Plan, SUBRECIPIENT shall submit a written request to the SD OHS Executive Director with the following information: Scope of change requested, reason for change, proposed plan for change, summary of approved and requested modifications to the Grant Plan, and any necessary approvals in support of change (e.g., EHP).

(g) “**Indemnified Parties**” shall mean: (i) San Diego, including all commissions, departments including OHS, agencies, and other subdivisions of San Diego; (ii) San Diego’s elected officials, directors, officers, employees, agents, successors, and assigns; and (iii) all persons or entities acting on behalf of the foregoing.

(h) “**Losses**” shall mean any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, judgments, fees, expenses and costs of whatsoever kind and nature (including legal fees and expenses and costs of investigation, of prosecuting or defending any Loss described above) whether or not such Loss be founded or unfounded, of whatsoever kind and nature.

(i) “**Reimbursement Request**” shall have the meaning set forth in Section 3.10(a).

(j) “**UASI Management Team**” shall mean The City of San Diego Office of Homeland Security Executive Director, Program Manager, Supervising Homeland Security Coordinator, as well as project, grant, and administrative staff. The Executive Director appoints members to the Management Team to implement the policies of the UAWG.

1.2 **Additional Terms.** The terms “as directed,” “as required” or “as permitted” and similar terms shall refer to the direction, requirement, or permission of City. The terms “sufficient,” “necessary” or “proper” and similar terms shall mean sufficient, necessary or proper in the sole judgment of City. The

terms “approval,” “acceptable” or “satisfactory” or similar terms shall mean approved by, or acceptable or satisfactory to, City. The terms “include,” “included” or “including” and similar terms shall be deemed to be followed by the words “without limitation.” The use of the term “subcontractor,” “subgrantee,” “successor” or “assign” herein refers only to a subcontractor, subgrantee, successor or assign expressly permitted under Article 8.

1.3 **References to this Agreement.** References to this Agreement include: (a) any and all appendices, exhibits, schedules, and attachments hereto; (b) any and all statutes, ordinances, regulations or other documents expressly incorporated by reference herein; and (c) any and all amendments, modifications or supplements hereto made in accordance with Section 10.2. References to articles, sections, subsections or appendices refer to articles, sections or subsections of or appendices to this Agreement, unless otherwise expressly stated. Terms such as “hereunder,” “herein” or “hereto” refer to this Agreement as a whole.

1.4 **Reference to laws.** Any reference in this Agreement to a federal or state statute, regulation, executive order, requirement, policy, guide, guideline, information bulletin, or instruction shall mean that statute, regulation, executive order, requirement, policy, guide, guideline, information bulletin, or instruction as is currently in effect and as may be amended, modified or supplemented from time to time.

ARTICLE 2 ALLOCATION AND CERTIFICATION OF GRANT FUNDS; LIMITATIONS ON SAN DIEGO’S OBLIGATIONS

2.1 **Risk of Non-Allocation of Grant Funds.** This Agreement is subject to all federal and state grant requirements and guidelines, including DHS and Cal OES requirements, guidelines, information bulletins, and instructions, the decision-making of the Cal OES and the Approval Authority, the terms and conditions of the grant award; the approved application, and to the extent applicable the budget and fiscal provisions of the San Diego City Charter. The Approval Authority shall have no obligation to allocate or direct disbursement of funds for this Agreement in lieu of allocations for new or other agreements. SUBRECIPIENT acknowledges and agrees that grant decisions are subject to the discretion of the Cal OES and Approval Authority. Further, SUBRECIPIENT acknowledges and agrees that the City shall have no obligation to disburse grant funds to SUBRECIPIENT until City and SUBRECIPIENT have fully and finally executed this Agreement. SUBRECIPIENT acknowledges and agrees that if it takes any action, informal or formal, to appropriate, encumber or expend Grant Funds before final allocation decisions by Cal OES and the Approval Authority, and before this Agreement is fully and finally executed, it assumes all risk of possible non-allocation or non-reimbursement of funds, and such acknowledgement and agreement is part of the consideration of this Agreement.

2.2 **Certification of Controller: Guaranteed Maximum Costs.** No funds shall be available under this Agreement without prior written authorization certified by the San Diego Chief Financial Officer as set forth in Section 39 of the City of San Diego City Charter:

“No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless the Chief Financial Officer shall certify in writing that there has been made an appropriation to cover the expenditure and that there remains a sufficient balance to meet the demand thereof.”

ARTICLE 3 PERFORMANCE OF THE AGREEMENT

3.1 **Duration of Term.** The term of this Agreement shall commence on **NOVEMBER 1, 2015** and shall end at 11:59 p.m. San Diego time on **JANUARY 31, 2018.**

3.2 **Maximum Amount of Funds.** In no event shall the amount of Grant Funds disbursed hereunder exceed the amount awarded under the SUBRECIPIENT Award letter (Appendix A), Training and Exercise Participation Award Letter and/or approved modification. The City will not automatically transfer Grant Funds to SUBRECIPIENT upon execution of this Agreement. SUBRECIPIENT must submit a Reimbursement Request under Section 3.10 of this Agreement, approved by the UASI Management Team and City, before the City will disburse Grant Funds to SUBRECIPIENT.

3.3 **Use of Funds.**

(a) **General Requirements.** SUBRECIPIENT shall use the Grant Funds received under this Agreement for the purposes and in the amounts set forth in the Grant Plan. SUBRECIPIENT shall not use or expend Grant Funds for any other purpose, including but not limited to, for matching funds for other federal grants/cooperative agreements, lobbying or intervention in federal regulatory or adjudicatory proceedings, or to sue the federal government or any other government entity. SUBRECIPIENT shall not permit any federal employee to receive Grant Funds.

(b) **Modification of Grant Plan.** Under Sections 1.1(f) and 10.2 of this Agreement, SUBRECIPIENT may submit a written request to modify the Grant Plan. SUBRECIPIENT shall not appropriate, encumber or expend any additional or reallocated Grant Funds pursuant to such a request for modification until the SD OHS Executive Director or designee has provided written approval for the request. In addition, if the modification request requires approval from the Approval Authority and/or Cal OES, as determined by the SD OHS Executive Director, SUBRECIPIENT shall not appropriate, encumber or expend any additional or reallocated Grant Funds pursuant to the modification request without approval from the Approval Authority and/or Cal OES.

(c) **No Supplanting.** SUBRECIPIENT shall use Grant Funds to supplement existing funds, and not replace (supplant) funds that have been appropriated for the same purpose.

(d) **Obligations.** SUBRECIPIENT must expend Grant Funds in a timely manner consistent with the grant milestones, guidance and assurances; and make satisfactory progress toward the goals, objectives, milestones and deliverables in this Agreement.

3.4 **Grant Assurances; Other Requirements; Cooperation with Monitoring.**

(a) SUBRECIPIENT shall comply with all Grant Assurances included in Appendix B, attached hereto and incorporated by reference as though fully set forth herein. SUBRECIPIENT shall require all subgrantees, contractors and other entities receiving Grant Funds through or from SUBRECIPIENT to execute a copy of the Grant Assurances, and shall ensure that they comply with those Grant Assurances.

(b) In addition to complying with all Grant Assurances, SUBRECIPIENT shall comply with all applicable statutes, regulations, executive orders, requirements, policies, guides, guidelines, information bulletins, Cal OES grant management memos, and instructions; the terms and conditions of the grant award; the approved application, and any conditions imposed by Cal OES or the Approval Authority. SUBRECIPIENT shall require and ensure that all subgrantees, contractors and other entities receiving Grant Funds through or from SUBRECIPIENT comply with all applicable statutes, regulations, executive orders, requirements, policies, guides, guidelines, information bulletins, Cal OES grant management memos, and instructions; the terms and conditions of the grant award; the approved application, and any conditions imposed by Cal OES or the Approval Authority.

3.7 Procurement Requirements.

(a) General Requirements. SUBRECIPIENT shall follow its own procurement requirements as long as those requirements comply with all applicable federal and State of California statutes, regulations, requirements, policies, guides, guidelines and instructions.

(b) Specific Purchases. If SUBRECIPIENT is using Grant Funds to purchase interoperable communication equipment, SUBRECIPIENT shall consult DHS's SAFECOM's coordinated grant guidance, which outlines standards and equipment information to enhance interoperable communication. If SUBRECIPIENT is using Grant Funds to acquire critical emergency supplies, prior to expending any Grant Funds, SUBRECIPIENT shall submit to the UASI Management Team for approval by Cal OES a viable inventory management plan, an effective distribution strategy, sustainment costs for such an effort, and logistics expertise to avoid situations where funds are wasted because supplies are rendered ineffective due to lack of planning.

(c) Bond requirement. SUBRECIPIENT shall obtain a performance bond for any equipment items over \$250,000 or any vehicle, aircraft or watercraft financed with Grant Funds.

3.8 Subgrantee and Contractor Requirements.

(a) SUBRECIPIENT shall ensure and independently verify that any subgrantee, contractor or other entity receiving Grant Funds through or from SUBRECIPIENT is not debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs, under Executive Orders 12549 and 12689, as implemented at 2 CFR Part 3000. SUBRECIPIENT shall obtain documentation of eligibility before disbursing Grant Funds to any subgrantee, contractor or other entity. SUBRECIPIENT shall maintain documentary proof of this verification in its files. SUBRECIPIENT shall establish procedures for the effective use of the "Excluded Parties List System," to assure that it does not provide Grant Funds to excluded parties. SUBRECIPIENT shall also establish procedures to provide for effective use and/or dissemination of the list to assure that its grantees and subgrantees, including contractors, at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.

(b) SUBRECIPIENT shall ensure that any subgrantee, contractor or other entity receiving Grant Funds through or from SUBRECIPIENT complies with the requirements of 44 CFR Part 18, *New Restrictions on Lobbying*; and

(c) SUBRECIPIENT shall ensure that any subgrantee, contractor or other entity receiving Grant Funds through or from SUBRECIPIENT complies with the requirements of 2 CFR Part 3001, *Requirements for Drug-Free Workplace (Financial Assistance)*.

3.9 Monitoring Grant Performance.

(a) City and the UASI Management Team are both authorized to perform periodic monitoring reviews of SUBRECIPIENT's performance under this Agreement, to ensure that the Grant Plan goals, objectives, performance requirements, timelines, milestone completion, budgets and other criteria are being met. Programmatic monitoring may include the Regional Federal Preparedness Coordinators, or other federal or state personnel, when appropriate. Monitoring may involve a combination of desk-based reviews and on-site monitoring visits, inspection of records, and verifications of grant activities. These reviews will involve a review and analysis of the financial, programmatic, performance and administrative issues relative to each program and will identify areas where technical assistance and other support may be needed. The reviews may include, but are not limited to:

1. Evaluating eligibility of expenditures;
2. Comparing actual grant activities to those approved by the Approval Authority and specified in the Grant Plan;
3. Ensuring that any advances have been deposited in an interest bearing account and disbursed in accordance with applicable guidelines; and
4. Confirming compliance with: Grant Assurances; information provided on performance reports and payment requests; and needs and threat assessments and strategies.

(b) SUBRECIPIENT is responsible for monitoring and auditing the grant activities of any subgrantee, contractor or other entity receiving Grant Funds through or from SUBRECIPIENT. This requirement includes but is not limited to mandatory on-site verification visits.

(c) If after any monitoring review, the DHS or Cal OES makes findings that require a Corrective Action Plan by SUBRECIPIENT, the City shall place a hold on all Reimbursement Requests from SUBRECIPIENT until the findings are resolved.

3.10 **Disbursement Procedures.** San Diego shall disburse Grant Funds to SUBRECIPIENT as follows:

(a) SUBRECIPIENT shall submit to the UASI Management Team, in the manner specified for notices pursuant to Article 9, a document ("Reimbursement Request") substantially in the form attached as Appendix C, attached hereto and incorporated by reference as though fully set forth herein. The UASI Management Team shall serve as the primary contact for SUBRECIPIENT regarding any Reimbursement Request.

(b) The UASI Management Team will review all Reimbursement Requests for compliance with this Agreement and all applicable guidelines and requirements. The UASI Management Team will return to SUBRECIPIENT any Reimbursement Request that is submitted and not approved by the UASI Management Team, with a brief statement of the reason for the rejection of the Reimbursement Request.

(d) If a rejection relates only to a portion of the expenditures itemized in any Reimbursement Request, City shall have no obligation to disburse any Grant Funds for any other expenditures itemized in such Reimbursement Request unless and until SUBRECIPIENT submits a Reimbursement Request that is in all respects acceptable to the UASI Management Team.

(e) If SUBRECIPIENT is not in compliance with any provision of this Agreement, City may withhold disbursement of Grant Funds until SUBRECIPIENT has taken corrective action and currently complies with all terms and conditions of the Agreement.

3.11 **Disallowance.** SUBRECIPIENT agrees that if it claims or receives reimbursement from City for an expenditure that is later disallowed by the State of California or the federal government, SUBRECIPIENT shall promptly refund the disallowed amount to City upon City's written request. At its option, City may offset all or any portion of the disallowed amount against any other payment due to SUBRECIPIENT hereunder or under any other Agreement with SUBRECIPIENT. Any such offset with respect to a portion of the disallowed amount shall not release SUBRECIPIENT from SUBRECIPIENT's obligation hereunder to refund the remainder of the disallowed amount.

3.12 **Sustainability.** Grant Funded programs that contain continuing personnel and operating expenses, over and above planning and implementation costs, must be sustained once the Grant Funding ends. If Equipment is purchased with grant funds the equipment must be sustained through the useful life of equipment. By executing this Agreement, SUBRECIPIENT acknowledges its responsibility and agrees

to sustain continuing programs beyond the Grant Funding period. SUBRECIPIENT acknowledges and agrees that this sustainability requirement is a material term of the Agreement.

3.13 **EHP Requirements.**

(a) Grant Funded projects must comply with the federal Environmental and Historic Preservation ("EHP") program. SUBRECIPIENT shall not initiate any project with the potential to impact environmental or historic properties or resources until Cal OES and FEMA have completed EHP reviews and approved the project. Examples of projects that may impact EHP resources include: communications towers, physical security enhancements, new construction, and modifications to buildings, structures and objects that are 50 years old or greater. SUBRECIPIENT shall notify the UASI Management Team of any project that may require an EHP review. SUBRECIPIENT agrees to provide detailed project information to FEMA, Cal OES and/or the UASI Management Team, to cooperate fully in the review, and to prepare any documents requested for the review. SUBRECIPIENT shall comply with all conditions placed on the project as the result of the EHP review, and implement any treatment or mitigation measures deemed necessary to address potential adverse impacts. With prior approval of the UASI Management Team, SUBRECIPIENT may use Grant Funds toward the costs of preparing documents and/or implementing treatment or mitigation measures. Any change to the approved project scope of work will require re-evaluation for compliance with EHP requirements. If ground disturbing activities occur during project implementation, SUBRECIPIENT shall notify the UASI Management Team and ensure monitoring of ground disturbance. If any potential archeological resources are discovered, SUBRECIPIENT shall immediately cease construction in that area and notify the UASI Management Team, which will notify the appropriate State Historic Preservation Office. If SUBRECIPIENT is using Grant Funds for a communication tower project, SUBRECIPIENT shall complete its Federal Communication Commission ("FCC") EHP process before preparing its Cal OES/FEMA EHP materials, and shall include the FCC EHP materials in the Cal OES/FEMA submission.

(b) Any construction or other project that SUBRECIPIENT initiates without the necessary EHP review and approval will not be eligible for reimbursement. Failure of SUBRECIPIENT to meet federal, State, and local EHP requirements, obtain applicable permits, or comply with any conditions that may be placed on the project as the result of FEMA's and/or Cal OES's EHP review will result in the denial of Reimbursement Requests.

3.14 **National Energy Conservation Policy and Energy Policy Acts.** SUBRECIPIENT shall comply with the following requirements:

(a) Grant Funds may not be used in contravention of the Federal buildings performance and reporting requirements of Executive Order 13123, part 3 of Title V of the National Energy Conservation Policy Act (42 USC §8251 et seq.), or Subtitle A of Title I of the Energy Policy Act of 2005; and

(b) Grant Funds may not be used in contravention of Section 303 of the Energy Policy Act of 1992 (42 USC §13212).

3.15 **Royalty-Free License.** SUBRECIPIENT understands and agrees that FEMA reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use, and authorize others to use, for federal government purposes: (a) the copyright in any work developed using Grant Funds; and (b) any rights of copyright that SUBRECIPIENT purchases or acquires using Grant Funds. SUBRECIPIENT shall consult with the UASI Management Team and FEMA regarding the allocation of any patent rights that arise from, or are purchased with, Grant Funds.

3.16 **Publication Statements.** SUBRECIPIENT shall ensure that all publications created or developed under this Agreement prominently contain the following statement: "This document was prepared under a grant from the Federal Emergency Management Agencies Grant Programs Directorate (FEMA/GPD) within the US Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of FEMA/GPD or the US Department of Homeland Security."

3.17 **Performance Period.** SUBRECIPIENT shall ensure that hard copies of all reimbursement requests and supporting documentation will be submitted to the UASI Management Team postmarked no later than January 13, 2017. Extension requests may be granted based on extenuating circumstances beyond the control of the subrecipient and must be made via the Performance Period Extension Request Form (Appendix D). Requests must contain specific and compelling justifications as to why an extension is required and must be submitted 30 days prior to the current deadline.

ARTICLE 4 REPORTING REQUIREMENTS; AUDITS

4.1 **Regular Reports.** SUBRECIPIENT shall provide, in a prompt and timely manner, financial, operational and other reports, as requested by the UASI Management Team, in form and substance satisfactory to the UASI Management Team. Such reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages, to the maximum extent possible.

4.2 **Notification of Defaults or Changes in Circumstances.** SUBRECIPIENT shall notify the UASI Management Team and City immediately of (a) any Event of Default or event that, with the passage of time, would constitute an Event of Default; (b) any change of circumstances that would cause any of the representations or warranties contained in Article 5 to be false or misleading at any time during the term of this Agreement; and (c) any change of circumstances or events that would cause SUBRECIPIENT to be out of compliance with the Grant Assurances in Appendix B.

4.3 **Books and Records.** SUBRECIPIENT shall establish and maintain accurate files and records of all aspects of the Grant Plan and the matters funded in whole or in part with Grant Funds. Without limiting the scope of the foregoing, SUBRECIPIENT shall establish and maintain accurate financial books and accounting records relating to Authorized Expenditures and to Grant Funds received and expended under this Agreement, together with all invoices, documents, payrolls, time records and other data related to the matters covered by this Agreement, whether funded in whole or in part with Grant Funds. SUBRECIPIENT shall maintain all of the files, records, books, invoices, documents, payrolls and other data required to be maintained under this Section in a readily accessible location and condition for a period of not less than three (3) years after expiration of this Agreement or until any final audit by Cal OES has been fully completed, whichever is later.

4.4 **Inspection and Audit.** SUBRECIPIENT shall make available to the UASI Management Team, and to UASI Management Team and City employees and authorized representatives, during regular business hours, all of the files, records, books, invoices, documents, payrolls and other data required to be established and maintained by SUBRECIPIENT under Section 4.3, and allow access and the right to examine those items. SUBRECIPIENT shall permit the UASI Management Team and City, and UASI Management Team and City employees and authorized representatives, to inspect, audit, examine and make excerpts and transcripts from any of the foregoing. The rights of the UASI Management Team and City pursuant to this Section shall remain in effect so long as SUBRECIPIENT has the obligation to maintain such files, records, books, invoices, documents, payrolls and other data under this Article 4. The DHS, the Comptroller General of the United States or designee, and Cal OES shall have the same inspection and audit rights as the City and UASI Management Team. SUBRECIPIENT shall cooperate with any federal or state audit.

4.5 **Audit Report.** If the amount specified in Section 3.2 of this agreement is \$750,000 or more, SUBRECIPIENT shall submit an organization-wide financial and compliance audit report. The audit must be performed in accordance with GAO's *Government Auditing Standards*, and 2 CFR Part 200 Subpart F - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. SUBRECIPIENT shall submit its audit report to the UASI Management Team no later than six months after the end of SUBRECIPIENT's fiscal year.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

SUBRECIPIENT represents and warrants each of the following as of the date of this Agreement and at all times throughout the term of this Agreement:

5.1 **No Misstatements.** No document furnished or to be furnished by SUBRECIPIENT to the UASI Management Team in connection with this Agreement, any Reimbursement Request or any other document relating to any of the foregoing, contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

5.2 **Eligibility to Receive Federal Funds.** By executing this Agreement, SUBRECIPIENT certifies that it is eligible to receive federal funds, and specifically certifies as follows:

(a) SUBRECIPIENT is not suspended, debarred or otherwise excluded from participation in federal assistance programs, as required by Executive Order 12549 and 12689, "Debarment and Suspension" and implemented at 2 CFR Part 3000.

(b) SUBRECIPIENT complies with 31 U.S.C. §1352, *Limitation on use of appropriated funds to influence federal contracting and financial transactions*, as implemented at 44 CFR Part 18 and 6 CFR Part 9.

(c) SUBRECIPIENT complies with the Drug-Free Workplace Act of 1988, as amended, 41 U.S.C. §701 et seq., as implemented in 2 CFR Part 3001, and will continue to provide a drug-free workplace as required under that Act and implementing regulations.

(d) SUBRECIPIENT is not delinquent in the repayment of any federal debt. See OMB Circular A-129.

SUBRECIPIENT acknowledges that these certifications of eligibility to receive federal funds are material terms of the Agreement.

5.3 **NIMS Compliance.** To be eligible to receive Grant Funds, SUBRECIPIENT must meet National Incident Management System ("NIMS") compliance requirements, and report full NIMS compliance via the National Incident Management System Capability Assessment Support Tool ("NIMSCAST"). By executing this Agreement, SUBRECIPIENT certifies that it is in full NIMS compliance, and that it has reported that compliance via the NIMSCAST. SUBRECIPIENT shall provide documentation of its NIMS compliance to the UASI Management Team. SUBRECIPIENT acknowledges that this certification is a material term of the Agreement.

**ARTICLE 6
INDEMNIFICATION AND GENERAL LIABILITY**

6.1 **Indemnification.** SUBRECIPIENT shall indemnify, protect, defend and hold harmless each of the Indemnified Parties from and against any and all Losses arising from, in connection with or caused by SUBRECIPIENT's performance of this Agreement, including, but not limited to, the following: (a) a material breach of this Agreement by SUBRECIPIENT; (b) a material breach of any representation or warranty of SUBRECIPIENT contained in this Agreement; (c) any personal injury or death caused, directly or indirectly, by any act or omission of SUBRECIPIENT or its employees, subgrantees or agents; (d) any loss of or damage to property caused, directly or indirectly, by any act or omission of SUBRECIPIENT or its employees, subgrantees or agents; (e) the use, misuse or failure of any equipment or facility used by SUBRECIPIENT, or by any of its employees, subgrantees or agents, regardless of whether such equipment or facility is furnished, rented or loaned to SUBRECIPIENT by an Indemnified Party; (f) any tax, fee, assessment or other charge for which SUBRECIPIENT is responsible under Section 10.4; or (g) any infringement of patent rights, copyright, trade secret or any other proprietary right or trademark of any person or entity in consequence of the use by any Indemnified Party of any goods or services furnished by SUBRECIPIENT or its employees, subgrantees or agents to such Indemnified Party in connection with this Agreement. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and San Diego's costs of investigating any claims against San Diego.

6.2 **Duty to Defend; Notice of Loss.** SUBRECIPIENT acknowledges and agrees that its obligation to defend the Indemnified Parties under Section 6.1: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of Section 6.1, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to SUBRECIPIENT by the Indemnified Party and continues at all times thereafter. The Indemnified Party shall give SUBRECIPIENT prompt notice of any Loss under Section 6.1 and SUBRECIPIENT shall have the right to defend, settle and compromise any such Loss; provided, however, that the Indemnified Party shall have the right to retain its own counsel at the expense of SUBRECIPIENT if representation of such Indemnified Party by the counsel retained by SUBRECIPIENT would be inappropriate due to conflicts of interest between such Indemnified Party and SUBRECIPIENT. An Indemnified Party's failure to notify SUBRECIPIENT promptly of any Loss shall not relieve SUBRECIPIENT of any liability to such Indemnified Party pursuant to Section 6.1, unless such failure materially impairs SUBRECIPIENT's ability to defend such Loss. SUBRECIPIENT shall seek the Indemnified Party's prior written consent to settle or compromise any Loss if SUBRECIPIENT contends that such Indemnified Party shares in liability with respect thereto.

6.3 **Incidental and Consequential Damages.** Losses covered under this Article 6 shall include any and all incidental and consequential damages resulting in whole or in part from SUBRECIPIENT's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that any Indemnified Party may have under applicable law with respect to such damages.

6.4 **LIMITATION ON LIABILITY OF SAN DIEGO.** CITY'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF GRANT FUNDS ACTUALLY DISBURSED HEREUNDER. NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THIS AGREEMENT OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE GRANT FUNDS, THE GRANT PLAN OR ANY ACTIVITIES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES; TERMINATION FOR CONVENIENCE

7.1 **Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement:

(a) **False Statement.** Any statement, representation, certification or warranty contained in this Agreement, in any Reimbursement Request, or in any other document submitted to the UASI Management Team or to City under this Agreement is found by the UASI Management Team or by City to be false or misleading.

(b) **Failure to Perform Other Covenants.** SUBRECIPIENT fails to perform or breaches any provision or covenant of this Agreement to be performed or observed by SUBRECIPIENT as and when performance or observance is due and such failure or breach continues for a period of ten (10) days after the date on which such performance or observance is due.

(c) **Failure to Comply with Applicable Laws.** SUBRECIPIENT fails to perform or breaches any of the terms or provisions of Article 12.

(d) **Voluntary Insolvency.** SUBRECIPIENT(i) is generally not paying its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of SUBRECIPIENT or of any substantial part of SUBRECIPIENT's property or (v) takes action for the purpose of any of the foregoing.

(e) **Involuntary Insolvency.** Without consent by SUBRECIPIENT, a court or government authority enters an order, and such order is not vacated within ten (10) days, (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to SUBRECIPIENT or with respect to any substantial part of SUBRECIPIENT's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of SUBRECIPIENT.

7.2 **Remedies upon Event of Default.** Upon and during the continuance of an Event of Default, City may do any of the following, individually or in combination with any other remedy:

(a) **Termination.** City may terminate this Agreement by giving a written termination notice to SUBRECIPIENT and, on the date specified in such notice, this Agreement shall terminate and all rights of SUBRECIPIENT hereunder shall be extinguished. In the event of such termination, City will pay SUBRECIPIENT for Authorized Expenditures in any Reimbursement Request that was submitted and approved by the UASI Management Team and by City prior to the date of termination specified in such notice.

(b) **Withholding of Grant Funds.** City may withhold all or any portion of Grant Funds not yet disbursed hereunder, regardless of whether SUBRECIPIENT has previously submitted a Reimbursement Request or whether the UASI Management Team and/or City has approved the disbursement of the Grant Funds requested in any Reimbursement Request. Any Grant Funds withheld pursuant to this Section and subsequently disbursed to SUBRECIPIENT after cure of applicable Events of Default shall be disbursed without interest.

(c) **Return of Grant Funds.** City may demand the immediate return of any previously disbursed Grant Funds that have been claimed or expended by SUBRECIPIENT in breach of the terms of this Agreement, together with interest thereon from the date of disbursement at the maximum rate permitted under applicable law.

7.3 **Termination for Convenience.**

(a) City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving SUBRECIPIENT written notice of termination. The notice shall specify the date on which termination shall become effective.

(b) Upon receipt of the notice, SUBRECIPIENT shall commence and perform, with diligence, all actions necessary on the part of SUBRECIPIENT to effect the termination of this Agreement on the date specified by City and to minimize the liability of SUBRECIPIENT and City to third parties as a result of termination. All such actions shall be subject to the prior approval of the UASI Management Team.

(c) Within 30 days after the specified termination date, SUBRECIPIENT shall submit to the UASI Management Team an invoice for all Authorized Expenses incurred through the termination date. For Authorized Expenses incurred after receipt of the notice of termination, City will only reimburse SUBRECIPIENT if the Authorized Expenses received prior approval from the UASI Management Team as specified in subparagraph (b).

(d) In no event shall City be liable for costs incurred by SUBRECIPIENT or any of its contractors or subgrantees after the termination date specified by City.

(e) City's payment obligation under this Section shall survive termination of this Agreement.

7.4 **Remedies Nonexclusive.** Each of the remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The remedies contained herein are in addition to all other remedies available to City at law or in equity by statute or otherwise and the exercise of any such remedy shall not preclude or in any way be deemed to waive any other remedy.

ARTICLE 8 ASSIGNMENTS

8.1 **No Assignment by SUBRECIPIENT.** SUBRECIPIENT shall not, either directly or indirectly, assign, transfer, hypothecate, subcontract or delegate all or any portion of this Agreement or any rights, duties or obligations of SUBRECIPIENT hereunder without the prior written consent of the UASI Management Team; provided, however, that any contractor or subgrantee specifically referenced in Appendix A shall not require the consent of Management Team. This Agreement shall not, nor shall any interest herein, be assignable as to the interest of SUBRECIPIENT involuntarily or by operation of law without the prior written consent of City. A change of ownership or control of SUBRECIPIENT or a sale or transfer of substantially all of the assets of SUBRECIPIENT shall be deemed an assignment for purposes of this Agreement.

8.2 **Agreement Made in Violation of this Article.** Any agreement made in violation of Section 8.1 shall confer no rights on any person or entity and shall automatically be null and void.

8.3 **SUBRECIPIENT Retains Responsibility.** SUBRECIPIENT shall in all events remain liable for the performance by any subgrantee contractor, or assignee of all of the covenants, terms and conditions in this Agreement.

**ARTICLE 9
NOTICES AND OTHER COMMUNICATIONS**

9.1 **Requirements.** Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications hereunder shall be in writing, shall be addressed to the person and address set forth below and shall be (a) deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, (b) hand delivered or (c) sent via facsimile (if a facsimile number is provided below):

If to City of San Diego Office of Homeland Security UASI Management Team:

San Diego Office of Homeland Security
1010 Second Ave, Suite 1500
San Diego, CA 92101
Attn: Katherine Jackson, Program Manager
Facsimile No.: (619) 533-6786

If to SUBRECIPIENT:

City of Lemon Grove
7853 Central Ave
Lemon Grove, CA 91945 Attn. Daryn Drum
Fax 619 825-3844 ddrum@heartlandfire.net

9.2 **Effective Date.** All communications sent in accordance with Section 9.1 shall become effective on the date of receipt. Such date of receipt shall be determined by: (a) if mailed, the return receipt, completed by the U.S. postal service; (b) if sent via hand delivery, a receipt executed by a duly authorized agent of the party to whom the notice was sent; or (c) if sent via facsimile, the date of telephonic confirmation of receipt by a duly authorized agent of the party to whom the notice was sent or, if such confirmation is not reasonably practicable, the date indicated in the facsimile machine transmission report of the party giving such notice.

9.3 **Change of Address.** From time to time any party hereto may designate a new address or recipient for notice for purposes of this Article 9 by written notice to the other party and the UASI Management Team.

**ARTICLE 10
MISCELLANEOUS**

10.1 **No Waiver.** No waiver by San Diego of any default or breach of this Agreement shall be implied from any failure by the UASI Management Team or San Diego to take action on account of such default if such default persists or is repeated. No express waiver by San Diego shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers by San Diego of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the

UASI Management Team of any action requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

10.2 **Modification**. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement; provided, however, that the General Manager or designee may establish alternate procedures for modification of the Grant Plan.

10.3 **Governing Law; Venue**. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California, without regard to its conflict of laws principles. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Diego.

10.4 **SUBRECIPIENT to Pay All Taxes**. SUBRECIPIENT shall pay to the appropriate governmental authority, as and when due, any and all taxes, fees, assessments or other governmental charges, including possessory interest taxes and California sales and use taxes, levied upon or in connection with this Agreement, the Grant Plan, the Grant Funds or any of the activities contemplated by this Agreement.

10.5 **Headings**. All article and section headings and captions contained in this Agreement are for reference only and shall not be considered in construing this Agreement.

10.6 **Entire Agreement**. This Agreement sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. The following Appendices are attached to and a part of this Agreement:

- Appendix A, SUBRECIPIENT Award Letter
- Appendix B, Grant Assurances
- Appendix C, Form of Reimbursement Request
- Appendix D, Performance Period Extension Request

10.7 **Certified Resolution of Signatory Authority**. Upon request of San Diego, SUBRECIPIENT shall deliver to San Diego a copy of the corporate resolution(s) authorizing the execution, delivery and performance of this Agreement, certified as true, accurate and complete by the appropriate authorized representative of SUBRECIPIENT.

10.8 **Severability**. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

10.9 **Successors; No Third-Party Beneficiaries**. Subject to the terms of Article 8, the terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their respective successors and assigns and, in the case of Article 6, the Indemnified Parties) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

10.10 **Survival of Terms.** The obligations of SUBRECIPIENT and the terms of the following provisions of this Agreement shall survive and continue following expiration or termination of this Agreement: Sections 4.3 and 4.4, Article 6, this Article 10, and the Grant Assurances of Appendix B.

10.11 **Further Assurances.** From and after the date of this Agreement, SUBRECIPIENT agrees to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to complete the transactions contemplated by this Agreement and to carry out the purpose of this Agreement in accordance with this Agreement.

10.12 **Disclosure of Subawards and Executive Compensation.** Pursuant to the Federal Funding Accountability and Transparency Act (FFATA) (P.L. 109-282) as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (P.L. 110-252), full disclosure to the public of entities or organizations receiving federal funds is now required. As defined by the Office of Management and Budget (OMB), all new Federal awards of \$25,000 or more as of October 1, 2010, are subject to FFATA reporting requirements. The Transparency Act definition of "Federal awards" includes not only prime awards for grantees, cooperators, and contractors, but also awards to sub-recipients. If applicable, SUBRECIPIENT must provide the following information on SUBRECIPIENT letterhead within 30 days of receipt of this Agreement.

1. Subawards greater than \$25,000:
 - a) Name of entity receiving award;
 - b) Amount of award;
 - c) Funding agency;
 - d) The Catalog of Federal Domestic Assistance program number;
 - e) Award title (descriptive of the purpose of the funding action);
 - f) Location of the entity and primary location of performance including city, state, and Congressional district;
 - g) Dun & Bradstreet (D&B) DUNS Number of the entity, and its parent if applicable; and,
 - h) Total compensation and names of top five executives (same thresholds as for prime recipients).
2. The Total compensation and names of the top five executives if:
 - a) 80% or more of annual gross revenues are from Federal awards (contracts, sub-contracts and Federal financial assistance), and \$25,000,000 or more in annual gross revenues from Federal awards; and,
 - b) Compensation information is not already available through reporting to the Securities and Exchange Commission.

10.13 **Cooperation with UASI Programs and Activities.**

(a) Subject to reasonable terms and conditions, SUBRECIPIENT agrees to participate in UASI-sponsored exercises, and to make available equipment acquired with Grant Funds for use as part of such exercises.

(b) To the extent permitted by law, SUBRECIPIENT agrees to share with the Approval Authority informational work products (such as plans, reports, data, etc.) created or acquired using Grant Funds.

**ARTICLE 11
INSURANCE**

11.1 **Types and Amounts of Coverage.** Without limiting SUBRECIPIENT's liability pursuant to Article 6 of this Agreement, SUBRECIPIENT shall maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(b) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(c) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

11.2 **Additional Requirements for General and Automobile Coverage.** Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(a) Name as Additional Insured the City and County of San Diego, its Officers, Agents, and Employees.

(b) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

11.3 **Additional Requirements Regarding Workers' Compensation.** Regarding Workers' Compensation, SUBRECIPIENT hereby agrees to waive subrogation which any insurer of SUBRECIPIENT may acquire from SUBRECIPIENT by virtue of the payment of any loss. SUBRECIPIENT agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the SUBRECIPIENT, its employees, agents and subcontractors.

11.4 **Additional Requirements for All Policies.** All policies shall provide thirty days' advance written notice to the City of reduction or nonrenewal of coverages or cancellation of coverages for any reason. Notices shall be sent to the City address in Article 9, Notices and Other Communications.

11.5 **Required Post-Expiration Coverage.** Should any of the required insurance be provided under a claims-made form, SUBRECIPIENT shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

11.6 **General Annual Aggregate Limit/Inclusion of Claims Investigation or Legal Defense Costs.** Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

11.7 **Lapse in Insurance.** Should any required insurance lapse during the term of this Agreement, requests for reimbursement originating after such lapse may not be processed, in the City's sole discretion, until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

11.8 **Evidence of Insurance.** Before commencing any operations or expending any Grant Funds under this Agreement, SUBRECIPIENT shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

11.9 **Effect of Approval.** Approval of the insurance by City shall not relieve or decrease the liability of SUBRECIPIENT hereunder.

11.10 **Insurance for Subcontractors and Evidence of this Insurance.** If a subcontractor or subgrantee will be used to complete any portion of this Agreement, SUBRECIPIENT shall ensure that the subcontractor or subgrantee shall provide all necessary insurance and shall name the City and County of San Diego, its officers, agents and employees and the SUBRECIPIENT as additional insureds.

11.11 **Authority to Self-Insure.** Nothing in this Agreement shall preclude SUBRECIPIENT from self-insuring all or part of the insurance requirement in this Article. However, SUBRECIPIENT shall provide proof of self-insurance, in a form acceptable to San Diego, in the amounts of each line of self-insurance.

ARTICLE 12 COMPLIANCE

12.1 **Nondiscrimination.** In the performance of this Agreement, SUBRECIPIENT agrees not to discriminate against any employee, San Diego employee working with SUBRECIPIENT or any subgrantee of SUBRECIPIENT, applicant for employment with SUBRECIPIENT or subgrantee of SUBRECIPIENT, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

12.2 **Conflict of Interest.** Through its execution of this Agreement, SUBRECIPIENT acknowledges that it is familiar with the provisions of Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify City if it becomes aware of any such fact during the term of this Agreement. SUBRECIPIENT agrees that it will promptly notify City in writing of all violations of State or Federal criminal law involving fraud, bribery, or gratuities affecting or involving the use of Grant Funds.

12.3 **Compliance with ADA.** SUBRECIPIENT acknowledges that, pursuant to the ADA, programs, services and other activities provided by a public entity to the public, whether directly or through a grantee or contractor, must be accessible to the disabled public. SUBRECIPIENT shall not discriminate against any person protected under the ADA in connection with all or any portion of the Grant Plan and shall comply at all times with the provisions of the ADA.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

CITY OF SAN DIEGO:

SUBRECIPIENT:

By:

By:

KATHERINE JACKSON
PROGRAM MANAGER
OFFICE OF HOMELAND SECURITY

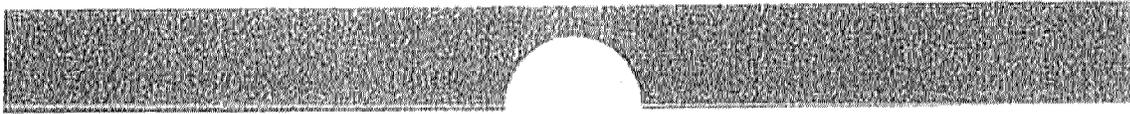
SUBRECIPIENT

Federal Tax ID #: 95-3144560

Approved as to Form:
Jan I. Goldsmith
City Attorney

By: _____
Deputy City Attorney

Appendix A – SUBRECIPIENT Award Letter



THE CITY OF SAN DIEGO

February 26, 2016

Rick Sira
Fire Chief
City of Lemon Grove
3232 Main Street
Lemon Grove, CA 91945

SUBJECT: NOTIFICATION OF SUBRECIPIENT AWARD APPROVAL- TRAINING
FY 2015 Homeland Security Grant Program
Grant# 2015-00078 Cal OHS ID# 073-66000
Sub-recipient Performance Period: September 1, 2015 to December 31, 2017

Sub-recipient:

The San Diego Office of Homeland Security (SD OHS) approved your FY 15 Urban Area Security Initiative (UASI) training attendance and participation award. This award is solely for overtime and backfill costs associated with the attendance of San Diego (SD) sponsored training events as well as travel and tuition costs for UASI approved conferences.

<u>Activities</u>	<u>Amount</u>	<u>Completion Date</u>
Project E	\$1,500	December 31, 2016

Once your completed MOU and Grant Assurances are signed and received in our office you may request reimbursement of eligible grant expenditures.

During the application process, the Regional Technology Partnership (RTP) vetted and the Urban Area Working Group (UAWG) approved your project (s). Training participation costs will only be reimbursed up to the allocated amount. All reimbursement requests should be submitted no later than ninety (90) days after course, training or event completion. All activities funded with this award must be completed within the sub-recipient performance period.

Following acceptance of this award you must sign and return the SD OHS Memorandum of Understanding (MOU) as well as the Cal OHS grant assurances. Your agency must coordinate with SD OHS to prepare and submit quarterly projections via email for the duration of the grant period or until you complete all activities and the grant is formally closed. Any training participation funds not expended as reported on the quarterly progress reports will be reallocated. Failure to submit required reports could result in grant reduction, suspension, or termination.

This grant is subject to all provisions of 2 CFR Part 200. Any funds received in excess of current needs, approved amounts, or those found owed as a result of a final review or audit may be refunded to SD OHS within 30 days upon receipt of an invoice from SD OHS.

City of Lemon Grove
February 26, 2016
Page 2

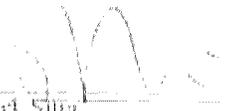
Your dated signature is required on this letter. Please sign and return the original to your UASI Program Representative at 1010 2nd Ave. Ste. 1500, San Diego, CA 92101 within 20 days of receipt and keep a copy for your files.

For further assistance, please feel free to contact your SD OJ-IS UASI Program Representative at (619) 553-6760.

Sincerely,



Katherine Jackson
Program Manager
City of San Diego Office of Homeland Security



Rick Miller
Fire Chief, City of Lemon Grove

Date 3/23/16

Appendix B-- Grant Assurances

Name _____ of _____ Jurisdiction: _____
Name of Authorized Agent: _____ Address: _____
City: _____ State: California Zip Code: _____
Telephone Number: _____
Fax Number: _____ E-Mail Address: _____

As the duly authorized representative of APPLICANT, I hereby certify that APPLICANT has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay any non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application, within prescribed timelines.

I further acknowledge that APPLICANT is responsible for reviewing and adhering to all requirements within the:

- (a) Applicable Federal Regulations (see below);
- (b) Federal Program Notice of Funding Opportunity (NOFO);
- (c) California Supplement to the NOFO; and
- (d) Federal and State Grant Program Guidelines.

Federal Regulations

Government cost principles, uniform administrative requirements and audit requirements for federal grant programs are housed in Title 2, Part 200 of the Code of Federal Regulations (CFR) and in updates issued by the Office of Management and Budget (OMB) on <http://www.whitehouse.gov/omb/>.

Significant state and federal grant award requirements (some of which appear in the documents listed above) are called out below. APPLICANT hereby agrees to comply with the following:

1. Proof of Authority

APPLICANT will obtain written authorization from the city council, governing board or authorized body in support of this project. This written authorization must specify that APPLICANT and the city council, governing board or authorized body agree:

- (a) To provide all matching funds required for said project and that any cash match will be appropriated as required.
- (b) That any liability arising out of the performance of this agreement shall be the responsibility of APPLICANT and the city council, governing board or authorized body.
- (c) That grant funds shall not be used to supplant expenditures controlled by the city council, governing board or authorized body.
- (d) That the official executing this agreement is, in fact, authorized to do so

This Proof of Authority must be maintained on file and readily available upon demand.

2. Period of Performance

APPLICANT will initiate work after approval of the award and complete all work within the period of performance specified in the grant.

3. Lobbying and Political Activities

As required by Section 1352, Title 31 of the U.S. Code (U.S.C.), for persons entering into a contract, grant, loan or cooperative agreement from an agency or requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan, APPLICANT certifies that:

- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- (c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

APPLICANT will also comply with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and §§7324- 7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

Finally, APPLICANT agrees that Federal funds will not be used, directly or indirectly, to support the enactment, repeal, modification or adoption of any law, regulation or policy without the express written approval from the California Governor's Office of Emergency Services (Cal OES) or the Federal awarding agency.

4. Debarment and Suspension

As required by Executive Orders (EO) 12549 and 12689, and 2 CFR §200.212 and codified in 2 CFR Part 180, Debarment and Suspension, APPLICANT will provide protection against waste, fraud and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the Federal government. APPLICANT certifies that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal

- department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (2)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application had one or more public transaction (Federal, State, or local) terminated for cause or default.

Where APPLICANT is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

5. Non-Discrimination and Equal Employment Opportunity

APPLICANT will comply with all Federal statutes relating to non-discrimination. These include, but are not limited to, the following:

- (a) Title VI of the Civil Rights Act of 1964 (Public Law (P.L.) 88-352 and 42 U.S.C. §2000d et. seq.) which prohibits discrimination on the basis of race, color or national origin and requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services;
- (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex;
- (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps;
- (d) Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to ADA (42 U.S.C. 12101, et seq.);
- (e) Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age;
- (f) Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended (P.L. 96-181), relating to nondiscrimination on the basis of Treatment or recovery from drug abuse;
- (g) Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism;
- (h) Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records;
- (i) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing;
- (j) EO 11246, which prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race,

- color, religion, sex, or national origin;
- (k) EO 11375, which bans discrimination on the basis of sex in hiring and employment in both the United States federal workforce and on the part of government contractors;
- (l) California Public Contract Code §10295.3, which addresses discrimination based on domestic partnerships;
- (m) Any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and
- (n) The requirements of any other nondiscrimination statute(s) which may apply to the application.

In addition to the items listed in (a) through (n), APPLICANT will comply with California's Fair Employment and Housing Act (FEHA). FEHA prohibits harassment and discrimination in employment because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave (California Government Code sections 12940, 12945, 12945.2) and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions.

6. Drug-Free Workplace

As required by the Drug-Free Workplace Act of 1988 (41 U.S.C. §701 et seq.), APPLICANT certifies that it will or will continue to provide a drug-free workplace and a drug-free awareness program as outlined in the Act.

7. Environmental Standards

APPLICANT will comply with State and Federal environmental standards which may be prescribed pursuant to the following, as applicable:

- (a) California Environmental Quality Act (CEQA) (California Public Resources Code §§21000- 21177), to include coordination with the city or county planning agency;
- (b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§15000- 15387);
- (c) Federal Clean Water Act (CWA) (33 U.S.C. §1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters.
- (d) Institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Orders (EO) on the Environmental Justice Act (EO 12898) and Environmental Quality (EO 11514);
- (e) Notification of Environmental Protection Agency (EPA) violating facilities pursuant to EO 11738;
- (f) Protection of wetlands pursuant to EO 11990;
- (g) Evaluation of flood hazards in floodplains in accordance with EO 11988;
- (h) Assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §1451 et seq.);

- (i) Conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §7401 et seq.);
- (j) Protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523);
- (k) Protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205);
- (l) Wild and Scenic Rivers Act of 1968 (16 U.S.C. §1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

Finally, APPLICANT shall not be: 1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease and desist order pursuant to §13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) finally determined to be in violation of federal law relating to air or water pollution.

8. Audits

For subrecipients expending \$750,000 or more in Federal grant funds annually, APPLICANT will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and Title 2 of the Code of Federal Regulations, Part 200, Subpart F Audit Requirements.

9. Access to Records

In accordance with 2 CFR §200.336, APPLICANT will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award. APPLICANT will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

10. Conflict of Interest

APPLICANT will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

11. Financial Management

False Claims for Payment

APPLICANT will comply with 31 U.S.C §3729 which sets forth that no subgrantee, recipient or subrecipient shall submit a false claim for payment, reimbursement or advance.

12. Reporting - Accountability

APPLICANT agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (2 CFR Chapter 1, Part 170), specifically (a) the reporting of subawards obligating \$25,000 or more in federal funds and (b) executive compensation data for first-tier subawards. This includes the provisions of FFATA, which includes requirements on executive compensation, and also requirements implementing the Act for the non-Federal entity at 2 CFR part 25 Financial

Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §469a-1 et seq.).

- (d) Comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §4831 and 24 CFR Part 35) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

17. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, APPLICANT will:

- (a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of the project.
- (b) Comply with the requirements of the awarding agency with regard to the drafting, review and approval of construction plans and specifications.
- (c) Provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

18. Freedom of Information Act

APPLICANT acknowledges that all information submitted in the course of applying for funding under this program or provided in the course of an entity's grant management activities which is under Federal control is subject to the Freedom of Information Act (FOIA), 5 U.S.C. §552. APPLICANT should also consult its own State and local laws and regulations regarding the release of information, which should be considered when reporting sensitive matters in the grant application, needs assessment and strategic planning process.

19. California Public Records Act

APPLICANT acknowledges that all information submitted in the course of applying for funding under this program or provided in the course of an entity's grant management activities may be subject to the California Public Records Act (California Government Code §§6250-6276.48), which requires inspection and/or disclosure of governmental records to the public upon request, unless exempted by law.

HOMELAND SECURITY GRANT PROGRAM - PROGRAM SPECIFIC ASSURANCES / CERTIFICATIONS

20. Personally Identifiable Information

Subrecipients collecting Personally Identifiable Information (PII) must have a publically-available policy that describes what PII they collect, how they plan to use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate.

21. Disposition of Equipment

When original or replacement equipment acquired under this award is no longer needed for the original project or program or for other activities currently or previously supported by the Department of Homeland Security/Federal Emergency Management Agency, subrecipients must request instructions from Cal OES on proper disposition of equipment.

22. Reporting Accusations and Findings of Discrimination

If, during the past three years, the subrecipient has been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, the subrecipient must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements to Cal OES for reporting to the DHS awarding office and the DHS Office of Civil Rights and Civil Liberties.

If any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion or familial status against the subrecipient, or the subrecipient settles a case or matter alleging such discrimination, subrecipients must forward a copy of the complaint and findings to Cal OES for forwarding to the DHS Component and/or awarding office.

The United States has the right to seek judicial enforcement of these obligations.

23. Acknowledgement of Federal Funding from DHS and Use of DHS Seal, Logo and Flags

All subrecipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposal, bid invitations, and other documents describing projects or programs funded in whole or in part with federal funds.

All subrecipients must obtain DHS's approval prior to using DHS seal(s), Logos, crests or reproductions of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

24. Copyright

All subrecipients must affix the applicable copyright notices of 17 U.S.C. §§401 or 402 and an acknowledgement of Government sponsorship (including award number) to any work first produced under Federal financial assistance awards, unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws or regulations).

25. Energy Policy and Conservation Act

All subrecipients must comply with the requirements of 42 U.S.C. §6201 which contain policies relating to energy efficiency that are defined in the state energy conservation plan issues in compliance with this Act.

26. Hotel and Motel Fire Safety Act of 1990

All subrecipients must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with Section 6 of the fire

prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, 15 U.S.C. §2225a.

27. Terrorist Financing E.O. 13224

All subrecipients must comply with U.S. Executive Order 13224 and U.S. law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of subrecipients to ensure compliance with the E.O. and laws.

28. USA Patriot Act of 2001

All subrecipients must comply with the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act), which amends 18 U.S.C. §§175-175c.

IMPORTANT

The purpose of the assurance is to obtain federal and state financial assistance, including any and all federal and state grants, loans, reimbursement, contracts, etc. APPLICANT recognizes and agrees that state financial assistance will be extended based on the representations made in this assurance. This assurance is binding on APPLICANT, its successors, transferees, assignees, etc. Failure to comply with any of the above assurances may result in suspension, termination, or reduction of grant funds.

All appropriate documentation, as outlined above, must be maintained on file by APPLICANT and available for Cal OES or public scrutiny upon request. Failure to comply with these requirements may result in suspension of payments under the grant or termination of the grant or both and the subrecipient may be ineligible for award of any future grants if the Cal OES determines that any of the following has occurred: (1) the recipient has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

All of the language contained within this document must be included in the award documents for all subawards at all tiers, including contracts under grants and cooperative agreements and subcontracts.

The undersigned represents that he/she is authorized by APPLICANT to enter into this agreement for and on behalf of APPLICANT.

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.E
Mtg. Date May 17, 2016
Dept. Development Services

Item Title: Authorization of Application Submittal for the CalRecycle Beverage Container Recycling City/County Payment Program

Staff Contact: Malik Tamimi, Management Analyst

Recommendation:

Adopt a resolution (**Attachment A**) approving the authorization of application submittal and designation of signature authority to implement and secure payment for the CalRecycle Beverage Container Recycling City/County Payment Program.

Item Summary:

The City of Lemon Grove has traditionally applied for grant funding from CalRecycle under the Beverage Container Recycling City/County Payment Program. The goal of CalRecycle's beverage container recycling program is to reach and maintain an 80 percent recycling rate for all California Refund Value beverage containers (aluminum, glass, plastic and metal). Projects implemented by cities and counties will assist in reaching and maintaining this goal. Annual funding allocations are calculated by CalRecycle on a per capita basis. The City of Lemon Grove's allocation has been on average \$7,000 per year. Funding in the recent past has been used to purchase recycling receptacles for city parks. City staff is in the process of scoping potential projects within the grant guidelines and deadlines. Some of the eligible activities that are being considered by city staff include education outreach, advertising and promotion, litter cleanup events, and California Recycling Recovery Association conference participation.

CalRecycle has made changes to this program and now require agencies to upload a resolution with the application. The resolution is intended to authorize specific payment program-related matters such as the submittal of the application and signature authority to execute documents necessary to implement and secure funding. Staff recommends the City Council adopt that attached Resolution (**Attachment A**).

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. Resolution

Attachment A

RESOLUTION NO. 2016-

**RESOLUTION OF THE LEMON GROVE CITY COUNCIL APPROVING THE
AUTHORIZATION OF APPLICATION SUBMITTAL FOR THE CALRECYCLE BEVERAGE
CONTAINER RECYCLING CITY/COUNTY PAYMENT PROGRAM**

WHEREAS, pursuant to Public Resources Code sections 48000 et seq., 14581, and 42023.1(g), the Department of Resources Recycling and Recovery (CalRecycle) has established various payment programs to make payments to qualifying jurisdictions; and

WHEREAS, in furtherance of this authority, CalRecycle is required to establish procedures governing the administration of the payment programs; and

WHEREAS, CalRecycle’s procedures for administering payment programs require, among other things, an applicant’s governing body to declare by resolution certain authorizations related to the administration of the payment program; and

WHEREAS, the City of Lemon Grove has participated in the past in the CalRecycle Beverage Container Recycling City/County Payment Program; and

WHEREAS, the City of Lemon Grove intends to continue to participate in the CalRecycle Beverage Container Recycling City/County Payment Program.

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

- 1. Authorizes the submittal of an application to CalRecycle for any and all payment programs offered; and
- 2. Authorizes the City Manager or her designee with Signature Authority to execute all documents necessary to implement and secure payment, and
- 3. Authorization is effective until rescinded by the Signature Authority or this governing body.

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**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.F
Mtg. Date May 17, 2016
Dept. Development Services Department

Item Title: **Community Development Block Grant (CDBG) 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project**

Staff Contact: Malik Tamimi, Management Analyst

Recommendation:

Adopt a resolution (**Attachment B**) awarding a contract for the CDBG 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project (Contract No. 2016-18).

Item Summary:

In support of the City's Five-Year Capital Improvement Program, the City advertised a notice inviting bids for the CDBG 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project (Contract No. 2016-18). On May 5, 2016, the City received three (3) sealed bids. Staff determined that of the bids received, PAL General Engineering Inc. was the lowest responsive and responsible bidder at \$158,956.00.

Ninyo & Moore Geotechnical Consultants, the City's current on-call inspection and testing consultant, will provide inspection and testing services for this project.

Staff recommends awarding a contract (Contract No. 2016-18) to PAL General Engineering Inc., and establishing a project budget not to exceed \$193,738.

Fiscal Impact:

Community Development Block Grant (CDBG) funds and TransNet funds were budgeted for this project.

Environmental Review:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input type="checkbox"/> Categorical Exemption, Section 15304 | <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

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.F

Mtg. Date May 17, 2016

Item Title: **Community Development Block Grant (CDBG) 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project**

Staff Contact: Malik Tamimi, Management Analyst

Discussion:

The City advertised a notice inviting bids for the CDBG 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project (Contract No. 2016-18) to provide pavement rehabilitation and construct ADA compliant pedestrian curb ramps. The project will affect the following streets:

Street Name	Limits
New Jersey Avenue	Tweed Street to Brunei Court
Brunei Court	New Jersey Avenue to cul-de-sac
Darryl Street	Kempf Street to Washington Street
Rosemary Lane	Massachusetts Avenue to Pergl Street
Mazer Street	Chatswood Drive to Lyndine Street

The aforementioned streets were recommended and approved at the November 18, 2014 City Council Meeting and adopted by City Council Resolution No. 2014-3292. They were selected based on the lowest Pavement Condition Index from the pavement Management Program adopted by the City Council on June 30, 2010; eligible census areas provided by the County; field visits conducted by Engineering and Public Works staff; and block eligibility calculations performed by the County.

On May 5, 2016, the City received the following three (3) sealed bids:

Bidder's Name	Location	Amount
Crest Equipment Inc.	El Cajon	\$244,508.44
Blue Pacific Engineering & Construction	San Diego	\$215,225.81
PAL General Engineering, Inc.	San Diego	\$158,956.00
Average Bid Amount		\$206,230.08

The Engineer's Estimate for this project was between \$175,000 and \$194,000. The lowest bid was submitted by PAL General Engineering Inc. in the amount of \$158,956.00.

Attachment A

Staff reviewed PAL General Engineering Inc. project work history, references, and construction license. Its project work history and reference checks were positive. PAL General Engineering Inc. has successfully performed similar work for various local governments. PAL General Engineering Inc. construction license is current and in good standing with the State of California. Therefore, staff determined PAL General Engineering Inc. is both a responsive and responsible bidder, and recommends the award of this contract.

Ninyo & Moore Geotechnical Consultants, the City's current on-call inspection and testing consultant, will provide geotechnical and material testing and construction inspection services for this project at a cost not to exceed \$32,690.00.

Staff recommends the following estimated budget:

Description	Amount
Construction Costs	\$158,956.00
Material Testing	\$19,690.00
Inspection Services	\$13,000.00
Total	\$191,646

Conclusion:

Staff recommends that the City Council adopt a resolution (**Attachment B**) awarding the CDBG 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project contract (Contract No. 2016-18) to PAL General Engineering Inc. and establish a project budget not to exceed \$193,738.

Attachment B

RESOLUTION NO. 2016-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA, AWARDING A CONTRACT FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 2016 STREET REHABILITATION AND ADA PEDESTRIAN CURB RAMPS PROJECT

WHEREAS, the City of Lemon Grove's Five-Year Capital Improvement Program includes CDBG funding as a source for Street Rehabilitation and ADA Pedestrian Curb Ramps project; and

WHEREAS, on November 18, 2014 the City Council of the City of Lemon Grove adopted Resolution Number 2014-3292, authorizing the submittal of the CDBG application for the rehabilitation of five streets and ADA pedestrian curb ramps; and

WHEREAS, bids were solicited and three (3) sealed bids were received for the CDBG 2016 Street Rehabilitation and ADA Pedestrian Curb Ramps Project (Contract No. 2016-18); and

WHEREAS, bids were opened and read aloud and the lowest responsive and responsible bidder was PAL General Engineering Inc.; and

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

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

1. Awards a contract to PAL General Engineering Inc. in the amount of \$158,956.00; and
2. Authorizes the City Manager to execute said contract; and
3. Authorizes the City Manager to execute Task Order No. 4 and 5 with Ninyo & Moore for material testing and inspection services in an amount not to exceed \$32,690; and
4. Establishes a project budget not to exceed \$193,738.

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**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.G
Mtg. Date May 17, 2016
Dept. Public Works

Item Title: Levy and Collection of Assessments within the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 for Fiscal Year 2016-2017

Staff Contact: Mike James, Public Works Director

Recommendation:

Adopt a resolution (**Attachment B**) approving the levy and collection of assessments within the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 for Fiscal Year 2016-2017 and directs the City Clerk to file the levy with the County of San Diego Auditor and Controller on or before August 10, 2016.

Item Summary:

The Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 was created in September 1997, pursuant to the provisions of the Landscaping and Lighting Act of 1972. The District includes 46 properties.

The engineer's report was presented and approved by the City Council on September 2, 1997. In order to pay for maintenance of the landscaped areas, the assessment may be adjusted annually by the greater of 3 percent or the percentage increase of the Consumer Price Index (CPI), within a maximum cap of \$335 per parcel.

Staff recommends a 3 percent increase in the assessment for Fiscal Year 2016-2017. The staff report (**Attachment A**) details the reasons and the proposed budget for the Wildflower Landscape Maintenance Assessment District.

Fiscal Impact:

The FY 2016-2017 budget anticipates revenues of \$9,477 and expenditures totaling \$9,300.

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

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.G

Mtg. Date May 17, 2016

Item Title: Levy and Collection of Assessments within the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 for Fiscal Year 2016-2017

Staff Contact: Mike James, Public Works Director

Discussion:

On September 2, 1997, the City Council created the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 (District), pursuant to the provisions of the Landscaping and Lighting Act of 1972. At that meeting, an engineer's report detailed the need for an assessment in order to pay for the maintenance of the landscaped areas. The District includes 46 properties located along both sides of Gold Lake Road, Blue Lake Court, Long Lake Court, and Green Lake Court.

Each year, the City Council may increase the annual assessment by the greater of 3 percent or the percentage increase of the Consumer Price Index (CPI), with a maximum cap of \$335 per parcel. As reported in March 2016 by the United States Department of Labor, Bureau of Labor and Statistics, the CPI for All Urban Consumers in the San Diego area increased by 2.4% during the prior 12 months.

During the establishment of the Fiscal Year 2016-2017 (FY 2016-17), city staff continues to monitor the reserve balance goal of \$11,550 that was established in FY 2014-15. The reserve balance goal equals one-year of anticipated expenditures plus 40 percent of operational expenditures. During the FY 2016-17 District budget process, staff had to address a need related to maintaining the District tree inventory. During FY 2015-16, West Coast Arborists (WCA), the City's contracted tree maintenance contractor, performed one call out that resulted in a cost of \$660. At staff's request, WCA evaluated the 49 trees that existing in the District area. Accounting for the two tree types [Pinus Canariensis (Canary Island Pine) and Pinus Eldarica (Elder Pine)] and recommended trimming cycle [biennial]. WCA recommends that \$2,500 should be allocated to manage existing inventory. This amount reflects the recent prevailing wage increase WCA had to implement due to the Department of Industrial Relations recent actions. Staff believes that this budget estimate is reasonable and should accommodate the necessary pruning needs of the tree inventory.

Unless WCA's contractual estimate decreases, staff will continue to recommend funding this line item until the \$2,500 is reached, after which the remaining funds will be programmed to meet the reserve goal.

Attachment A

For the reasons stated previously, staff recommends a 3 percent increase in the assessment from \$200.04 to \$206.04 during FY 2016-17, which equals the greater of 3 percent or the percentage increase of the CPI. The following District budget was prepared to reflect staff's recommendation.

FY 2016-17 Budget Descriptions	Balance
<i>Beginning Fund Balance</i>	\$4,900
<i>Revenue</i>	
Annual Assessment Revenue	\$9,400
<i>Expenditure</i>	
Salaries – Regular	(\$4,550)
Benefits	(\$1,000)
Contract Services (Landscaping)	(\$1,700)
Contract Services (Tree Maintenance)	(\$1,000)
SDG&E	(\$100)
Helix Water	(\$850)
Transfer to City for Admin & Operations	(\$100)
Ending Fund Balance	\$5,000

At the end of FY 2016-17, staff anticipates an unallocated amount of \$100 which will be applied to meeting the Districts reserve goals of \$11,550. Staff will continue to monitor the fiscal stability of the District each year, paying close attention to the expenditures made and the need to adjust the annual assessment in order to safeguard the District's fiscal health.

Conclusion:

Staff recommends that the City Council adopt a resolution (**Attachment B**) approving the levy and collection of assessments within the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 for Fiscal Year 2016-17 and directs the City Clerk to file the levy with the County of San Diego Auditor and Controller on or before August 10, 2016.

Attachment B

RESOLUTION NO. 2016 -

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING THE LEVY AND COLLECTION OF ASSESSMENTS WITH THE LEMON GROVE WILDFLOWER LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT 97-1 FOR FISCAL YEAR 2016-2017

WHEREAS, on September 2, 1997, the City Council adopted Resolution No. 1805, declaring the results of a property owner protest proceeding held in the Lemon Grove Wildflower Landscaping Maintenance Assessment District 97-1 (District); and

WHEREAS, the engineer's report for the District, approved by Resolution No. 1804, on file with the City Clerk, gives a full and detailed description of the proposed assessments upon assessable lots and parcels of land within the District; and

WHEREAS, the City Council desires to increase the assessment against parcels of land with the District for the fiscal year commencing on July 1, 2016 and ending June 30, 2017, to pay the expenses of operating, maintaining and servicing landscaping and appurtenant facilities located within public places in the District; and

WHEREAS, the City Council has determined that a 3 percent increase in the annual assessment will be needed for Fiscal Year 2016-2017.

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

1. Sets the assessment rate for Fiscal Year 2016-2017 in the Lemon Grove Wildflower Landscape Maintenance Assessment District 97-1 at \$206.04 per parcel; and
2. Directs the City Clerk to file the levy with the County of San Diego Auditor and Controller on or before August 10, 2016.

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**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 2
Mtg. Date May 17, 2016
Dept. Development Services Department

Item Title: Continued Public Hearing to Consider Ordinance No. 439 – Zoning Amendment ZA1-600-0001 Amending the Beekeeping Regulations (Chapter 18.16 of the Municipal Code)

Staff Contact: Miranda Evans, Assistant Planner
David De Vries, Development Services Director

Recommendation:

- 1) Conduct the continued public hearing; and
- 2) Introduce Ordinance No. 439 (**Attachment B**).

Item Summary:

At the April 5, 2016 City Council Meeting, the City Council directed staff to amend the draft beekeeping ordinance to simplify regulations and encourage beekeeping. This staff report provides an overview of the proposed amendments which include provisions relating to locational requirements (setbacks), permit fees, bee species, registration, firefighting material, and public nuisance requirements. The project is a city initiated project.

The staff report (**Attachment A**) outlines the proposed amendments in detail.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| <input type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input checked="" type="checkbox"/> Exempt, Section 15307 and 15308 | <input type="checkbox"/> Mitigated Negative Declaration |

Public Information:

- | | | |
|---|---|---|
| <input type="checkbox"/> None | <input type="checkbox"/> Newsletter article | <input type="checkbox"/> Tribal Government Consultation Request |
| <input checked="" type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Notice to property owners within 500 ft. | |

Attachments:

- A. Staff Report
- B. Ordinance No. 439 – (ZA1-600-0001)

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 2

Mtg. Date May 17, 2016

Item Title: **Continued Public Hearing to Consider Ordinance No. 439 – Zoning Amendment ZA1-600-0001 Amending the Beekeeping Regulations (Chapter 18.16 of the Municipal Code)**

Staff Contact: Miranda Evans, Assistant Planner
David De Vries, Development Services Director

Background and Discussion:

During public comment at a City Council meeting in early 2015, several citizens spoke about existing beekeeping activity and their positions regarding said activity. There was a current code enforcement case at the time that has since been closed. A property owner with bee hives asked that the City Council consider allowing the beehives utilizing the current provisions and the neighboring property owner asked that the hives be removed because she has small children. After that discussion, the City Council directed staff to prepare an agenda item that would allow them to discuss potential guidelines for beekeeping activities in the City.

At the April 21, 2015 City Council meeting, staff presented an item to City Council that discussed the City's existing beekeeping regulations, regional beekeeping programs, and current trends for the City Council's consideration. Staff noted that there had been approximately six requests in the past decade for beekeeping activities and less than that in code enforcement activities. The records show that there are currently no beekeeping permits issued in the City (a requirement under the City's beekeeping regulations) and no open code enforcement cases related to beekeeping. At the hearing, a total of two citizens spoke in favor of beekeeping, and two residents expressed concerns for beekeeping in their neighborhood. The City Council directed staff to return with a draft beekeeping ordinance.

Staff analyzed beekeeping regulations throughout the County of San Diego. Out of the nineteen local jurisdictions, there are six agencies (including Lemon Grove) that currently have standards for beekeeping activities. The County of San Diego adopted updates to their beekeeping ordinance in November 2015 and city staff waited until the County adopted formal regulations before continuing the analysis for the City's beekeeping ordinance. Jurisdictions with beekeeping standards are the County of San Diego and the cities of San Diego, La Mesa, Santee, and Chula Vista. It is notable that National City prohibits beekeeping by ordinance.

At the City Council hearing held on April 5, 2016, the City Council provided direction to staff requesting simplified regulations to encourage beekeeping within the City. Feedback included:

- Establishing a fee of \$75 for a beekeeping permit;
- Adding requirements pertaining to sensitive sites, such as schools and picnic areas;
- Eliminating minimum lot sizing requirements;
- Adding requirements establishing the maximum size of permitted beehives; and
- Amending locational requirements to encourage beekeeping within the City.

Staff analyzed the proposed amendments and incorporated them into the recommended amendments.

Attachment A

Current Lemon Grove Beekeeping Regulations

The Lemon Grove Municipal Code contains provisions related to animal keeping, more specifically beekeeping, under its exotic animal provisions (Section 18.16.060(B) Exotic Animals).

The current provisions allow beekeeping in the City's residential low and low/medium zoning districts which are the single-family residential areas and make up the majority of the City. The provisions require a beekeeping permit, abutting neighbors would be required to be notified, no more than two hives are allowed and a minimum lot size of 10,000 sq. ft. is required. Two additional hives may be allowed on lots that are 15,000 sq. ft. in area. To date, the City has not received nor approved a bee keeping permit for any residence in Lemon Grove nor is there an adopted fee for a permit. The City has similar separation requirements compared to other jurisdictions, but no distance requirements for sensitive sites. The City also has a water availability requirement to keep bees from searching for alternative water sources.

Recommended Amendments

Staff recommends that the City Council adopt an ordinance amending the current beekeeping regulations as follows:

- 1) Include a fee of \$75 for a beekeeping permit. This fee would be added to the Master Fee Schedule for Fiscal Year 2016-2017;
- 2) Amend locational requirements for beehives to encourage beekeeping within the City;
- 3) Add requirements for sensitive sites (e.g., schools, playgrounds, picnic areas, senior centers, etc.);
- 4) Add a requirement for the maximum beehive size; based upon conservative industry standards, an apiary shall be no larger than three square feet in area and four and one-half feet in height;
- 5) Add a requirement for firefighting materials near a hive;
- 6) Add that the types of bee species allowed are required to be docile and nonaggressive;
- 7) Require registration of the apiaries with the County of San Diego Department of Agriculture, Weights, and Measures (currently free for less than 10 apiaries on a site).
- 8) Add the public nuisance provisions of Section 6.04.430 to the general provisions of the City's animal keeping regulations (Section 18.16.020) allowing the City to abate any type of animal keeping if it becomes a public nuisance.
- 9) Correct subsection A under exotic animals to reference Section 6.04.420 instead of 6.04.430. This is incorrectly cited.

Attachment A

The following table describes the proposed locational requirements in further detail:

Proposed Lemon Grove Beekeeping Locational Regulations

Number of Hives	Minimum Distance from Hive to Roadway/Access Easement	Minimum Distance to Side and Rear Property Line	Minimum Distance to Neighboring Dwellings	Minimum Distance to Sensitive Sites
1 to 2	25'	15'	25'	100' from the border of sensitive sites
2 to 4	25'	25'	100'	100' from the border of sensitive sites

Upon adoption of the proposed changes, staff recommends implementing a six-month amnesty period for all current beekeepers with existing hives. During the proposed six-month amnesty period, the beekeeper would be able to apply for the permit at no cost. Thereafter, staff recommends that existing hives, including those located near a sensitive site, can be deemed a legal non-conforming use with opportunities to apply for a beekeeping permit.

Other requirements were considered as a part of the proposed amendments; however, staff believes that the proposed amendments are adequate to provide appropriate precautions for the keeping of bees.

Public Information:

The proposed amendments are found to be categorically exempt from the California Environmental Quality Act referencing Sections 15307 (actions by regulatory agencies for protection of natural resources) and 15308 (actions by regulatory agencies for protection of the environment).

The Notice of Public Hearing for this item was published in the March 24, 2016 edition of the East County Californian.

No formal public comments have been received as of the writing of this report.

Conclusion:

Staff recommends that the City Council: 1) continue the public hearing from April 5, 2016, and 2) introduce Ordinance No. 439 approving Zoning Amendment ZA1-600-0001 that incorporates feedback from the April 5, 2016 City Council meeting.

Attachment B

ORDINANCE NO. 439

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA AMENDING CHAPTER 18.16 OF THE LEMON GROVE MUNICIPAL CODE TO PROVIDE MODIFICATIONS TO THE BEEKEEPING REGULATIONS

WHEREAS, in early 2015, several citizens spoke in a public hearing about an existing beekeeping activity and a related code enforcement case. After that discussion, the City Council directed staff to prepare an agenda item that would allow them to discuss potential guidelines for beekeeping activities in the City; and

WHEREAS, at the April 21, 2015 City Council meeting, staff presented an item to City Council that discussed the City's existing beekeeping regulations, regional beekeeping programs, and current trends for the City Council's consideration. The City Council directed staff to return with a draft beekeeping ordinance that provides comparisons between provisions in the County of San Diego and City of San Diego ordinances; and

WHEREAS, on April 5, 2016, a public hearing was duly noticed and held by the Lemon Grove City Council. Council continued the public hearing to the May 17, 2016 City Council meeting; and

WHEREAS, on April 5, 2016, the City Council provided direction to staff, simplifying beekeeping regulations and further encouraging beekeeping in the City; and

WHEREAS, on May 17, 2016, the continued public hearing was held by the Lemon Grove City Council; and

WHEREAS, staff analyzed regulations from jurisdictions from across San Diego County and researched bee keeping and associated benefits, risks, and safety precautions; and

WHEREAS, it is in the interest of the health, welfare and safety of the people of the City of Lemon Grove to provide a permitting process to assure effective provisions of beekeeping; and

WHEREAS, the proposed zoning amendment is found to be categorically exempt from the environmental review requirements of the California Environmental Quality Act (Section 15307 and 15308); and

WHEREAS, the City Council finds that the following findings required to approve a Zoning Amendment can be made in accordance with Section 17.28.080(B) of the Municipal Code:

1. That the proposed amendment is consistent with the General Plan, in accordance with Government Code Section 65860, as amended.

Provisions for beekeeping are consistent with General Plan objectives, specifically it helps conserve existing biological habitat, limits impacts on the remaining biological habitat, and increases local food resources.

2. That the public health, safety, and general welfare benefit from the adoption of the proposed amendment.

The amendment modifies regulations for beekeeping activities to further encourage beekeeping and to ensure appropriate safety measures are taken to benefit the public health, safety and general welfare of the community; and

Attachment B

NOW, THEREFORE, the City Council of the City of Lemon Grove hereby ordains as follows:

SECTION ONE:

ENVIRONMENTAL FINDING. The City Council finds in its independent judgment that the proposed amendment to the Municipal Code is exempt from environmental review under sections 15307 and 15308 of the California Environmental Quality Act Guidelines.

SECTION TWO:

Approves a six-month amnesty period for all current beekeepers with hives existing as of the effective date of the Ordinance. During the six-month amnesty period, beekeepers may apply for a beekeeping permit at no cost. Thereafter, existing hives, including those located near a sensitive site, will be deemed a legal non-conforming use, with opportunities to apply for a beekeeping permit.

SECTION THREE:

Amendments to Chapter 18.16, ANIMAL KEEPING, establishing revised regulations for the keeping of bees, is hereby added to the City of Lemon Grove Municipal Code to read as shown in Exhibit A.

INTRODUCED by the City Council on May 17, 2016.

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EXHIBIT A

TEXT OF PROPOSED REGULATIONS

NOTE:

- Text proposed to be added is displayed in underlined type.
- Text proposed to be deleted is displayed in strikeout type.

The City of Lemon Grove Municipal Code to amend Animal Keeping Regulations, Chapter 18.16 to read as follows:

Section 18.16.020 General provisions [Excerpts only]

K. Public nuisance provisions within section 6.04.430 shall be applicable to animals and insects referenced in this chapter.

Section 18.16.060 Exotic animals, and beekeeping.

A. The keeping of animals considered to be members of a rare and endangered species, exotic or wild animals, including dangerous or poisonous reptiles, shall not be permitted within the city, except as provided in Section ~~6.04.430~~6.04.420 of the Lemon Grove Municipal Code.

B. Beehives may be kept within the residential low and low/medium zoning districts subject to the following:

1. The beekeeper shall apply for a beekeeping permit. The permit application shall be filed on a form available ~~in the office of the~~ from the planning development services department and shall be accompanied with a nonrefundable fee as established by resolution of the City Council.

2. Prior to the issuance of a beekeeping permit, the City shall send written notification to the owners and residents of all properties abutting the lot where the bees are to be kept.

a. The owners and residents of the abutting properties may, within ten days of the date of the notice, file with the ~~planning department~~division of the development services director decision with a written protest against the issuance of a beekeeping permit.

~~b. The only acceptable grounds for protest shall be that a resident of a property which abuts the site of the proposed beekeeping suffers from severe allergic reaction for bee stings. Such allergy and its severity shall be documented by a written statement from a medical practitioner licensed by the state of California.~~

~~c. If the city receives a protest pursuant to this section which included required documentation, no beekeeping permit shall be issued.~~

~~3. Not more than two beehives shall be permitted on a lot or building site with an area of at least ten thousand square feet. Two additional beehives shall be permitted on a lot with an area of at least fifteen thousand square feet. No more than four beehives shall be permitted on any lot or building site.~~

~~4. The keeping of bees shall be conducted in accordance with this section and in accordance to the provisions of Chapter 6-12 of the Lemon Grove Municipal Code.~~

53. Up to four beehives may be permitted. Beehives shall be placed at least one ~~hundred~~twenty-five feet from the exterior line of the traveled way of any public streets, at least

Attachment B

twenty-five feet from the exterior line of any private access easement, at least ~~twenty-five~~^{fifteen} feet from any side or rear lot line, and at least ~~one hundred~~^{twenty-five} feet from ~~any~~ neighboring dwellings, ~~other than that occupied by the owner of the bees.~~ For three-to-four hives, a one-hundred foot separation from neighboring dwellings is required.

~~64.~~ Beekeepers shall keep sufficient open water available near the beehives during hot and dry weather in compliance with vector control regulations.

~~75.~~ Beehives shall be well maintained at all times.

6. A beehive shall be no larger than three square feet in area and four and one-half feet in height.

7. Only docile bee species may be permitted.

8. Registration with the County of San Diego Department of Agriculture, Weights, and Measures is required prior to beekeeping activities.

9. The following firefighting materials shall be maintained, in good working condition, at all times when the beehive is attended by the keeper, sufficiently near the beehive so as immediately to be available in case of fire:

a. A shovel; and

b. Either a fire extinguisher of the 2 ½ gallon water-under-pressure type or the 5 gallon back-pump type or its equivalent; or a garden hose connected to a source of water.

10. Beehives shall be placed at least one-hundred feet from the border of sensitive areas. Sensitive areas include areas where people, such as the elderly, small children, individuals with medical conditions or confined animals inhabit or frequent that are more at risk if stinging incidents were to occur. Sensitive areas are characterized by a demonstrated need for a greater safety buffer. These areas include, but are not limited to, schools, playgrounds, picnic areas, outdoor sports facilities, daycare centers, senior care facilities, medical facilities, and animal-boarding facilities.

11. Property operators, owners, or residents who have medical reasons may apply to have their locations designated as sensitive sites. Businesses with employees who have medical reasons or where bees could cause a nuisance during normal work activities may also apply to have their locations designated as sensitive sites. The development services director may approve sites or remove sites previously approved or designated as sensitive sites upon request. Upon appeal, the City Council has final discretion to approve designation of locations as sensitive sites upon review of supportive documentation.

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 3
Mtg. Date May 17, 2016
Dept. City Manager

Item Title: **Extension of the Joint Use Agreement Between the City of Lemon Grove and the Lemon Grove School District**

Staff Contact: Lydia Romero, City Manager

Recommendation:

That the City Council adopt the resolution approving a five-year extension of the Joint Use Agreement between the City of Lemon Grove and the Lemon Grove School District for use of the recreation facilities on the Lemon Grove Academy Middle School Campus.

Item Summary:

On November 3, 2015, the City Council approved a Joint Use Agreement with the Lemon Grove School District for the newly constructed outdoor recreation facilities at Lemon Grove Academy Middle School, including the softball field, blacktop courts, open fields, and running/walking track. The Agreement allows for priority scheduling of the facilities first by the School District, then by the City for programmed recreation uses. When not otherwise in use by these agencies, the field will be open for public use on Saturdays. The initial agreement was for a six-month trial period, ending May 12, 2016. The City and School District agree that this has been a successful partnership for both entities and are actively looking for ways to open the fields for Sunday use.

As stipulated in the original agreement, if both entities wish, the agreement can be extended for a five-year period by a written addendum.

Fiscal Impact:

The City will be responsible for routine maintenance of the area, including utilities (water) used for this purpose. The total cost to date has been approximately \$4,000, these costs have been absorbed into the existing budget and will included in the upcoming draft budget.

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. Resolution
- B. 2015 Joint Use Agreement

Attachment A

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING A FIVE-YEAR EXTENSION OF THE JOINT USE AGREEMENT BETWEEN THE CITY OF LEMON GROVE AND THE LEMON GROVE SCHOOL DISTRICT FOR USE OF THE RECREATION FACILITIES ON THE LEMON GROVE MIDDLE SCHOOL CAMPUS

WHEREAS, in order to promote and provide for the health and general welfare of the people of Lemon Grove and to cultivate the development of good citizenship through an adequate program of community recreation, CITY and DISTRICT (the "PARTIES") entered into a Community Recreation Agreement in June 1979; and

WHEREAS, cities and school districts are authorized by Chapter 10 of Part 7 of Division 1, Title 1 of the Education Code of the State of California (section 10900 et. seq.) to organize, promote, and conduct community recreation programs and to use school property for such purpose; and

WHEREAS, said governing bodies are authorized by the Government Code of the State of California, Chapter 5 (section 6500 et. seq.) to enter into agreements with each other to promote the health and general welfare of the community and contribute to the attainment of education and recreation goals and objectives for children and adults within the community; and

WHEREAS, the Parties entered into a lease agreement in June 1982 for a community recreation center, constructed on the Middle School campus; and

WHEREAS, the Parties entered into a Joint Use Agreement in January 1985 regarding operation of existing and proposed facilities on the Middle School campus; and

WHEREAS, the Parties entered into a Joint Use Agreement on the 26th day of October 2004; and

WHEREAS, this Parties entered into a Joint Use agreement on the 27th day of October 2015 that supersedes the 2004 agreement; and

WHEREAS, when Facilities are not in use by the DISTRICT or by the CITY to promote the health and welfare of the community it is the intent of this Agreement to make the Facility available for General Public Use under the management of the City.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby approves the five-year extension of the Joint Use Agreement between the City of Lemon Grove and the Lemon Grove School District for use of the Recreation Facilities on the Lemon Grove Middle School Campus.

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Attachment B

JOINT USE AGREEMENT BETWEEN THE CITY OF LEMON GROVE AND THE LEMON GROVE SCHOOL DISTRICT

THIS AGREEMENT made and entered into this 27th day of October, 2015, by and between the **CITY OF LEMON GROVE** (hereinafter collectively called "CITY") and the **LEMON GROVE SCHOOL DISTRICT** (hereinafter called "DISTRICT") regarding the development, operation, and maintenance of outdoor recreation Facilities, described on Exhibit A hereof (hereinafter called "Facilities") on the Lemon Grove Academy Middle School campus, located at 7866 Lincoln Street, Lemon Grove, CA 91945-2542 (the "Middle School campus").

WITNESSETH

WHEREAS, in order to promote and provide for the health and general welfare for the people of Lemon Grove and to cultivate the development of good citizenship by an adequate program of community recreation, CITY and DISTRICT (the "PARTIES") entered into a Community Recreation Agreement in June 1979; and

WHEREAS, cities and school districts are authorized by Chapter 10 of Part 7 of Division 1, Title 1 of the Education Code of the State of California (section 10900 et. seq.) to organize, promote, and conduct community recreation programs and to use school property for such purpose; and

WHEREAS, said governing bodies are authorized by Government Code of the State of California, Chapter 5 (section 6500 et. seq.) to enter into agreements with each other to promote the health and general welfare of the community and contribute to the attainment of education and recreation goals and objectives for children and adults within the community; and

WHEREAS, the Parties entered into a lease agreement in June 1982 for a community recreation center, constructed on the Middle School campus; and

WHEREAS, the Parties entered into a Joint Use Agreement in January 1985 regarding operation of existing and proposed Facilities on the Middle School campus; and

WHEREAS, the Parties entered into a Joint Use Agreement on the 26th day of October 2004; and

WHEREAS, when Facilities are not in use by the DISTRICT or by the CITY to promote the health and welfare of the community it is the intent of this Agreement to make Facility available for General Public Use under the management of the City; and

WHEREAS, in the interest of providing the best recreational Facilities, through cooperation between the CITY and the DISTRICT, the PARTIES agree as follows:

1. DEFINITIONS

- A. The term "DISTRICT Use" shall mean DISTRICT's Educational Program and Related School Activities. For purposes of this Agreement, the "Educational Program and Related School Activities of the DISTRICT" shall mean "all components of the instructional program and any activity that is organized and administered by the DISTRICT, including but not limited to, athletic games/meets, drama, carnivals, DISTRICT community meetings, DISTRICT meetings, and requests from other schools within the DISTRICT."
- B. The term "CITY Use" shall mean CITY's recreation programs and activities organized and administered by the CITY.
- C. The term "General Public Use" shall mean unscheduled use by the general public which is not a programmatic activity of the DISTRICT or the CITY.
- C. The term "Routine Maintenance" shall mean all routine and preventive maintenance necessary to maintain the Facilities and all fixtures in good condition and repair and in a clean, safe and sanitary condition.

2. TERM

The initial term of this Agreement shall commence on November 14, 2015, (the "Commencement Date") and shall expire May 12, 2016, unless otherwise extended.

Option to Extend – If this Agreement has not been previously terminated at or prior to the end of the initial term, this Agreement may be extended by up to five (5) years at any time prior to its expiration with a written addendum attached to the Joint Use Agreement and signed and dated by both PARTIES.

3. FACILITIES COVERED

- A. Facilities covered in this Agreement are the Softball Field, Open Fields (behind Recreation Center), Blacktop Courts (basketball and tennis), Recreation Center and Track. These facilities are all located at Lemon Grove Academy.

4. USE OF FACILITY

- A. The priority of use for Facilities shall be as follows:
- i. DISTRICT Use
 - ii. CITY Use managed by the CITY
 - iii. General Public Use
- B. DISTRICT will make Facilities available to the CITY for recreation activities at the Middle School campus during non-school hours and when the Facilities are not needed for DISTRICT use. During CITY-Use/sponsored events, parking will be permitted on DISTRICT property adjoining the Facilities.
- C. The permitted non-school uses are as follows with all PARTIES adhering to DISTRICT rules, regulations and protocols:
- i. Softball Field – limited to formal programming run by either CITY or third party contracting with CITY. Third party must adhere to DISTRICT rules, regulations and protocols.
 - ii. Blacktop Courts – formal programming run by either CITY or third party contracting with CITY; to be open for General Public Use as per posted schedule.
 - iii. Track – formal programming run by either CITY or third party contracting with CITY; to be open for General Public Use as per posted schedule.
 - iv. Open Fields – open for General Public Use as per posted schedule.
- D. DISTRICT shall have priority use of the Facilities during school hours and when children are present on campus for afterschool programs and DISTRICT is also entitled to

exclusive use at other times for Educational Program and Related School Activities. The DISTRICT will use the facilities on days when students are present beginning at 7:00 a.m. and ending at 6:00 p.m.

- E. CITY shall have priority use at all other times, including evenings following student day, and weekends.
- F. The DISTRICT shall advise the CITY as soon as possible, but no less than thirty (30) days prior, with the exception of an emergency use, to the loss of use of any Joint Use Facility for the CITY's recreational activities.
- G. CITY shall furnish all personnel and supervisory staffing, and all materials, supplies, and equipment (personal property) required for conducting recreational programs/activities conducted or sponsored by the CITY.
- H. CITY use of DISTRICT Facilities shall be at no cost to the CITY, except as described elsewhere in the Agreement. However, CITY shall repair and maintain Facilities designated as "City Maintained" on Exhibit A. CITY shall also conduct all maintenance of softball field, including irrigation, mowing and other landscape maintenance and shall pay utilities for field use.
- I. For the use of Facilities under the Agreement, CITY agrees to comply with all of the requirements of the Education Code of the State of California and other applicable laws or regulations, setting forth the limitations, requirements, and restrictions on the use of school Facilities.
- J. DISTRICT and CITY shall allow the use of the Facilities for scheduled General Public recreation and community activities and shall endeavor to make it available to the widest range of activities reasonably possible and for no other purpose. It is further agreed that recreation programs involving elementary age students shall first be operated on elementary facilities. Only when elementary facilities are not available will such programs be operated on the Middle School campus Facilities.

5. USE BY THIRD PARTIES

- A. During the time when each party has exclusive use of the Facilities under Section 4 above, such party shall have the authority to allow the use of the Facilities by third parties under the following requirement. Each party agrees to indemnify and hold the DISTRICT and CITY harmless from acts of such third parties, their officers, agents and employees in their use of Facilities. To accomplish this provision, the DISTRICT and CITY shall maintain public liability and property damage insurance covering all third party users of the Facilities in an amount not less than \$1,000,000 and naming the DISTRICT and CITY as additionally insured.
- B. All third party use of the Facilities shall be subject to all DISTRICT rules, regulations, and policies, including, but not limited to, execution of the DISTRICT'S standard Facilities Use Permit/Agreement and payment of the appropriate Facilities Use fees as applicable. The CITY and the DISTRICT agree that in providing access to the Facilities for use other than by the DISTRICT or the CITY, the following priorities for use shall be established:
- a. Activities for youth
 - b. CITY adult programs and activities
 - c. Other adult programs or activities
- C. CITY will not permit non-recreational commercial enterprises or activities operated for private gain or profit to be conducted or operated on DISTRICT's property without the DISTRICT's express written consent.

6. SCHEDULE FOR GENERAL PUBLIC ACCESS

The following Facilities, accessed by entrances on School Lane and Kempf Street, are available for General Public Use from dawn until dusk on Saturdays:

- Field area directly behind Recreation Center
- Paved court areas including four tennis courts and four basketball courts
- 425 Meter Track

7. MAINTENANCE AND CUSTODIAL SERVICES

- A. CITY shall repair and maintain Facilities designated "City maintained." CITY shall pay utilities for those Facilities designated "City maintained" as follows:
- 1) CITY shall conduct all maintenance of softball field, including irrigation, mowing and other landscape maintenance and shall pay utility bills for the softball field.
 - 2) CITY shall conduct all maintenance of field and shall pay utilities for the field. DISTRICT shall repair and maintain and pay utilities for all other Facilities on the Middle School campus.
 - 3) CITY's repair and maintenance activities shall be scheduled outside of class hours (M-F 7:30 a.m. – 3:30 p.m.) unless otherwise agreed to by the PARTIES.
- B. Each Party shall provide its own custodial services for the Facilities, leaving Facilities clean and ready for the other Party's use. Particular attention shall be given to removing any trash and debris from the athletic fields after General Public Use and prior to DISTRICT Use or student arrival in the morning.
- C. Third parties contracting with the CITY to provide formal programming will continue to be responsible for maintenance and janitorial services associated with their use.
- D. Except as specified below (and subject to CITY's obligations specified in Subsection (4G) and (4I) above), DISTRICT shall be responsible for the following:

All other maintenance and repair of the Facilities. CITY shall make reasonable efforts to notify the DISTRICT of any repair or maintenance observed to be needed. CITY and DISTRICT shall consult with one another regarding any significant maintenance/rehabilitation that may need to be made to the Facilities and any auxiliary Facilities covered hereunder and the unreimbursed impact that the CITY's use has contributed to such maintenance/rehabilitation requirements. Such consultations shall include good faith negotiations concerning possible CITY contributions towards maintenance/rehabilitation expenses.

- E. To maintain the condition of Facilities and playing fields downtime is required. Activities cannot be scheduled at the site during these maintenance periods. The DISTRICT shall be responsible for notifying the CITY of the estimated downtime maintenance schedule a minimum of 30 days in advance. In addition, the CITY shall be responsible for notifying the DISTRICT of the estimated downtime maintenance schedule a minimum of 30 days in advance for the fields that they manage.

8. SUPERVISION, SECURITY, RULES AND ENFORCEMENT

- A. The CITY and DISTRICT shall establish independent fees for all Joint Use Facilities. Fees may be charged by either Party for use of Facilities, events, and programs that are offered under this Agreement. These fees will be in accordance with the Civic Center Act (Education Code section 38130 et. seq.). All such users shall also be required by the DISTRICT to execute the DISTRICT's standard Facilities Use Permit/Agreement CITY's Facilities Use Application. Fees may be charged by either Party for events and programs as allowed by law, but only in an amount not to exceed the costs and expenses incurred by the Party for the conduct of the events and programs. All monies so charged and collected shall be the property of the collection Party.
- B. Phase One: CITY staff shall lock gates (one located at School Lane and one located at Kempf Street) to the Middle School campus field and track in the evenings as part of the park closing process that they already conduct. CITY shall provide daily early morning review of joint use field in order to ensure field area is clean and safe prior to arrival of students.
- C. DISTRICT staff shall unlock gates (one located at School Lane and one located at Kempf Street) in the morning.
- D. At such times that the CITY has priority use of the Facilities, CITY shall be responsible for the security of such Facilities, including closing the Facilities, checking the Facilities perimeters and securing any applicable alarms for the Facilities. The DISTRICT shall provide the CITY with the necessary keys and alarm codes (if applicable). The City shall keep such keys to the Facilities and alarm codes secure under procedures agreed upon between the CITY and the DISTRICT.

- E. The CITY shall train and provide an adequate number of competent personnel to supervise all activities on the DISTRICT's Facilities. The CITY shall enforce all of the DISTRICT's rules, regulations, and policies while supervising activities or programs on the DISTRICT's Facilities.
- F. No animals allowed on the DISTRICT's Facilities.

9. RESTITUTION AND REPAIR

The CITY shall be wholly responsible for repairing, remediating, or funding the replacement or remediation of any and all damage or vandalism to the Facilities that occurs during General Public Use hours.

10. DISAGREEMENTS

The CITY shall retain the right to disagree with any and all items of damage to buildings or equipment as identified by the DISTRICT, provided this disagreement is made within 10 days after a first notification.

- A. The CITY shall make any disagreement in writing to the DISTRICT by letter, facsimile, or email to the DISTRICT's designated employee. The CITY shall clearly identify the reasons for refusing responsibility for the damages. Failure to make the disagreement within the prescribed time period shall be considered as an acceptance of responsibility by the CITY.
- B. After proper notification, representatives of the CITY and of the DISTRICT, shall make an on-site investigation and attempt a settlement of the disagreement.
- C. In the event an agreement cannot be reached, the matter shall be referred to the City Manager and District Superintendent, or their designees, for resolution.
- D. The DISTRICT shall have the right to make immediate emergency repairs or replacements of property without voiding the CITY's right to disagree.
- E. In the event of any dispute between the Parties that is not resolved by informal discussions or negotiations, the Parties may mutually agree to resolve such a dispute

through non-binding mediation. Any dispute not resolved by such mediation may, if mutually agreed upon, be submitted to binding arbitration.

11. LIABILITY AND INDEMNIFICATION

It is understood and agreed that all activities on school Facilities sponsored by the DISTRICT shall be supervised and conducted by the DISTRICT, and that all activities sponsored by the CITY, including General Public Use, pursuant to this Agreement, shall be supervised and conducted by the CITY. Each Party shall be responsible for said areas during their period of use, will bear the costs of all necessary supervising or teaching personnel during said period.

The DISTRICT shall hold harmless, defend and indemnify CITY, members of the City Council, and its officers, employees, and agents from all claims, and any and all losses, demands, damages (including costs and attorneys' fees), expenses, or causes of action, reason of any defective or dangerous condition of any ground, site, building, equipment, play areas, recreation Facilities, or other improvement located on the Middle School campus or sponsored by the DISTRICT. Further, the DISTRICT shall be responsible for any and all damages to property which is alleged to have arisen from DISTRICT use or sponsorship of Joint Use Facilities subject to this Agreement. However, the DISTRICT shall not be obligated to hold harmless, defend, or indemnify the CITY when the aforementioned claims arise from dangerous conditions resulting from CITY's own negligence. This indemnity shall survive the expiration or termination of this Agreement.

The CITY shall hold harmless, defend, and indemnify, the DISTRICT, members of its Governing Board, and its officers, employees, and agents from all claims, any and all action related to any injury to property or injury to or death of persons, received or suffered by reason of any defective or dangerous condition of any ground, site, building, equipment, play areas, recreation Facilities, or other improvement located on the premises leased or maintained by CITY, or participation in any activity carried out or sponsored by the CITY, operation of the CITY recreational programs upon the Middle School campus, by reason of its development and maintenance of the athletic fields on the Middle School campus, or its performance of its obligations under this Agreement. Further, the CITY shall be responsible for any and all damages to property which is alleged to have arisen from CITY use or sponsorship of Joint Use Facilities subject to this Agreement. However, the CITY shall not be obligated to hold harmless,

defend, or indemnify the DISTRICT when the aforementioned claims arise from dangerous conditions resulting from DISTRICT's own negligence. This indemnity shall survive the expiration or termination of this Agreement.

12. INSURANCE

DISTRICT Insurance

- A. Liability Insurance – The DISTRICT shall, at its expense, at all times from and after the date hereof and during the term, maintain in full force a policy or policies of comprehensive liability insurance written by one or more responsible insurance companies licensed to do business in the State of California in amounts of at least a \$5 million combined single limit with respect to injuries and death occurring in one occurrence, including property damage coverage, which will insure CITY and DISTRICT against any liability for injury to persons and property and death of any person or persons occurring in, on or about the Facility during such times that the Facility is available for DISTRICT use, or arising out of the DISTRICTS maintenance, use and occupancy thereof.
- B. Property and Other Insurance – the DISTRICT shall, at its expense, at all times from and after the date hereof and during the term, maintain on the Facility a policy of standard fire and extended coverage or all risk insurance, with vandalism and malicious mischief endorsements, to the extent of the full replacement cost of any such buildings and other insurable improvements located on or in the Facilities from time to time. The policy shall name as insureds the DISTRICT and the CITY, as their interests appear.

CITY Insurance

- A. Liability Insurance – CITY shall, at its expense, at all times from and after the date hereof and during the term, maintain in full force a policy or policies of comprehensive liability insurance written by one or more responsible insurance companies licensed to do business in the State of California in amounts of at least a \$5 million combined single limit with respect to injuries and death occurring in one occurrence, including property damage coverage, which will insure CITY and DISTRICT against any liability for injury to persons and property and death of any person or persons occurring in, on or about the

Facility during such times that the Facility is available for CITY use, or arising out of the CITY's maintenance, use and occupancy thereof.

- B. Property and Other Insurance – CITY shall, at its expense, at all times from and after the date hereof and during the term, maintain on the Facility a policy of standard fire and extended coverage of all risk insurance, with vandalism and malicious mischief endorsements, to the extent of the full replacement cost of any such buildings and other insurable improvements located on or in the Facilities from time to time. The policy shall name as insureds CITY and DISTRICT, as their interests appear.

13. TERMINATION

Notwithstanding the duration of this Agreement, it may be terminated by

- A. Written mutual consent by the Parties; or
- B. Upon a showing of good cause, defined as a material breach of the Agreement's terms. Should either Party charge that a breach exists; the following steps to repair the breach shall apply.
 - a. Written notice of breach, with one hundred eight (180) days to repair, shall be delivered by regular and Certified Mail.
 - b. If not repaired within one hundred eighty (180) days, a sixty (60) day written notice of cancellation shall be delivered by regular and Certified Mail.
 - c. The DISTRICT can terminate this Joint Use Agreement without cause by providing the CITY with ninety (90) days' written notice.

Both Parties shall make a good faith effort to repair any breach to the Agreement.

14. SEVERABILITY

If any provision of this Agreement is held invalid, void or unenforceable but the remainder of the Agreement can be enforced without failure of material consideration to any Party, then this Agreement shall not be affected and it shall remain in full force and effect, unless amended or modified by mutual consent of the Parties.

15. AMENDMENT

The provisions of this Joint Use Agreement may be amended or modified only by mutual consent and written agreement of the respective Parties.

16. FUTURE FACILITY DEVELOPMENT AND IMPROVEMENTS OF JOINT USE AGREEMENT

- A. Permanent or temporary recreation amenities and structures may be constructed, modified, or improved by the CITY on DISTRICT property upon approval of DISTRICT. DISTRICT approval shall not be unreasonably withheld.
- B. The CITY agrees to consult DISTRICT as to the type and specifications of equipment and Facilities to be constructed, modified, or improved on DISTRICT property. Any structures to be constructed by the CITY shall meet all standards constructed in accordance with the requirements of the Division of the State Architect ("DSA") and the Office of Public School Construction ("OPSC") of the State of California. The CITY shall furnish to the DISTRICT all plans and specifications for approval by the DISTRICT and other agencies as required by law. DISTRICT approval shall not be unreasonably withheld.
- C. The CITY agrees, prior to the construction of improvements on DISTRICT property, to consult with the DISTRICT on all construction schedules and shall grant site access to the CITY necessary for the construction of the improvements. Construction shall not interfere with the educational process of the DISTRICT.
- D. CITY construction of Facilities on DISTRICT property for City recreation purposes shall be at the CITY's sole cost.
- E. The DISTRICT may construct, modify, or improve the Facilities at any time.
- F. Prior to occupancy and use of new Facilities constructed by CITY on DISTRICT property, CITY and DISTRICT shall agree to a maintenance and use schedule satisfactory to both Parties.

IN WITNESS WHEREOF, the CITY, and DISTRICT have signed this Agreement at Lemon Grove, California.

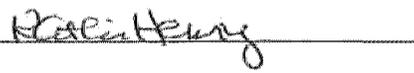
LEMON GROVE SCHOOL DISTRICT

By: 

Name: Ernie Anastos, Superintendent

Date: 11/30/2015

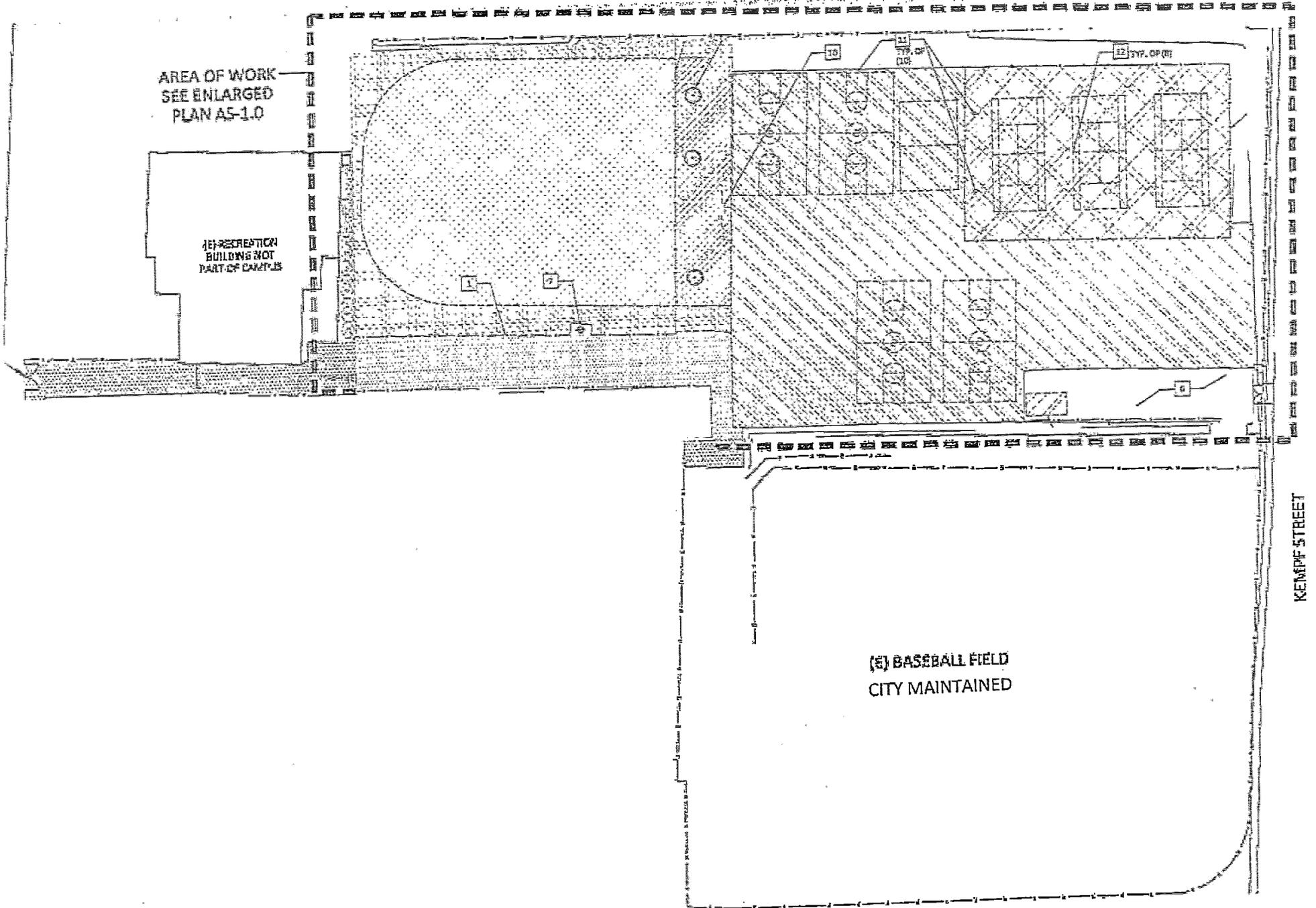
CITY OF LEMON GROVE

By: 

Name: Kathi Henry, Interim City Manager

Date: Nov. 3, 2015

EXHIBIT A





APPENDIX
LEMON GROVE SCHOOL DISTRICT
 8025 Lincoln Street · Lemon Grove, CA · 91945 · 619-825-5600 · www.lgsd.k12.ca.us
APPLICATION/PERMIT FOR USE OF SCHOOL PROPERTY

- Permit applications are both obtained and submitted to the Facilities, Maintenance, Operations, Transportation (FMOT) Department at 8025 Lincoln Street, Lemon Grove, CA 91945-2515, 619-825-5625. The District Assistant Superintendent, on behalf of the Governing Board, shall grant permits for the use of school property. Custodians have been instructed to admit no group to use of a property unless an approved permit has been obtained.
- The undersigned hereby requests permission of the Lemon Grove School District Governing Board to use school property as set forth below. If this permit is granted, the organization named herein, together with the person making application, hereby agrees to observe and obey all the applicable laws of the state and the rules and regulations for use of school premises set forth by the Lemon Grove School District Governing Board. It is further agreed that the applicant group or organization will provide the necessary supervision to ensure the care and protection of school property granted by this permit and will comply with state storm water regulations required by State Water Board. **No smoking or use of alcohol is allowed on grounds or in buildings.**
- The applicant hereby agrees to hold the Lemon Grove School District, its Governing Board, the individual members thereof, and all district officers, agents, and other employees free and harmless from any loss, damage, liability, or cost of expense that may arise during or be caused in any way by such use or occupancy of school property. Upon permit application, the applicant group will provide a certificate of insurance for one million dollars in liability coverage, which names the Lemon Grove School District as the certificate holder.

Name/Title of Applicant _____ Application Date _____
 Name of Organization _____ Phone Number _____
 Address _____ City _____ Zip _____ Applicant Cell Phone _____
 Requested Facility (Site/Room) _____ Applicant E-mail _____
 Date/s of Use _____ Hours Needed _____ to _____
 Nature of Event _____ Expected Attendance _____

Is this even open to the public? YES or NO ▪ Is there an admittance charge? YES or NO ▪ A Certificate of Insurance is: on File , or attached .

SITE APPROVAL: This form will not be accepted or processed without signature approval from Site Principal/Administrator Designee.

Principal/Administrator Designee Signature _____ Date _____

MAINTENANCE SERVICES:
 Chairs _____
 Tables _____
 Sound Equipment _____
 Piano _____ Flags _____

TECHNOLOGY SERVICES:
 Electronic Equipment: TV/VCR/ Projector/Screen

Other/Special Instructions:

***KITCHEN SERVICES:**
 Coffee Urns _____
 Coffee Cups _____
 Cream/Sugar _____
 Silverware _____
 Dessert _____
 Dinner/Potluck _____
 Contact for Refreshments: _____
 Phone Number: _____
 Other/Special Instructions:

(For a special set-up, please attach drawing.)

\$ CHARGES \$: Refer to Facility Use Fee Schedule

**If you are requesting kitchen services, please also fax form to Robin McNulty at 619-825-5660 or email pdf copy to rmcnult@lgsd.k12.ca.us*

I hereby certify that I am authorized by the applicant group or organization to file this application and that I, together with the officers of the applicant group or organization, will assume responsibility for the care and protection of school property, for the payment of any fees charged and for any conditions set forth in the Permit for Use of School Property. If a facility is used for a longer period of time than originally approved, additional charges will be imposed. If regularly scheduled meetings are canceled, please notify FMOT personnel at least 24 hours prior to the event, during business hours at 619-825-5625. Failure to do so will result in charges, including but not limited to, processing/cancellation fee.

Applicant Signature _____ Date _____ FMOT Approval Signature _____ Date _____ Asst Superintendent's: Approval Denial · Date _____

**Please fax completed form to FMOT at 619-589-5701 OR email pdf copy to:
 bfelix@lgsd.k12.ca.us AND dmoses@lgsd.k12.ca.us**

For FMOT Office Use Only	
<input type="checkbox"/> Approved	Special Notes
<input type="checkbox"/> Denied	Reason for Denial
Notified Applicant	Via _____ Date _____ Initial _____

APPENDIX



City of Lemon Grove, Community Services Division

3232 Main Street, Lemon Grove, CA 91945, (619) 825-3800 / Facsimile: (619) 825-3818

FACILITY USE APPLICATION

Applicant's Full Name: _____		
Organization: _____		
Address: _____	City: _____	Zip: _____
Home No.: _____	Cell No.: _____	E-mail: _____
Facilities: <input type="checkbox"/> Community Center <input type="checkbox"/> Senior Center <input type="checkbox"/> Annex Courtyard <input type="checkbox"/> Civic Center Park <input type="checkbox"/> Recreation Center <input type="checkbox"/> Meeting Room <input type="checkbox"/> Gym <input type="checkbox"/> Entire Facility (gymnasium, meeting and game room)		
Reservation Date: _____		
Type of Activity: _____		
1. Arrival/set-up time: _____ a.m. / p.m.	2. Event start time: _____ a.m. / p.m.	
3. Clean up/Departure: _____ a.m./p.m.	Total Hours: _____ 8 hours maximum	
Number in Attendance: _____	Adults: _____	Minors: _____
Activity open to the general public? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Will fees, charges or donations be collected? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, for what purpose _____.		
Will food be served? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Catered <input type="checkbox"/> Pot Luck <input type="checkbox"/> Light Refreshments.		
Will alcoholic beverages be served? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, type of alcohol: <input type="checkbox"/> Wine		
<input type="checkbox"/> Beer <input type="checkbox"/> Champagne <input type="checkbox"/> Other: _____		
Will you have music? <input type="checkbox"/> Yes <input type="checkbox"/> No Type of music: <input type="checkbox"/> Band <input type="checkbox"/> D.J. Other: _____.		
APPLICABLE FACILITY USE REQUIREMENT(S): _____ _____		
<p>The applicant and/or the above organization and all members thereof, hereby waives all rights to make a claim for any loss or damage that may hereinafter accrue against the City of Lemon Grove, members of its Council or Commission, its officials, employees and agents, arising out of the use of City property or activities pursuant to the reason of this waiver by reasons of negligence or otherwise; and further agrees to indemnify and save free and harmless the City and above said persons from any claims, liability, or loss occasioned to the City or above said persons as the result of injury or death to persons or damages to property arising out of the use of said property or activity pursuant to the reasons for this waiver by reason of negligence or otherwise. We agree to comply with Lemon Grove Community Service Department Facility Use Regulations.</p> <p>Applicant must be twenty-one (21) years of age or older.</p> <p>I have read, understand, and I, along with all attendees at my event, will abide by all of the Facility Use Policy and Regulations.</p>		
Applicant Signature _____		Date _____
<small>Z:\FACILITIES\Facility Use ApplicationNEW2.27</small> <small>As of: Feb 27, 2012</small>		

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 4
Mtg. Date May 17, 2016
Dept. Development Services

Item Title: Amendment to Option Agreement Between City of Lemon Grove and the San Diego Community Land Trust for 8084 Lemon Grove Way

Staff Contact: David De Vries, Development Services Director

Recommendation:

Adopt a resolution amending the Option Agreement providing a six month time extension and requiring an affordable housing regulatory agreement.

Item Summary:

In September 2014, the City and San Diego Community Land Trust (SDCLT) entered into a Purchase Option Agreement for the eventual sale of 8084 Lemon Grove Way, Lemon Grove Housing Authority owned land. The Purchase Option Agreement required SDCLT to complete certain milestones by specified dates. The fourth milestone—securing building and site improvement permits and securing, as to form, the 99-year ground lease proposed to be used as the conveyance of Affordable Unit interests—was to be completed by May 19, 2016. These milestones ensure that SDCLT has progressed towards the purchase of 8084 Lemon Grove Way. The applicant is working with city staff towards completing this milestone, however, will be unable to meet the specified deadline. The staff report presents an overview of progress towards this milestone. Staff recommends that the City Council adopt a resolution amending the Option Agreement providing a six month time extension and requiring an affordable housing regulatory agreement.

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 Amending the Option Agreement
- C. Time Extension Request from SDCLT

Attachment A

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 4

Mtg. Date May 17, 2016

Item Title: Amendment to Option Agreement Between City of Lemon Grove and the San Diego Community Land Trust for 8084 Lemon Grove Way

Staff Contact: David De Vries, Development Services Director

Discussion:

On September 22, 2014, the City and San Diego Community Land Trust (SDCLT) entered into a Purchase Option Agreement for the eventual sale of 8084 Lemon Grove Way which is owned by the Lemon Grove Housing Authority (City Council Resolution No. 2014-3284 dated September 16, 2014). A nine unit housing development is currently entitled on the subject property based on approvals in 2007 and amendments approved on March 1, 2016. The Purchase Option Agreement allows SDCLT to purchase the property for one dollar in exchange for constructing the units and restricting them to moderate income households as a part of their 99-year ground lease mechanism. As a part, SDCLT is required to complete certain milestones by specified dates. These milestones ensure that SDCLT has done their due diligence to determine whether the project is feasible.

The first milestone—submission of a business plan—was to be completed in December 2014. The business plan was submitted on December 1, 2014 and the City Council reviewed the business plan and provided feedback to SDCLT on January 6, 2015.

The second milestone—securing entitlements and construction financing—was to be completed by September 2, 2015 and October 19, 2015 respectively. Minimal revisions to the approved Tentative Map (TM0052) and Planned Development Permit (PDP06-09) are proposed and amendments to the floor and elevation plans were approved by the City Council on March 1, 2016. Entitlements are in place until February 20, 2017. On September 4, 2015, SDCLT submitted a Letter of Intent (LOI) from Torrey Pines Bank (**Attachment C**) that has been signed with the appropriate deposit providing conditional approval for construction financing from Torrey Pines Bank. These actions satisfied the second milestone.

The third milestone—submit building and site improvement applications—was to be completed by April 4, 2016. This milestone requires submittal of packages for a grading permit, building permit, landscape permit, and a final map. Appropriate plans and reports include building and site construction plans, grading plans, a landscape documentation package, an acoustical analysis, a Storm Water Quality Management Plan and a hydrology report, draft Conditions, Covenants, and Restrictions (CC&Rs), and potentially other necessary reports, studies, and plans in accordance with City Council Resolutions 2694 and 2695 which approved TM0052 and PDP06-09 respectively. A “Hold Harmless” agreement was required for each submittal. In February of 2016, SDCLT submitted the necessary permit applications satisfying the third milestone.

The fourth milestone—securing building and site improvement permits and securing approval as to form of the 99-year ground lease proposed to be used as the conveyance of Affordable Unit interests—is to be completed by May 19, 2016. This requires that all permits applied for in the

Attachment A

third milestone are secured (permits issued and improvements secured either through a bond or cash deposit). At this time, SDCLT is responding to corrections related to the building and engineering permits and the final map application submittal and has encountered unforeseen issues with Helix Water District (Helix) requiring standard asphalt paving above their water lines where pervious pavement was proposed. The pervious pavement is a part of their hydrology and water quality documentation and is needed for the project to comply with City requirements. SDCLT intends to apply for a waiver of this Helix requirement; however, the waiver requires approval from the Helix Board of Directors. If the waiver cannot be obtained, then amendments to the hydrology and water quality documents will be required. Regardless of the results, staff estimates all of the needed engineering and building permits in the fourth milestone should be able to be issued and secured within three to six months. Staff recommends that a six month extension to the Option Agreement be provided in order to allow SDCLT sufficient time to secure the permits. SDCLT has already submitted a draft ground lease for City review and the City is working with SDCLT on amendments.

In order to ensure the continued affordability of the units, staff recommends that the amendment to the option agreement also include a requirement for an Affordable Housing Agreement and Regulatory Agreement and a Notice of Affordability Restrictions on Transfer of Property, which is the covenant the City is requiring on affordable housing units ensuring that affordability restrictions are retained upon transfer of property and requiring annual reporting to the City to monitor the continued affordability of the units. A draft of the affordability agreements and the 99-year ground lease will be mutually agreed upon by City staff and SDCLT before it is submitted to City Council for consideration and approval at a future meeting.

Should the Council decided to take no action providing for no amendment to the Option Agreement, then the Option Agreement will terminate on May 19, 2016 since the fourth milestone was not adhered to and the developer would need to renegotiate a new option agreement with the City should they continue to desire to pursue the project. The City Council may pursue other opportunities for the property if this option agreement terminates. |

Conclusion:

Staff recommends that the City Council adopt a resolution amending the Option Agreement providing a six month time extension and requiring an affordable housing regulatory agreement.

Attachment B

RESOLUTION NO. 2016-_____

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

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

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

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

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

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

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

WHEREAS, on September 16, 2014, the City Council approved an Option Agreement and a Real Estate Purchase and Sale Agreement between the City of Lemon Grove and the San Diego Community Land Trust; and

WHEREAS, the City has negotiated an amendment to the Option Agreement with the San Diego Community Land Trust extending the expiration date of milestone 7.4 to October 19, 2016 and the option term to March 22, 2017 (both six month extensions) and including an Optionee requirement to execute an Affordable Housing Agreement and Regulatory Agreement and a Notice of Affordability Restrictions on Transfer of Property; and

WHEREAS, the City Council has reviewed said amendment; and

WHEREAS, the City Council finds it in the best interest of the City of Lemon Grove to approve said amendment; and

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

1. Approves an Amendment to the Option Agreement (Exhibit 1) between the City of Lemon Grove and the San Diego Community Land Trust and authorizes the City Manager to execute said Amendment and related documents subject to minor modifications. The draft 99-year ground lease and regulatory agreement will be provided to City Council for consideration and approval.

/////

/////

Attachment B

EXHIBIT 1

FIRST AMENDMENT TO OPTION AGREEMENT

This First Amendment to Option Agreement ("**First Amendment**") is entered into as of May ____, 2016, by and between and between THE CITY OF LEMON GROVE a public body ("**Optionor**") and THE SAN DIEGO COMMUNITY LAND TRUST a California 501(c)(3) non-profit organization ("**Optionee**"),

RECITALS:

A. Optionor and Optionee entered into that certain Option Agreement dated September 22, 2014 relating the Property commonly known as 8084 Lemon Gove Way, Lemon Grove, CA (APN475-450-19-00) (the "**Option Agreement**").

B. Optionor and Optionee desire to further amend the Option Agreement set forth herein. All initially capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Option Agreement.

AGREEMENT:

1. Extension of Option Term. Paragraph 4 of the Option Agreement is deleted in its entirety and replaced as follows:

"4. Option Term. The Option may be exercised upon the Effective Date and no later than March 22, 2017 (the "**Option Term**"), unless terminated earlier under the terms of Section 6. If the Option is not exercised in accordance with the provisions and conditions hereof during the Option Term, then the Option shall expire and the parties shall have no further obligations under this Agreement with the exception of any surviving indemnification obligations as provided in this Agreement."

2. Extension of deadline for Permits and Optionor's Approval. Subparagraph 7.4 of the Option Agreement is deleted in its entirety and replaced as follows:

"7.4 No later than October 19, 2016: (a) Optionee shall have (i) secured Building and Site Improvement Permits (including building, street improvement, and grading plans shall be issued and the final map shall be recorded), (ii) secured Optionor's approval as to form of the 99-year ground lease proposed to be used as the conveyance of Affordable Unit interests; and (b) Optionor shall have prepared for recording on the Closing Date as defined in the Purchase agreement in the records of San Diego County, an Affordable Housing Agreement and Regulatory Agreement and a Notice of Affordability Restrictions on Transfer of Property (together "**Regulatory Agreement**"). Optionor and Optionee agree that recordation of said Regulatory Agreement shall be deemed a condition of City's (Optionor's) obligation to transfer the Property to the Developer ("**Optionee**") under the Purchase Agreement and the Purchase Agreement shall be amended to include said condition prior to execution.

3. Counterparts. This First Amendment may be signed in multiple counterparts with the same force and effect as if all original signatures appeared on one copy; and in the event

Attachment B

this First Amendment is signed in counterparts, each counterpart shall be deemed an original and all of the counterparts shall be deemed to be one First Amendment.

4. Effect of First Amendment. Except as amended hereby, the Option Agreement remains in full force and effect.

IN WITNESS WHEREOF, Optionor and Optionee have executed this First Amendment as of the date set forth above.

OPTIONOR:

THE CITY OF LEMON GROVE.,

By: _____

Name: _____

Its: _____

Approved as to legal form:

By _____
James P. Lough, City Attorney

OPTIONEE:

THE SAN DIEGO COMMUNITY LAND TRUST,

By: _____

Name: _____

Its: _____



Board of Directors May 5, 2016

Richard Lawrence
Chair David B. De Vries, AICP
Charles Davis
President Development Services Director
City of Lemon Grove
Sochiata Vutthy
Secretary Development Services Department
Tom Scott
CFO 3232 Main St.
Lemon Grove, CA 91945

Damon Braden
Thomas Cartwright
Elaine Kennedy
Lee Van Ham

RE: Request for Option Extension 8084 Lemon Grove Way

Dear David:

Advisory Committee

Malin Burnham, Chair
Charles Black
Gina Champion-Cain
Wendell French
Robert Ito
Vince Kasperick
Tom Lemmon
Nancy Lytle
Arnulfo Manriquez
David Mulvaney
Sue Reynolds
Susan Riggs
Debbie Ruane
Barry Schultz
Brian Trotter
David Weiland

Clause 7.4 of the September 22, 2014 Option Agreement between the City of Lemon Grove and the San Diego Community Land Trust (SDCLT) requires that no later than May 19, 2016 SDCLT has secured building permits and secured the City's approval of the form of ground lease. SDCLT submitted plans for review prior to the April 4, 2016 option milestone set forth in clause 7.3 however, requests were made by the Helix Water District that would have significant adverse impacts on the project. SDCLT has been working with Helix to find an acceptable resolution to these requests but this has delayed our ability to resubmit our plans for final review.

Helix staff appears supportive of the approaches to resolve these issues as discussed at the recent meeting which you attended. These solutions will, however, require Helix Board approval. We have submitted our formal request to Helix and hope to have our request agendaized as soon as possible. We are also working with you to obtain approval of the form of ground lease to be used that will adequately protect the affordability restrictions.

We therefore request an extension to the Option Agreement to allow us to conclude our discussions with Helix that will enable us to resubmit our plans and to obtain acceptance of the form of ground lease.

Executive Director

Jean Diaz

All the best,



Executive Director

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 5
Mtg. Date May 17, 2016
Dept. Public Works

Item Title: Transnet Local Street Improvement Program of Projects for FY 2017-21

Staff Contact: Mike James, Public Works Department

Recommendation:

Conduct a public hearing and adopt a resolution (**Attachment B**) adopting the Transnet Local Street Improvement Program of Projects for Fiscal Years 2017 through 2021.

Item Summary:

On November 4, 2004, the voters of San Diego County approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (TransNet Extension Ordinance). The TransNet Extension Ordinance provides that SANDAG shall approve on a biennial basis a multi-year program of projects submitted by local jurisdictions, identifying those transportation projects eligible to use transportation sales tax (TransNet) funds.

The staff report (**Attachment A**) details steps that staff took up to this point in time, the amount of revenue that the City anticipates it will receive for Fiscal Years 2017-2021 (FY 2017-21) (**Attachment C**), and identifies project descriptions/budgets.

If the City Council adopts the resolution (**Attachment B**), the funds as outlined in Attachment B will be forwarded to the SANDAG Board of Directors for approval as a part of the TransNet Local Street Improvement Program of Projects for Fiscal Years 2017 through 2021.

Fiscal Impact:

None at this time; if the resolution is approved by the City Council and SANDAG Board of Directors the amounts will be reflected in the City's Fiscal Year 2016-2017 budget allocation.

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

Attachments:

- A. Staff Report
- B. Resolution
- C. TransNet 2017-2021 Revenue Estimates

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 5

Mtg. Date May 17, 2016

Item Title: **Transnet Local Street Improvement Program of Projects for FY 2017-21**

Staff Contact: Mike James, Public Works Director

Background:

On November 4, 2004, the voters of San Diego County approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (TransNet Extension Ordinance). The TransNet Extension Ordinance provides that SANDAG shall approve, on a biennial basis, a multi-year program of projects submitted by local jurisdictions that identifies those transportation projects eligible to use transportation sales tax (TransNet) funds.

The Public Works Department and Engineering Division utilize TransNet funds to support the Capital Improvement Program (CIP) and on-going maintenance projects throughout the City. TransNet funds are programmed to congestion relief or maintenance related projects that impact city streets, city storm drain or traffic projects. The biennial adoption of the Local Street Improvement Program of Projects reconciles the City's prior budget year with the amount of TransNet funds anticipated to be received the following year.

Per TransNet Ordinance (Section 6), each entity that receives and programs TransNet funds must hold a public hearing for the TransNet Program of Project for the 2016 adoption. The resolution (**Attachment B**) is a standard SANDAG template that is required to be adopted to meet the public hearing process in order to submit the final resolution to SANDAG before June 2, 2016. The amendment will be presented to the SANDAG Transportation Committee on July 15, 2016. The City's program is shown in **Attachment B – Exhibit 1**. The details of the projects are further explained in the remaining portion of this report.

Discussion:

The City is anticipating it will receive \$3.8 million in TransNet funds during the next five years (**Attachment C**). During the next five year period, staff recommends programming \$5 million amongst the seven projects related to streets, storm drains and traffic projects. The difference between the anticipated allocation and programmed amount is made up of \$1 million in TransNet LSI (carry over) and \$186,000 in Regional Transportation Congestion Improvement Program funds. Two projects are grant funded projects that are managed by SANDAG (LG 21 and LG 23). The last project is a grant project that has been completed yet is still shown on this report (CAL 266). All projects allocated by and managed by SANDAG are automatically reflected in the ProjectTrak report.

A brief summary of the project numbers (MPO ID) and descriptions are listed below.

CAL 266 – Lemon Grove – Schools (Completed): Grant funds to support outreach, interaction, workshops, and trainings that support walking and bicycling to school throughout the City.

LG 13 - Lemon Grove Avenue Realignment Project: A key project in the redevelopment of the city's downtown village specific plan, this project will realign the Lemon Gove Avenue at SR-94 adding traffic lanes and improving access to and from SR-94, reducing motorist delays and vehicle emissions.

Attachment A

LG 14 – Traffic Improvements (Preventative Maintenance): Support various traffic related projects scheduled throughout the year that may include traffic loop replacements, traffic signal upgrades, speed survey, streets striping improvements, traffic calming studies, and the repair or replacement of street signs.

LG 15 – Storm Drain Rehabilitation (Preventative Maintenance): Repairs to multiple storm drain facilitates such as sport repairs to existing pipes, berms or other division devices.

LG 16 – Storm Drain Rehabilitation (Congestion Relief): Evaluate, prioritize, and implement improvement to the City's storm drain system by identifying deteriorated or problematic portion of the storm drain system, perform risk assessments to prioritize need and perform the necessary construction repairs or replacements to avoid roadway flooding.

LG 17 – Street Improvements (Preventative Maintenance): Maintain city streets and funds costs to survey all streets as part of the pavement management system.

LG 18 – Traffic Improvements (Congestion Relief): Provide multiple types of projects that may include median installation for safety improvement or left turn movement, new traffic signals, passive permissive left turn installation, signal removal for congestion relief reasons, traffic signal upgrades, intersection lighting, traffic signal coordination, and traffic signal interconnection/optimization.

LG 20 – Street Improvements (Congestion Relief): Identifies streets throughout the City to repair, remove and replace sidewalks/curb ramps, provides matching funds for grant programs, and funds the pavement management program update/study.

LG 21 – Main Street Promenade Extension Planning Project: Use existing public rights-of-way to support and enhance the north/south movement of pedestrians and bicyclists through shared circulation of bicycles, pedestrians, and vehicles and encourage interaction, improve health and create pedestrian and bicycle amenities.

LG 22 – Lemon Grove Avenue Realignment Project: Realigns and reconstructs segments of Lemon Grove and North Avenues, trolley/railroad crossing, and the Lemon Grove Avenue State Route 94 entrance/exit.

LG 23 – Broadway Downtown Village Specific Plan (DSVP) Expansion: The expansion would consider promoting mixed-use with increased residential densities and commercial intensities within the proposed boundaries consistent within the adopted Downtown Village Specific Plan.

In FY 2015-16, the City Council directed staff to focus on completing the Lemon Grove Avenue Realignment project (LG 13 and LG 22) as well as citywide street improvements (LG 20). Staff created a funding plan that will support the realignment project and the street rehabilitation program in keeping with the current pavement management program.

If the City Council adopts the resolution (**Attachment B**), the plan as outlined in **Attachment B – Exhibit 1** will be forwarded to the SANDAG Board of Directors for approval as a part of the TransNet Local Street Improvement Program of Projects for Fiscal Years 2017 through 2021.

Alternative:

The City Council could direct staff to revise the TransNet allocation per project. However, due to the June 2nd SANDAG established deadline, staff recommends that the City Council adopt the resolution (**Attachment B**) which will allow the city to receive and program its annual TransNet allocation. Then staff can return to the City Council with a revision as a part of the 2016 RTIP amendment process at the soonest opportunity.

Attachment A

Conclusion:

Staff recommends that the City Council conduct a public hearing and adopt the resolution (**Attachment B**) adopting the Transnet Local Street Improvement Program of Projects for Fiscal Years 2017 through 2021.

Attachment B

RESOLUTION NO. 2016 -

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA ADOPTING THE TRANSNET LOCAL STREET IMPROVEMENT PROGRAM OF PROJECTS FOR FISCAL YEARS 2017 THROUGH 2021

WHEREAS, on November 4, 2004, the voters of San Diego County approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (*TransNet* Extension Ordinance); and

WHEREAS, the *TransNet* Extension Ordinance provides that SANDAG, acting as the Regional Transportation Commission, shall approve on a biennial basis a multi-year program of projects submitted by local jurisdictions identifying those transportation projects eligible to use transportation sales tax (*TransNet*) funds; and

WHEREAS, the City of Lemon Grove was provided with an estimate of annual *TransNet* local street improvement revenues for fiscal years 2017 through 2021; and

WHEREAS, the City of Lemon Grove has held a noticed public meeting with an agenda item that clearly identified the proposed list of projects prior to approval of the projects by its authorized legislative body in accordance with Section 5(A) of the *TransNet* Extension Ordinance and Rule 7 of SANDAG Board Policy No. 31;

NOW THEREFORE,

BE IT RESOLVED that pursuant to Section 2(C)(1) of the *TransNet* Extension Ordinance, the City of Lemon Grove certifies that no more than 30 percent of its annual revenues shall be spent on local street and road maintenance-related projects.

BE IT FURTHER RESOLVED that pursuant to Section 4(E)(3) of the *TransNet* Extension Ordinance, the City of Lemon Grove certifies that all new projects, or major reconstruction projects, funded by *TransNet* revenues shall accommodate travel by pedestrians and bicyclists, and that any exception to this requirement permitted under the Ordinance and proposed shall be clearly noticed as part of the City of Lemon Grove's public hearing process.

BE IT FURTHER RESOLVED that pursuant to Section 8 of the *TransNet* Extension Ordinance, the City of Lemon Grove certifies that the required minimum annual level of local discretionary funds to be expended for street and road purposes will be met throughout the 5-year period consistent with the most recent Maintenance of Effort Requirements adopted by SANDAG.

BE IT FURTHER RESOLVED that pursuant to Section 9A of the *TransNet* Extension Ordinance, the City of Lemon Grove certifies that it will exact \$2,357, plus all applicable annual increases, from the private sector for each newly constructed residential housing unit in that jurisdiction, and shall contribute such exactions to the Regional Transportation Congestion Improvement Program (RTCIP).

Attachment B

BE IT FURTHER RESOLVED that pursuant to Section 13 of the *TransNet* Extension Ordinance, the City of Lemon Grove certifies that it has established a separate Transportation Improvement Account for *TransNet* revenues with interest earned expended only for those purposes for which the funds were allocated.

BE IT FURTHER RESOLVED that pursuant to Section 18 of the *TransNet* Extension Ordinance, the City of Lemon Grove certifies that each project of \$250,000 or more will be clearly designated during construction with *TransNet* project funding identification signs.

BE IT FURTHER RESOLVED that the City of Lemon Grove does hereby certify that all other applicable provisions of the *TransNet* Extension Ordinance and SANDAG Board Policy No. 31 have been met.

BE IT FURTHER RESOLVED that the City of Lemon Grove agrees to indemnify, hold harmless, and defend SANDAG, the San Diego County Regional Transportation Commission, and all officers and employees thereof against all causes of action or claims related to City of Lemon Grove's *TransNet* funded projects.

BE IT FURTHER RESOLVED that the City Council of the City of Lemon Grove approve the project descriptions and budget allocations in Exhibit 1 and direct staff to submit the program to SANDAG.

PASSED AND ADOPTED by the City of Lemon Grove on the 17th day of May, 2016. |

/////
/////

Attachment B – Exhibit 1

Table 1
2016 Regional Transportation Improvement Program
San Diego Region (in \$000s)

Lemon Grove, City of

COMPLETED

MPO ID: CAL258									ADOPTION: 18-00		
Project Title:		Lemon Grove - Schools (part of Lump Sum CAL104)									
Project Description:		Multiple Schools in the City of Lemon Grove - In the City of Lemon Grove at multiple schools, form a SRTS Steering Committee and form SRTS Conditions at each school; conduct pedestrian/bike education courses; hold SRTS Workshops, conduct walk/bike audits; develop Suggested Routes to School Maps, training and education for parents and staff, National Walk to School Day activities, and form walk/bike groups.									
Capacity Status:		NCI Exempt Category: Air Quality - Bicycle and pedestrian facilities									
Est Total Cost:											
		TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
SRTS											
	TOTAL										

MPO ID: LG13									ADOPTION: 18-00		
Project Title:		Lemon Grove Avenue Realignment Project							RTP PG NO: B-38		
Project Description:		Lemon Grove Avenue at SR-94 - a key project in the redevelopment of the city's Downtown Village Specific Plan, this project will realign Lemon Grove Avenue at SR-94 adding traffic lanes and improving access to and from SR-94, reducing motorist delays and emissions							RAS (M-41)		
Capacity Status:		CI Exempt Category: Non-Exempt							TransNet - LSI CR		
Est Total Cost: \$3,234		Open to Traffic: Jul 2017									
		TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - L (Cash)		\$1,413	\$1,413								\$1,413
TransNet - LSI		\$64	\$64						\$6		\$58
TransNet - LSI Carry Over		\$1,563	\$563	\$1,000							\$1,563
Local RTCIP		\$194	\$8	\$186							\$194
	TOTAL	\$3,234	\$2,048	\$1,186					\$6		\$3,228

MPO ID: LG14									ADOPTION: 18-00		
Project Title:		Traffic Improvements (Preventive Maintenance)							TransNet - LSI: Maint		
Project Description:		Citywide - traffic related projects scheduled throughout each fiscal year: traffic loop replacements, traffic signal upgrades, speed survey, street striping improvements, traffic calming studies, and the repair or replacement of street signs. These projects are part of the annual maintenance program established within the City to maintain the operational readiness of the street system									
Capacity Status:		NCI Exempt Category: Safety - Non signalization traffic control and operating									
Est Total Cost: \$1,230											
		TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - LSI		\$831	\$231	\$120	\$120	\$120	\$120	\$120			\$831
TransNet - LSI Carry Over		\$399	\$399						\$1		\$398
	TOTAL	\$1,230	\$630	\$120	\$120	\$120	\$120	\$120	\$1		\$1,229

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG

Attachment B – Exhibit 1

Table 1
2016 Regional Transportation Improvement Program
San Diego Region (in \$000s)

Lemon Grove, City of

MPO ID: LG15		ADOPTION: 18-00									
Project Title:	Storm Drain Rehabilitation (Preventive Maintenance)										
Project Description:	Citywide - improvements or repairs to multiple storm drain facilities such as spot repairs to existing pipes, berms or other diversion devices; attention will be given to the continuous maintenance of Chollas Creek in accordance with the requirements of the National Pollutant Discharge Elimination System (NPDES) permit which involve debris removal, vegetation control, and/or habitat restoration; city staff/consultant to inventory storm drain system and input into GIS; condition assessment, repair options and strategy report to follow										
Capacity Status:	NCI Exempt Category: Other - Plantings, landscaping, etc										
Est Total Cost:	\$800										
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON	
TransNet - LSI	\$590	\$150	\$88	\$88	\$88	\$88	\$88			\$590	
TransNet - LSI Carry Over	\$210	\$210						\$27		\$183	
TOTAL	\$800	\$360	\$88	\$88	\$88	\$88	\$88	\$27		\$773	

MPO ID: LG16		ADOPTION: 18-00									
Project Title:	Storm Drain Rehabilitation (Congestion Relief)										
Project Description:	Citywide - evaluate, prioritize, and implement improvements to the city's storm drain system by identifying deteriorated or problematic portions of the storm drain system, perform risk assessments to prioritize need, and perform the necessary construction repairs or replacements to avoid roadway flooding										
Capacity Status:	NCI Exempt Category: Safety - Hazard elimination program										
Est Total Cost:	\$1,179										
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON	
TransNet - LSI	\$975	\$485	\$39	\$67	\$96	\$127	\$158			\$975	
TransNet - LSI (Cash)	\$142	\$142								\$142	
TransNet - LSI Carry Over	\$62	\$62								\$62	
TOTAL	\$1,179	\$689	\$39	\$67	\$96	\$127	\$158			\$1,179	

MPO ID: LG17		ADOPTION: 18-00									
Project Title:	Street Improvements (Preventive Maintenance)										
Project Description:	Citywide - maintain city streets and fund costs to survey all streets as part of the pavement management system										
Capacity Status:	NCI Exempt Category: Safety - Pavement resurfacing and/or rehabilitation										
Est Total Cost:	\$930										
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON	
TransNet - LSI	\$774	\$524	\$50	\$50	\$50	\$50	\$50	\$15		\$759	
TransNet - LSI Carry Over	\$156	\$156						\$25		\$131	
TOTAL	\$930	\$680	\$50	\$50	\$50	\$50	\$50	\$40		\$890	

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG

Attachment B – Exhibit 1

**Table 1
2016 Regional Transportation Improvement Program
San Diego Region (in \$000s)**

Lemon Grove, City of

MPO ID: LG18		ADOPTION: 16-00								
Project Title:	Traffic Improvements (Congestion Relief)							TransNet - LSI: CR		
Project Description:	Citywide - median installation for safety improvement or left turn movement, new traffic signals, passive permissive left turn installation, signal removal for congestion relief reasons, traffic signal upgrades, intersection lighting, traffic signal coordination, and traffic signal interconnection/optimization									
Capacity Status:	NCI Exempt Category: Other - Intersection signalization projects									
Est Total Cost: \$254										
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - LSI	\$254	\$155	\$20	\$20	\$20	\$20	\$20	\$4		\$250
TOTAL	\$254	\$155	\$20	\$20	\$20	\$20	\$20	\$4		\$250

MPO ID: LG20		ADOPTION: 16-00								
Project Title:	Street Improvements (Congestion Relief - Non CI)							TransNet - LSI: CR		
Project Description:	Citywide - this project involves roadway rehabilitation (grinding and overlay, new structural pavement, or new overlay 1-inch thick or greater) of several streets within the city. Streets were prioritized for work based on levels of deterioration identified in the Pavement Management System; Sidewalk Rehabilitation: this annual project adds sidewalks, widens sidewalks, removes and/or replaces various sidewalk locations and installs Americans with Disabilities Act (ADA) compliant curb ramps throughout the city; Safe Routes to School match; these projects will improve the City's sidewalk system, eliminate several potential pedestrian hazards, install in-pavement lighted markings, and create a safety zone for school children and family members to walk and bike to and from school. Street Improvements: this as needed project would widen or install curb/gutter, sidewalk, curb ramps									
Capacity Status:	NCI Exempt Category: Safety - Pavement resurfacing and/or rehabilitation									
Est Total Cost: \$3,483										
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - LSI	\$2,582	\$599	\$397	\$397	\$397	\$397	\$397			\$2,582
TransNet - LSI (Cash)	\$147	\$147								\$147
TransNet - LSI Carry Over	\$754	\$753						\$61		\$693
TOTAL	\$3,483	\$1,499	\$397	\$397	\$397	\$397	\$397	\$61		\$3,422

MPO ID: LG21		ADOPTION: 16-00								
Project Title:	Main Street Promenade Extension Planning Project (part of Lump Sum V10)							SANDAG ID: 1224019		
Project Description:	From to - Use existing public rights-of-way to support and enhance the north/south movement of pedestrians and bicyclists through shared circulation of bicycles, pedestrians, and vehicles and encourage interaction, improve health and create an pedestrian and bicycle amenities									
Capacity Status:	NCI Exempt Category: Other - Transportation enhancement activities									
Est Total Cost: \$400										
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - SGIP	\$400	\$379	\$21					\$400		
TOTAL	\$400	\$379	\$21					\$400		

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG

Attachment B – Exhibit 1

Table 1
2016 Regional Transportation Improvement Program
San Diego Region (in \$000s)

Lemon Grove, City of

MPO ID: LG22		ADOPTION: 16-00									
Project Title:		Lemon Grove Avenue Realignment Project (SGIP) (part of Lump Sum V10)								SANDAG ID: 1224032	
Project Description:		From to - Realigns and reconstructs segments of Lemon Grove and North Avenues, trolley/railroad crossing and the LGA State Route 94 (SR 94) entrance/exit									
Capacity Status: NCI		Exempt Category: Other - Transportation enhancement activities									
Est Total Cost: \$5,005											
		TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - SGIP		\$605	\$403	\$402							\$805
Local Funds		\$4,200	\$2,102	\$2,098							\$4,200
TOTAL		\$5,005	\$2,505	\$2,500							\$5,005

MPO ID: LG23		ADOPTION: 16-00									
Project Title:		Broadway Downtown Village Specific Plan (DVSP) Expansion (part of Lump Sum V10)								SANDAG ID: 1224041	
Project Description:		From to - The expansion would consider promoting mixed-use with increased residential densities and commercial intensities within the proposed boundaries consistent with the adopted Downtown Village Specific Plan.									
Capacity Status: NCI		Exempt Category: Other - Transportation enhancement activities									
Est Total Cost: \$225											
		TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - SGIP		\$175	\$12	\$123	\$41				\$175		
Local Funds		\$50	\$3	\$35	\$12				\$50		
TOTAL		\$225	\$15	\$158	\$53				\$225		

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG

Attachment B – Exhibit 1

Table 1
2016 Regional Transportation Improvement Program
San Diego Region (in \$000s)

RTIP Fund Types

<i>Federal Funding</i>	
IM	Interstate Maintenance Discretionary
SRTS	Safe Routes to School (administered by Caltrans)
<i>Local Funding</i>	
Local Funds AC	Local Funds - Advanced Construction; mechanism to advance local funds to be reimbursed at a later fiscal year with federal/state funds
RTCIP	Regional Transportation Congestion Improvement Program
TransNet-L (Cash)	TransNet - L funds which agencies have received payment, but have not spent
TransNet-LSG	Prop. A Extension Local Transportation Sales Tax - Local Smart Growth
TransNet-LSI	Prop. A Extension Local Transportation Sales Tax - Local System Improvements
TransNet-LSI Carry Over	TransNet - LSI funds previously programmed but not requested/paid in year of allocation
TransNet-LSI (Cash)	TransNet - LSI funds which agencies have received payment, but have not spent
TransNet-SGIP	Prop. A Extension Local Transportation Sales Tax - Regional Smart Growth Incentive Program

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG

TransNet Revenue Forecast - Local Street Improvement Program¹
Revised FY 2016 Projection; Estimates for FY 2017 to FY 2021² (in \$000s)

DRAFT of 3/16

Jurisdiction	Jan. 2015 Population ³	Maintained Miles ³	Revised FY 2016 ⁴	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Carlsbad	110,653	275.0	\$2,766	\$2,854	\$2,971	\$3,094	\$3,223	\$3,357
Chula Vista	257,989	450.3	\$5,719	\$5,914	\$6,160	\$6,416	\$6,685	\$6,966
Coronado	23,497	42.5	\$576	\$589	\$612	\$636	\$660	\$686
Del Mar ⁴	4,238	22.4	\$0	\$1	\$6	\$14	\$20	\$29
El Cajon	101,444	191.5	\$2,353	\$2,407	\$2,506	\$2,608	\$2,717	\$2,830
Encinitas	61,518	162.4	\$1,598	\$1,643	\$1,709	\$1,779	\$1,852	\$1,928
Escondido	147,294	297.2	\$3,460	\$3,540	\$3,686	\$3,838	\$3,998	\$4,166
Imperial Beach	26,761	56.7	\$679	\$694	\$720	\$749	\$778	\$809
La Mesa ⁷	58,813	151.8	\$1,002	\$1,108	\$1,624	\$1,690	\$1,759	\$1,831
Lemon Grove	26,199	65.2	\$692	\$714	\$742	\$771	\$802	\$833
National City ⁴	59,827	100.7	\$978	\$1,016	\$1,071	\$1,128	\$1,286	\$1,638
Oceanside	171,682	475.6	\$4,454	\$4,574	\$4,763	\$4,960	\$5,168	\$5,385
Poway	49,041	180.6	\$1,464	\$1,500	\$1,561	\$1,624	\$1,691	\$1,760
San Diego	1,368,061	2,713.4	\$31,091	\$32,297	\$33,645	\$35,053	\$36,533	\$38,082
San Marcos ⁵	90,827	172.9	\$1,124	\$1,220	\$1,309	\$1,401	\$1,498	\$1,600
Santee ⁴	55,805	134.9	\$450	\$485	\$545	\$607	\$671	\$739
Solana Beach ⁴	13,104	47.9	\$102	\$111	\$127	\$144	\$162	\$181
Vista	96,413	175.5	\$2,213	\$2,267	\$2,360	\$2,457	\$2,558	\$2,665
County ⁴	504,330	1,859.6	\$13,212	\$13,696	\$14,320	\$14,972	\$15,654	\$16,365
Subtotal Street & Road	3,227,496	7,576.2	\$73,933	\$76,632	\$80,438	\$83,939	\$87,713	\$91,852
Local EMP ⁵			\$4,858	\$5,021	\$5,229	\$5,445	\$5,673	\$5,911
Local Smart Growth ⁵			\$5,668	\$5,858	\$6,100	\$6,353	\$6,618	\$6,896

¹ Same formula distribution as listed below but using Jan. 2014 population

² Revenue estimates for planning purposes only. Payments will be based on actual sales tax monthly receipts from the State Board of Equalization.

³ Projection of revenues are based on estimate of growth rate on taxable sales as forecasted by SANDAG and excludes interest and prior year excess funds.

⁴ Distribution of revenue estimates are based on the 2004 Proposition A Extension: San Diego Transportation Improvement Program and Expenditure Plan and apportioned as follows: (a) \$50,000 annual base per agency; (b) balance distributed on a formula of 2/3 population and 1/3 maintained miles.

⁵ Population numbers are based on state Department of Finance (DOF) estimates as of January 2015; Maintained miles figures are based on Caltrans 2013 California Public Road Data (November 2014).

⁶ Revenues are net of estimated commercial paper and/or bond debt service payments.

⁷ EMP to be distributed on a project by project basis; Smart Growth to be allocated based on Call for Projects process.

**LEMON GROVE SANITATION DISTRICT
AGENDA ITEM SUMMARY**

Item No. 6
Mtg. Date May 17, 2016
Dept. Public Works

Item Title: Ordinance No. 27 – Maintaining the Current Wastewater Rates for Fiscal Year 2016-2017

Staff Contact: Tim Gabrielson, District Engineer and Mike James, Public Works Director

Recommendation:

Conduct the second reading, by title only, and adopt Ordinance No. 27 (**Attachment C**) maintaining current wastewater rates for Fiscal Year 2016-2017.

Item Summary:

On June 2, 2014, the Sanitation District Board (Board) passed Ordinance No. 26 reducing the previously approved wastewater rate increase from 3.75 percent to 1.72 percent for Fiscal Year 2014-2015 (FY 2014-15) and FY 2015-16. The rates from a wastewater rate case study, conducted in FY 2010-11 will expire on June 30, 2016.

On May 3, 2016, the Board introduced and conducted the first reading of Ordinance No. 27 (**Attachment C**). Relying on a technical memorandum (**Attachment A**) prepared by NBS Government Finance Group, staff recommended to the Board to maintain the existing FY 2015-16 wastewater rates for FY 2016-17. As a point to identify a clerical amendment, on May 3rd the FY 2016-17 was not included under section 30.3 (**Attachment B**). After a detailed review by the City Attorney, it was concluded that the ordinance adoption process can continue moving forward during the second reading and adoption of the ordinance with the only exception that it should be noted that the clerical error was an omission of information that does not affect the intent of the ordinance.

Staff recommends to the District Board that it conducts the second reading, by title only, and adopt Ordinance No. 27 (**Attachment C**) maintaining current wastewater rates for Fiscal Year 2016-17.

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. Wastewater Enterprise District Rate Memorandum | B. Ordinance No. 27 (<i>excerpt with changes</i>) |
| C. Ordinance No. 27 | |



APR 27 2016
STEPHANIE BOYCE
CITY OF LEMON GROVE

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TECHNICAL MEMORANDUM

**TO: STEPHANIE BOYCE, ENGINEERING TECH III
CITY OF LEMON GROVE**

**FROM: KIM BOEHLER, NBS ASSOCIATE DIRECTOR
GREG HENRY, UTILITY RATE ANALYST**

SUBJECT: SUMMARY OF PRELIMINARY FINANCIAL PLAN RESULTS FOR SANITATION DISTRICT

DATE: APRIL 27, 2016

PURPOSE

Lemon Grove Sanitation District (District) retained NBS in December 2015 to conduct a comprehensive rate study for a number of purposes, including meeting long-term revenue requirements, providing revenue stability and adequate funding for capital improvements, and evaluating the rate structure and complying with certain legal requirements¹, including Proposition 218.

Based on the financial information provided by the District, NBS believes that current rates and reserve levels are sufficient to meet projected funding requirements without a rate increase during FY 2016/17. The tables and descriptions of the financial plan presented in this technical memorandum include preliminary recommendations for rate increases beyond FY 2016/17, to demonstrate the long term impact of the District forgoing a rate adjustment this upcoming fiscal year. However, these values will likely be altered as the rate study moves forward and budget projections are finalized. More detailed results of this initial financial plan are included in the appendix to this memorandum.

The financial forecast presented in this study generates sufficient revenue to meet projected funding requirements, including funding \$7.3 million² in the five year capital improvement program for FY 2016/17 to FY 2020/21. The District is also currently reviewing alternative rate structures and methods for calculating equivalent dwelling units (EDUs). This will be detailed further in Phase 2 of this study.

¹ Legal requirements such as those imposed by the recent San Juan Capistrano court case (*Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano, Opinion G048969, Superior Ct. No 30-2012-00594579, Filed April 20, 2015*)

² The \$7.3 million in planned capital improvements is listed in Figure 2 and is in current, FY 2015/16 values. Projected cost inflation has been added for purposes of this analysis.



Attachment A

KEY STUDY ASSUMPTIONS

Inflation and Growth Projections: To develop a 10-year financial plan for the sanitation utility, the following projected inflation and customer growth assumptions were used:

- ✓ According to City projections, customer growth per year from FY 2017/18 through FY 2021/22 is approximately: 0.27 percent, 0.27 percent; 3.17 percent, 0 percent, and 0 percent
- ✓ General costs are inflated at 3 percent annually
- ✓ Labor costs and retirement benefit costs are inflated at 3 percent annually
- ✓ Health benefits costs are inflated at 4 percent annually.
- ✓ Natural gas costs are inflated by 4 percent annually
- ✓ Electricity costs are inflated by 4.4 percent annually.
- ✓ San Diego Metro costs are inflated at 6.7 percent in FY 2016/17 and 2017/18, 6.9 percent in FY 2018/19, and 3 percent thereafter.
- ✓ Sewage Transportation costs are inflated at 1.6 percent annually
- ✓ No inflation is added to other budget items, such as Sewer Capacity Fee revenue.

The following sections provide an overview of the financial forecast

DISTRICT REVENUE REQUIREMENTS

It is important for municipal utilities to maintain reasonable reserves in order to handle minor emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet operating and capital costs, and maintain sufficient reserve funds. The current condition of the District, with regard to these objectives, is as follows:

- **Meeting Net Revenue Requirements:** The sanitation District currently collects sufficient revenue to fund all operating expenses. However, due to non-operating expenses (namely, capital projects), reserves are expected to slowly be depleted over time, if no adjustment is made to rates in the next 5 years. For FY 2016/17 through 2020/21, the projected net revenue requirement (that is, total annual expenses plus rate-funded capital costs, less non-rate revenues) ranges from approximately \$4.8 million to \$5.5 million. It is assumed in the analysis that the utility will continue with a consistent level of expenditures in future years, and that minor increases to rate revenue (2.0 percent annually) will be needed beginning in FY 2018/19.
- **Building and Maintaining Reserve Funds:** The District should maintain sufficient reserves for the utility. NBS recommends that the District consider increasing its *minimum* reserve fund targets to the metrics described below. As the study continues, these targets may be modified if needed, like all other assumptions made in this study and a revised financial plan will be provided during the second phase of this study.
 - ✓ **Operating Reserve** – should equal 180 days of the Utility's budgeted annual operating expenses, which is equal to a 6-month (or 50 percent) cash reserve for normal operations. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (for example, volumetric charges), and—particularly in periods of economic distress—changes or trends in age of receivables. NBS recommends increasing the operating reserve above the existing target of 40 percent.

The Government Finance Officers Association (GFOA) recommends that an enterprise fund begin with an operating reserve target of 90 days and adjust based upon "the particular characteristics"³ of that fund. The following are the primary characteristics of the District that lead to NBS' recommendation of a higher (180-day) operating reserve:

³ *Determining the Appropriate Levels of Working Capital in Enterprise Funds*, <http://www.gfoa.org/determining-appropriate-levels-working-capital-enterprise-funds>.

- **Cash cycles** – The District experiences high peaks and valleys in its cash position throughout the year due to semi-annual revenue collection
 - **Control over expenses** – The District has limited control⁴, of San Diego Metro’s (Metro) costs, which are 30 to 40 percent of the District’s total expenditures
 - **Transfers out** – The District pays an overhead expense to the general fund for administration costs.
- ✓ **Rate Stabilization Reserve** – is currently maintained and equal to 1 year of Metro costs, per existing District practice. NBS recommends that the District maintain this reserve as a hedge against the need for unexpected future rate increases.
 - ✓ **Establishing a Capital Rehabilitation & Replacement Reserve** – a capital reserve should typically be equal to a minimum of 3 percent of net depreciable capital assets, which equates to a 33-year replacement cycle for capital assets. This target serves simply as a starting point for addressing long-term capital system replacement needs. Total net depreciable capital assets valuation used to establish this reserve target should include 1.31 percent of Metro’s net depreciable capital assets. The 1.31 percent represents the District’s expected share of Metro’s of FY 2016/17 Capital Improvement Costs.
 - ✓ **Establishing a Connection Fee Fund:** NBS recommends that the District create a separate fund to maintain connection fee revenue pursuant to California Government Code §66013(6)(c), which states:

“A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) [the connection fee] shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.”

Figure 1 summarizes the sources and uses of funds, net revenue requirements, and preliminary recommended annual percent increases in total rate revenue for the next 5 years. As these figures show, should the District forego a rate increase for FY 2016/17 the fund should still expect surpluses in subsequent years. These surpluses are used to maintain reserves at recommended levels and to fund the District’s capital improvement program.

Figure 1. Summary of Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Sources of Sewer Funds						
Rate Revenue Under Prevailing Rates	\$ 5,903,000	\$ 5,903,000	\$ 5,919,053	\$ 5,935,106	\$ 6,123,169	\$ 6,123,169
Other Operating Revenue	587,434	3,000	3,008	3,016	3,112	3,112
Interest Earnings (in Operating & Capital Reserves)	21,800	6,178	12,305	19,350	27,090	34,888
Total Sources of Funds	\$ 6,512,234	\$ 5,912,178	\$ 5,934,366	\$ 5,957,473	\$ 6,153,360	\$ 6,161,158
Uses of Sewer Funds						
Operating Expenses	\$ 4,941,700	\$ 4,921,045	\$ 5,160,479	\$ 5,418,515	\$ 5,581,746	\$ 5,749,924
Prepayment PERS	1,828,316	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-
Total Use of Funds	\$ 6,770,016	\$ 4,921,045	\$ 5,160,479	\$ 5,418,515	\$ 5,581,746	\$ 5,749,924
Surplus (Deficiency) before Rate Increase	\$ (257,782)	\$ 991,132	\$ 773,887	\$ 538,958	\$ 571,615	\$ 411,234
Additional Revenue from Rate Increases	-	-	-	118,702	247,376	374,786
Surplus (Deficiency) after Rate Increase	\$ (257,782)	\$ 991,132	\$ 773,887	\$ 657,660	\$ 818,990	\$ 786,021
Projected Annual Rate Increase	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%
Cumulative Rate Increases	0.00%	0.00%	0.00%	2.00%	4.04%	6.12%
Net Revenue Requirement	\$ 6,160,782	\$ 4,911,880	\$ 5,145,180	\$ 5,296,148	\$ 5,541,444	\$ 5,711,924

⁴ Through the Metro Wastewater Joint Powers Authority (JPA)

Attachment A

Figure 2 summarizes the sources of funding that will be used to fund the District's Capital Improvement Program. As this figure shows, the District will be able to fully fund the planned capital expenditures with funds held in reserves.

Figure 2. Capital Funding Summary

Capital Funding Summary	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Sources of Capital Funding						
Capital Rehabilitation & Replacement Reserve	\$ 742,500	\$ 1,493,500	\$ 1,432,215	\$ 1,475,181	\$ 1,519,437	\$ 1,565,020
Rate Revenue	-	-	-	-	-	-
Total Sources of Capital Funding	\$ 742,500	\$ 1,493,500	\$ 1,432,215	\$ 1,475,181	\$ 1,519,437	\$ 1,565,020
Planned Capital Expenditures						
Annual Sewer Maintenance Rehab (Design)	\$ 60,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551	\$ 115,927
Annual Sewer Maintenance Rehab (Construction)	662,500	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274
Sanitary Sewer Master Plan Update	-	103,000	-	-	-	-
Sewer Main Maintenance	-	257,500	265,225	273,182	281,377	289,819
Total Planned Capital Expenditures	\$ 742,500	\$ 1,493,500	\$ 1,432,215	\$ 1,475,181	\$ 1,519,437	\$ 1,565,020

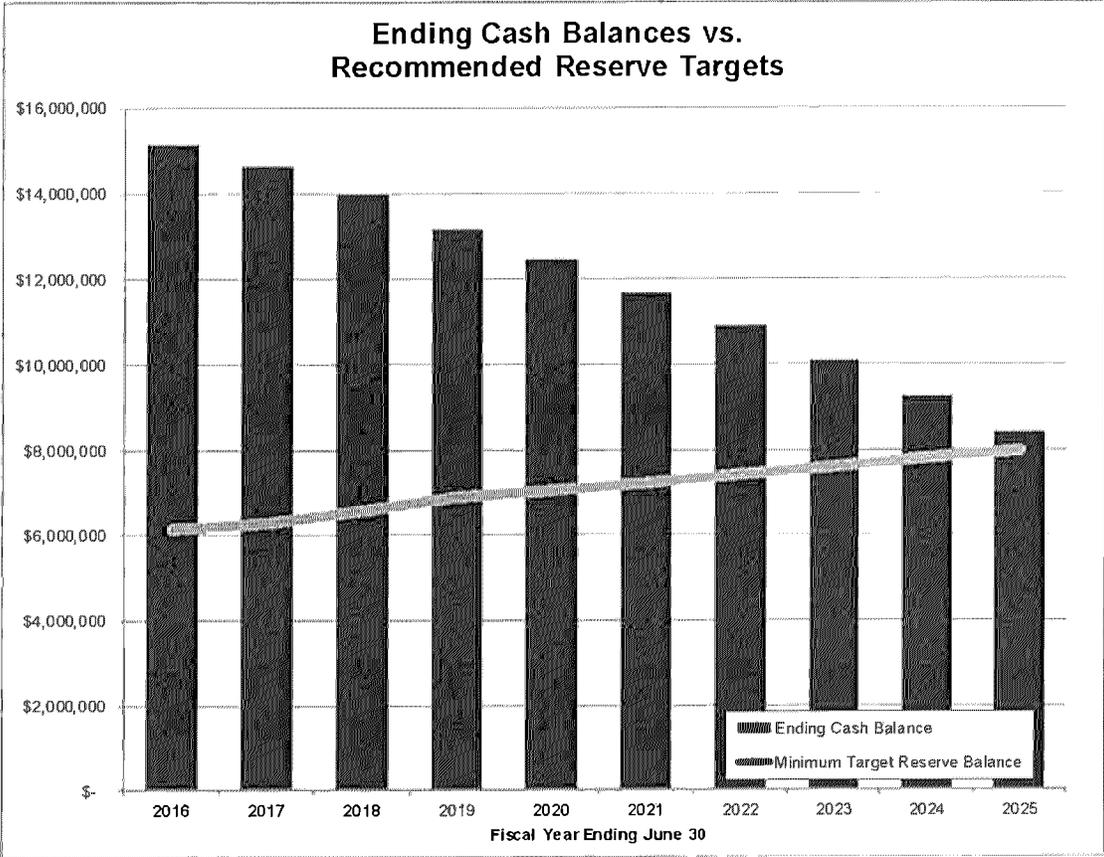
Figure 3 summarizes the projected reserve fund balances and reserve targets for the next 5 years. The impact of the reserve funded capital projects can be seen, drawing down the Capital Rehabilitation & Replacement Reserve more than 33 percent by FY 2020/21. Figure 3 also shows the Rate Stabilization Reserve target increasing, as San Diego Metro costs are expected to increase over the next 5 years.

Figure 3. Summary of Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Reserve						
Ending Balance	\$ 2,471,000	\$ 2,461,000	\$ 2,580,000	\$ 2,709,000	\$ 2,791,000	\$ 2,875,000
Recommended Minimum Target	2,471,000	2,461,000	2,580,000	2,709,000	2,791,000	2,875,000
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ 10,341,518	\$ 9,694,340	\$ 8,751,830	\$ 7,623,798	\$ 6,758,988	\$ 5,807,095
Recommended Minimum Target	1,354,500	1,357,300	1,358,300	1,360,400	1,363,600	1,368,500
Rate Stabilization Reserve						
Ending Balance	\$ 2,310,600	\$ 2,465,410	\$ 2,630,593	\$ 2,812,104	\$ 2,896,467	\$ 2,983,361
Recommended Minimum Target	2,310,600	2,465,410	2,630,593	2,812,104	2,896,467	2,983,361
Total Ending Balance	\$ 15,123,118	\$ 14,620,750	\$ 13,962,423	\$ 13,144,901	\$ 12,449,455	\$ 11,665,456
Total Recommended Minimum Target	\$ 5,136,100	\$ 6,283,710	\$ 6,568,893	\$ 6,881,504	\$ 7,054,267	\$ 7,226,861

Figure 4 shows the ten-year projection of reserve fund balances compared to target reserves for the Utility. This figure demonstrates that existing reserve funds will be spent down over the next 5 years on capital improvement projects, and by the end of the ten-year period, reserves will be very close to the minimum reserve targets.

Figure 4. Ten Year Reserve Fund Projection



Attachment A

CONSULTANT RECOMMENDATION

NBS recommends that Lemon Grove Sanitation District maintain the existing sewer rates for FY 2016/17, until Phase 2 of the rate study is completed. The financial plan presented in this technical memorandum demonstrates that the utility is projected to meet its annual revenue requirements and maintain healthy reserves, without a rate adjustment, for approximately 2 years. Upon completion of the study, NBS will provide the District with recommendations and proposed sewer rates for a 5-year period.

Note: The attached Technical Appendix provides more detailed information on the analysis of the revenue requirements that have been summarized in this report.

NBS' PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this memorandum and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters that may occur in the future. This information and assumptions, including Lemon Grove Sanitation District's budgets, capital improvement costs, and information from District staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

TECHNICAL APPENDIX

Attachment A

CITY OF LEMON GROVE
SEWER RATE STUDY
Financial Plan and Reserve Projections
Preliminary Draft: Do Not Cite or Distribute

Financial Plan & Reserve Summary

**TABLE 1
FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS**

RATE REVENUE REQUIREMENTS SUMMARY	Budget		Projected							
	FY 2016/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Sewer Funds										
Rate Revenue Under Current Rates (1, 2)	\$ 5,903,000	\$ 5,903,000	\$ 5,919,053	\$ 5,935,106	\$ 6,123,159	\$ 6,123,159	\$ 6,123,159	\$ 6,123,159	\$ 6,123,159	\$ 6,187,371
Other Operating Revenue	587,434	3,000	3,008	3,016	3,112	3,112	3,112	3,112	3,112	3,145
Interest Earnings (in Operating Reserve) (3)	21,800	6,178	12,305	19,350	27,890	34,889	43,125	51,835	61,020	82,860
Total Sources of Funds	\$ 6,512,234	\$ 5,912,178	\$ 5,934,366	\$ 5,957,473	\$ 6,153,360	\$ 6,161,158	\$ 6,169,395	\$ 6,178,105	\$ 6,187,290	\$ 6,253,376
Uses of Sewer Funds										
Operating Expenses (4):										
Salaries	\$ 795,000	\$ 795,000	\$ 810,850	\$ 843,416	\$ 868,718	\$ 894,780	\$ 921,623	\$ 949,272	\$ 977,750	\$ 1,007,082
Benefits	331,900	246,885	265,651	264,723	274,124	283,865	293,959	304,419	315,259	326,492
Other Operating Expenses	2,949,800	3,014,150	3,195,028	3,392,697	3,493,685	3,597,714	3,704,845	3,815,181	3,928,820	4,045,859
Transfers	865,000	865,000	890,950	917,679	945,209	973,585	1,002,772	1,032,855	1,063,841	1,095,755
Subtotal: Operating Expenses	\$ 4,941,700	\$ 4,921,045	\$ 5,160,479	\$ 5,418,515	\$ 5,581,746	\$ 5,749,924	\$ 5,923,199	\$ 6,101,728	\$ 6,285,669	\$ 6,473,189
Other Expenditures:										
Prepayment PERS	\$ 1,828,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt Service	-	-	-	-	-	-	-	-	-	-
Future Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-	-	-	-	206,727
Subtotal: Other Expenditures	\$ 1,828,316	\$ -	\$ 206,727							
Total Uses of Sewer Funds	\$ 6,770,016	\$ 4,921,045	\$ 5,160,479	\$ 5,418,515	\$ 5,581,746	\$ 5,749,924	\$ 5,923,199	\$ 6,101,728	\$ 6,285,669	\$ 6,681,917
Surplus (Reserve from Rate Increases)	\$ (257,782)	\$ 991,133	\$ 773,887	\$ 538,958	\$ 571,614	\$ 411,234	\$ 246,196	\$ 87,377	\$ 891,621	\$ 571,467
Annual Surplus/Deficit	\$ (257,782)	\$ 991,133	\$ 773,887	\$ 538,958	\$ 571,614	\$ 411,234	\$ 246,196	\$ 87,377	\$ 891,621	\$ 571,467
Net Revenue Rate/Total Uses After Rate Revenue	\$ 4,154,452	\$ 4,911,045	\$ 5,143,586	\$ 5,378,557	\$ 5,571,746	\$ 5,738,924	\$ 5,923,003	\$ 6,101,728	\$ 6,285,669	\$ 6,414,617
Total Rate Revenue After Rate Increases	\$ 5,903,000	\$ 5,903,000	\$ 5,934,366	\$ 5,957,473	\$ 6,153,360	\$ 6,161,158	\$ 6,169,395	\$ 6,178,105	\$ 6,187,290	\$ 6,253,376
Projected Annual Rate Revenue Increase	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%
Citywide Inflation Rate Average Forecast (Citywide)	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%
Cost of Sewer Rate Increases	N/A									

1. FY 2017/18 Revenue is from the City's general ledger (see Page of 100's, 2015-16 2017)
 2. For the purposes of this analysis, HES has assumed 0.00% growth as a conservative estimate.
 3. Interest earnings are per the City's Summary Budget in FY 2015/16 and calculated in the Financial Plan for all future years.
 4. The FY 2015/16 operating expenses are from the City's budget. Inflationary factors are applied to these expenses to project costs in 2016/17 and beyond.

CITY OF LEMON GROVE
SEWER RATE STUDY
Financial Plan and Reserve Projections
Preliminary Draft: Do Not Cite or Distribute

Financial Plan & Reserve Summary

TABLE 2
RESERVE FUND SUMMARY

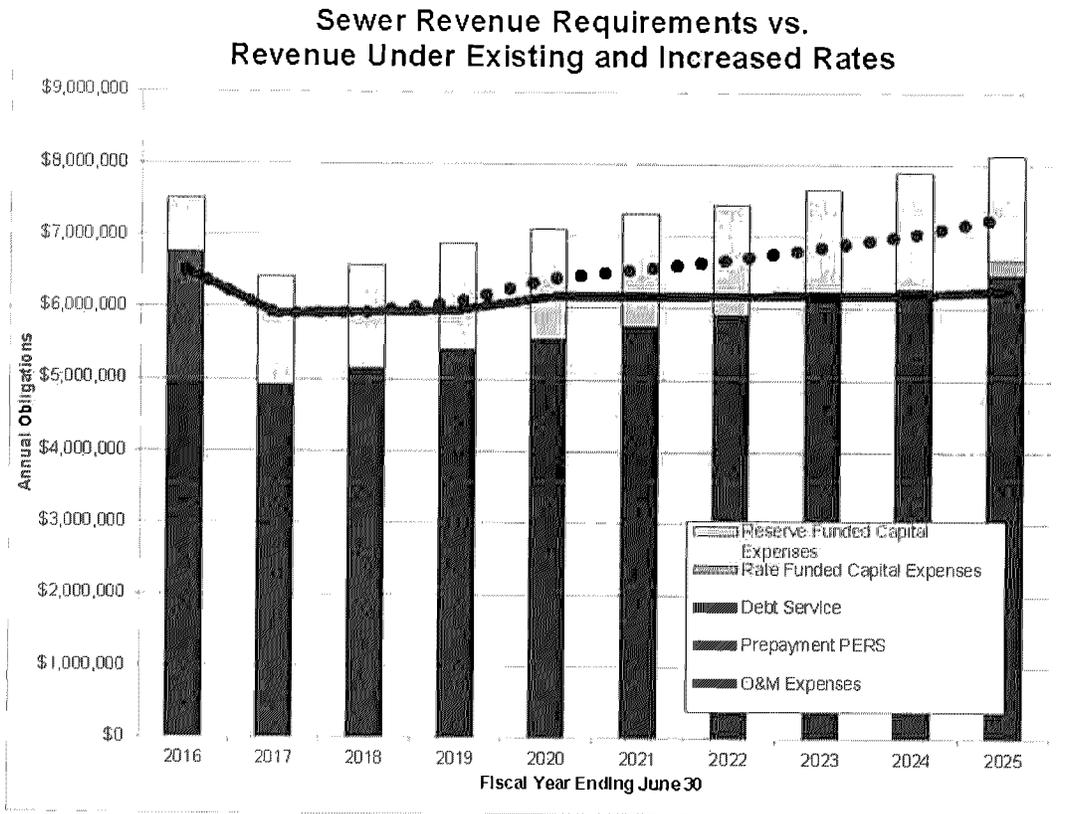
SUMMARY OF CASH ACTIVITY	Budget		Projected								
	FY 2016/17	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	
Total Beginning Cash	\$ 15,127,450										
Operating Reserve											
Beginning Reserve Balance (1)	\$ 10,447,068	\$ 2,471,000	\$ 2,481,000	\$ 2,580,000	\$ 2,700,000	\$ 2,791,000	\$ 2,975,000	\$ 2,662,000	\$ 3,051,000	\$ 3,143,000	
Plus: Net Cash Flow (After Rate Increases)	(267,793)	901,132	773,897	652,860	818,990	786,021	750,942	746,521	741,804	596,466	
Net: Transfer From / (To) Rate Stabilization Reserve	-	(154,814)	146,182	(101,511)	(84,563)	(80,884)	(60,501)	(82,186)	(94,951)	(97,000)	
Less: Transfer Out to Capital Replacement Reserve	(7,718,368)	(844,322)	(468,105)	(347,149)	(652,627)	(615,127)	(574,441)	(565,635)	(654,353)	(603,666)	
Ending Operating Reserve Balance	\$ 2,471,000	\$ 2,461,000	\$ 2,580,000	\$ 2,709,000	\$ 2,791,000	\$ 2,874,000	\$ 2,962,000	\$ 2,962,000	\$ 3,051,000	\$ 3,143,000	
Target Ending Balance (50% of O&M) (2)	\$ 2,471,000	\$ 2,461,000	\$ 2,580,000	\$ 2,709,000	\$ 2,791,000	\$ 2,874,000	\$ 2,962,000	\$ 2,962,000	\$ 3,051,000	\$ 3,143,000	
Capital Replacement & Replacement Reserve											
Beginning Reserve Balance (3)	\$ 3,365,713	\$ 10,341,518	\$ 9,654,340	\$ 9,751,930	\$ 7,623,799	\$ 6,750,988	\$ 5,807,095	\$ 4,870,682	\$ 3,079,994	\$ 2,831,854	
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-	
Plus: Transfer of Operating Reserve Surpluses	7,718,368	844,322	468,105	347,149	652,627	615,127	574,441	565,635	654,353	403,666	
Less: Use of Reserves for Capital Projects	(142,500)	(1,493,500)	(1,422,115)	(1,475,501)	(1,510,457)	(1,555,050)	(1,510,974)	(1,556,303)	(1,602,062)	(1,444,354)	
Ending Capital Replacement & Replacement Reserve Balance	\$ 10,941,581	\$ 9,692,340	\$ 8,739,830	\$ 8,623,578	\$ 6,765,969	\$ 5,807,098	\$ 4,870,682	\$ 3,379,004	\$ 2,032,987	\$ 1,791,166	
Target Ending Balance (3% net asset) (4)	\$ 1,354,500	\$ 1,357,300	\$ 1,358,300	\$ 1,360,400	\$ 1,353,600	\$ 1,369,500	\$ 1,371,400	\$ 1,373,500	\$ 1,360,900	\$ 1,367,500	
Rate Stabilization Reserve											
Beginning Reserve Balance (5)	\$ 2,310,600	\$ 2,310,600	\$ 2,465,410	\$ 2,630,593	\$ 2,812,104	\$ 2,896,467	\$ 2,981,361	\$ 3,072,982	\$ 3,165,047	\$ 3,259,669	
Net: Transfer From / (To) Operating Reserve	-	154,814	165,187	101,511	84,563	80,884	60,501	82,186	94,951	97,000	
Ending Rate Stabilization Reserve Balance	\$ 2,310,600	\$ 2,465,414	\$ 2,630,597	\$ 2,732,104	\$ 2,896,667	\$ 2,983,351	\$ 3,072,982	\$ 3,165,047	\$ 3,259,998	\$ 3,357,289	
Target Ending Balance (1 year Metro Costs) (6)	\$ 2,310,600	\$ 2,465,410	\$ 2,630,593	\$ 2,732,104	\$ 2,896,667	\$ 2,983,351	\$ 3,072,982	\$ 3,165,047	\$ 3,259,998	\$ 3,357,289	
Ending Balance - All Restricted Assets	\$ 15,127,450	\$ 14,600,352	\$ 14,600,352	\$ 15,127,450	\$ 15,127,450	\$ 15,127,450	\$ 15,127,450	\$ 15,127,450	\$ 15,127,450	\$ 15,127,450	
Net: Transfer From / (To) Operating Reserve	\$ 0	\$ 154,814	\$ 165,187	\$ 101,511	\$ 84,563	\$ 80,884	\$ 60,501	\$ 82,186	\$ 94,951	\$ 97,000	
Ending Surplus / (Deficit) Compared to Reserve Targets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Connection Fee Reserve											
Beginning Reserve Balance	\$ -	\$ 17,000	\$ 34,043	\$ 51,213	\$ 68,597	\$ 86,283	\$ 104,361	\$ 122,927	\$ 142,079	\$ 161,920	
Plus: Interest Earnings	-	43	170	384	686	1,079	1,556	2,181	2,942	3,238	
Plus: Connection Fee Revenue	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	
Less: Use of Reserves for Capital Projects	-	-	-	-	-	-	-	-	-	-	
Ending Connection Fee Fund Balance	\$ 17,000	\$ 34,043	\$ 51,213	\$ 68,597	\$ 86,283	\$ 104,361	\$ 122,927	\$ 142,079	\$ 161,220	\$ 182,158	

1 Beginning cash balance is from the City's General Ledger Balance Sheet Cash for 10/01/16 for FY 2016-17. Source file: Detailed Trial Balance Fund 10 2016.pdf
 2 The operating reserve target ending balance recommend to be 180 days or 50% of O&M.
 3 Beginning cash balance is from the City's General Ledger Balance Sheet Cash for 10-01-16-1000 for FY 2016/17. Source file: Detailed Trial Balance Fund 10 2016.pdf
 4 Cash is split between Capital Improvement Reserve & Rate Stabilization Reserve.
 5 The 3% of Net Asset calculation includes Lemon Grove's FY 2016/17 CIP cost allocation of 1.33% of San Diego Metro Net Capital Assets, and Lemon Grove owned assets.
 6 The Rate Stabilization Reserve target ending balance remains equal one year of Metro costs matching the previous study (page 2).
 7 Historical interest earning rates were referenced on the California Treasurer's Office website for funds invested in LAIF.
 8 Future years earnings were conservatively estimated through 2022 and phased into the historical 10 year average interest earnings rate.

Attachment A

CITY OF LEMON GROVE
 SEWER RATE STUDY
 Rate Adjustment Charts and Report Tables
 Preliminary Draft: Do Not Cite or Distribute

GRAPH 1

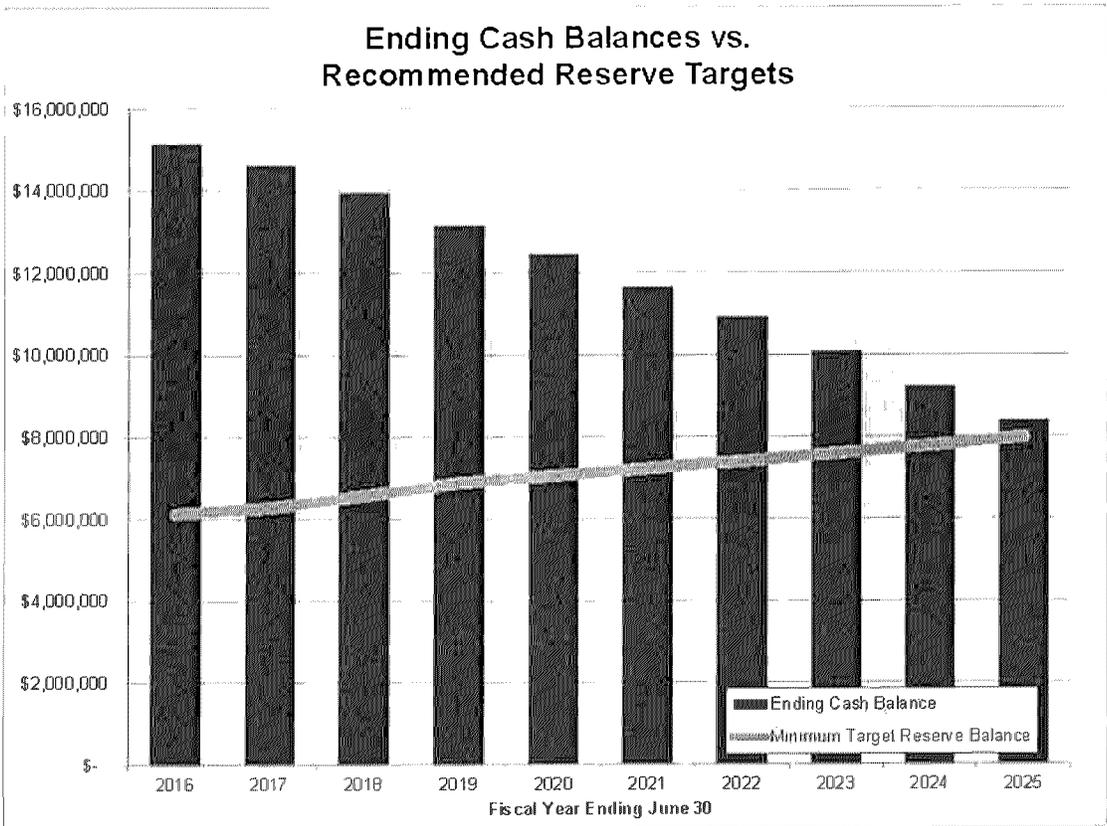


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Charts and Tables
 Page 3 of 11

CITY OF LEMON GROVE
SEWER RATE STUDY
Rate Adjustment Charts and Report Tables
Preliminary Draft: Do Not Cite or Distribute

GRAPH 2



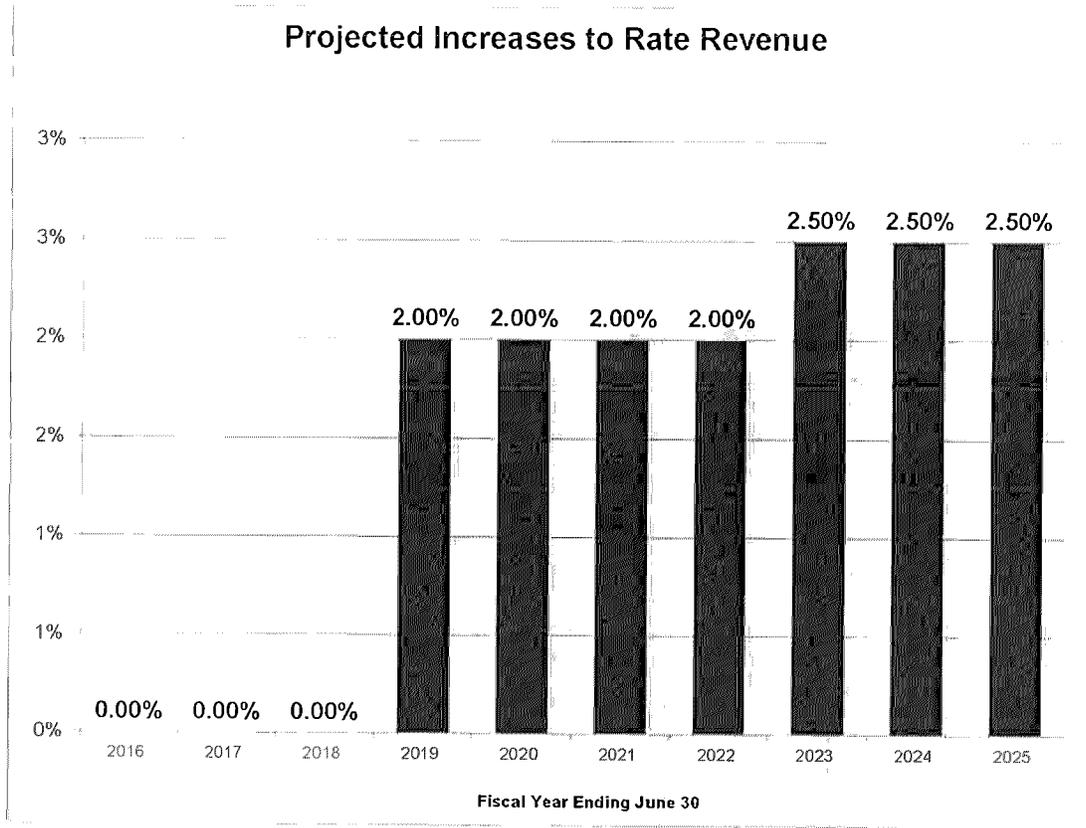
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Page 4 of 11

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CITY OF LEMON GROVE
SEWER RATE STUDY
Rate Adjustment Charts and Report Tables
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GRAPH 3



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Charts and Tables
Page 5 of 11

CITY OF LEMON GROVE
SEWER RATE STUDY
Operating Revenue and Expenses
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EXHIBIT 1

**TABLE 3
REVENUE FORECAST (1)**

SOURCES OF REVENUE	Base	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
R11 Miscellaneous Revenue											
4370 Other Revenue (2)	1	\$ 587,434	\$ 3,000	\$ 3,008	\$ 3,016	\$ 3,112	\$ 3,112	\$ 3,112	\$ 3,112	\$ 3,112	\$ 3,145
R14 Interest & Investment Income											
4420 Interest (3)	See FP	\$ 21,800	\$ 21,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4430 Interest - Property Tax	See FP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R16 Grant Revenue											
4430 Cost Recovery	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R17 All Other Revenue											
4505 Sewer Capacity Fee	9	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
4600 Sewer Service Fee	1	\$ 5,853,000	\$ 5,853,000	\$ 5,858,917	\$ 5,884,834	\$ 6,071,294	\$ 6,071,294	\$ 6,071,294	\$ 6,071,294	\$ 6,071,294	\$ 6,134,953
4605 Sewer Service - LGSD La Mesa SD	1	\$ 50,000	\$ 50,000	\$ 50,136	\$ 50,272	\$ 51,865	\$ 51,865	\$ 51,865	\$ 51,865	\$ 51,865	\$ 52,409
TOTAL: REVENUE		\$ 6,529,234	\$ 5,944,800	\$ 5,939,061	\$ 5,955,123	\$ 6,143,270	\$ 6,207,510				

TABLE 4

REVENUE SUMMARY		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer Operations - 15:											
Sewer Rate Revenue		\$ 5,903,000	\$ 5,903,000	\$ 5,919,053	\$ 5,935,108	\$ 6,123,159	\$ 6,123,159	\$ 6,123,159	\$ 6,123,159	\$ 6,123,159	\$ 6,187,371
Other Operating Revenue		\$ 587,434	\$ 3,000	\$ 3,008	\$ 3,016	\$ 3,112	\$ 3,112	\$ 3,112	\$ 3,112	\$ 3,112	\$ 3,145
Interest Earnings		\$ 21,800	\$ 21,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Capacity Fee		\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
Subtotal: Sewer Operations Revenue		\$ 6,529,234	\$ 5,944,800	\$ 5,939,061	\$ 5,955,123	\$ 6,143,270	\$ 6,207,510				

Attachment A

CITY OF LEMON GROVE
SEWER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

TABLE 5
OPERATING EXPENSE FORECAST (4):

Item	Fund	Operations	Base	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
E05 Salaries													
5000		Salaries	3	\$ 765,800	\$ 765,800	\$ 788,774	\$ 812,437	\$ 836,810	\$ 861,915	\$ 887,772	\$ 914,405	\$ 941,837	\$ 970,093
5040		Overtime	3	\$ 14,200	\$ 14,200	\$ 14,826	\$ 15,065	\$ 15,517	\$ 15,982	\$ 16,462	\$ 16,956	\$ 17,464	\$ 17,988
5050		Extra Help	3	\$ 15,000	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,389	\$ 17,911	\$ 18,448	\$ 19,002
Subtotal: E05 Salaries				\$ 795,000	\$ 795,000	\$ 818,850	\$ 843,416	\$ 868,718	\$ 894,780	\$ 921,623	\$ 949,272	\$ 977,750	\$ 1,007,082
E10 Benefits													
5060		Health Benefits	4	\$ 98,700	\$ 98,700	\$ 102,648	\$ 106,754	\$ 111,024	\$ 115,465	\$ 120,084	\$ 124,887	\$ 129,882	\$ 135,078
5070		Health Benefits - Retirees	4	\$ 15,500	\$ 15,500	\$ 16,120	\$ 16,765	\$ 17,435	\$ 18,133	\$ 18,858	\$ 19,612	\$ 20,397	\$ 21,213
5090		Deferred Comp	3	\$ 1,700	\$ 1,700	\$ 1,751	\$ 1,804	\$ 1,858	\$ 1,913	\$ 1,971	\$ 2,030	\$ 2,091	\$ 2,154
5090		Employee Assistance Program	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5150		Worker's Comp Insurance	3	\$ 30,000	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003
5160		Medicare Insurance	4	\$ 13,500	\$ 13,500	\$ 14,040	\$ 14,602	\$ 15,186	\$ 15,793	\$ 16,425	\$ 17,082	\$ 17,765	\$ 18,476
5170		Life Insurance	4	\$ 1,200	\$ 1,200	\$ 1,248	\$ 1,298	\$ 1,350	\$ 1,404	\$ 1,460	\$ 1,518	\$ 1,579	\$ 1,642
5180		Long Term Disability	4	\$ 6,000	\$ 6,000	\$ 6,240	\$ 6,490	\$ 6,749	\$ 7,019	\$ 7,300	\$ 7,592	\$ 7,896	\$ 8,211
5190		Retirement	5	\$ 165,300	\$ 80,295	\$ 82,704	\$ 85,185	\$ 87,741	\$ 90,373	\$ 93,084	\$ 95,876	\$ 98,753	\$ 101,715
5200		Unemployment	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal: E10 Benefits				\$ 331,900	\$ 246,895	\$ 255,651	\$ 264,773	\$ 274,124	\$ 283,865	\$ 293,959	\$ 304,419	\$ 315,259	\$ 326,492
E15 Benefits - Retirement													
6140		PERS UAL Payments	3	\$ 1,828,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6500		Transfer To PERS Unfunded Liab	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal: E15 Benefits - Retirement				\$ 1,828,316	\$ -								
Subtotal: Sewer Fund 15 - Sewer Operations				\$ 2,965,216	\$ 1,041,895	\$ 1,074,501	\$ 1,108,189	\$ 1,142,842	\$ 1,178,645	\$ 1,215,582	\$ 1,253,691	\$ 1,293,000	\$ 1,333,574

CITY OF LEMON GROVE
SEWER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

TABLE 6
OPERATING EXPENSE FORECAST (4):

Sewer Fund Operations	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
E40 Other Operating Expenses											
5430 Claims Paid	2	\$ 5,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
5440 Computer Maintenance	2	\$ 46,600	\$ 46,600	\$ 47,998	\$ 49,438	\$ 50,921	\$ 52,449	\$ 54,022	\$ 55,643	\$ 57,312	\$ 59,031
5470 Contract Services	2	\$ 55,000	\$ 55,000	\$ 56,650	\$ 58,350	\$ 60,100	\$ 61,903	\$ 63,760	\$ 65,673	\$ 67,643	\$ 69,672
5480 Copier Service	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5520 Emergency Callout & Repair	2	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
5540 Equipment	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5550 Equipment Rental	2	\$ -	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334
5555 Estimated Claims Payable	2	\$ 170,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597	\$ 25,335
5700 Fuel	7	\$ 9,100	\$ 15,100	\$ 15,704	\$ 16,332	\$ 16,985	\$ 17,665	\$ 18,371	\$ 19,106	\$ 19,871	\$ 20,665
5710 General Expenditure	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5750 Industrial Enforcement	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,666
5760 Insurance - Liability	2	\$ 48,800	\$ 48,800	\$ 50,264	\$ 51,772	\$ 53,325	\$ 54,925	\$ 56,573	\$ 58,270	\$ 60,018	\$ 61,818
5770 Insurance - Property	2	\$ 7,700	\$ 7,700	\$ 7,931	\$ 8,169	\$ 8,414	\$ 8,666	\$ 8,926	\$ 9,194	\$ 9,470	\$ 9,754
5800 Line Cleaning	2	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5820 Litigation Services	2	\$ 60,000	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 67,531	\$ 69,556	\$ 71,643	\$ 73,792	\$ 76,006
5890 Medical Examinations	2	\$ 400	\$ 400	\$ 412	\$ 424	\$ 437	\$ 450	\$ 464	\$ 478	\$ 492	\$ 507
6020 Membership & Dues	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
6030 Metro Annual Capacity & Treatment	10	\$ 2,310,600	\$ 2,465,410	\$ 2,630,593	\$ 2,812,104	\$ 2,896,467	\$ 2,983,361	\$ 3,072,862	\$ 3,165,047	\$ 3,259,999	\$ 3,357,799
6040 Mileage	2	\$ 9,000	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 10,433	\$ 10,746	\$ 11,069	\$ 11,401
6050 Sewage Transportation	11	\$ 65,000	\$ 66,040	\$ 67,097	\$ 68,170	\$ 69,261	\$ 70,369	\$ 71,495	\$ 72,639	\$ 73,801	\$ 74,982
6090 Office Supplies	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
6140 Personnel Recruitment	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6150 Professional Services	2	\$ 30,000	\$ 72,500	\$ 74,875	\$ 76,915	\$ 79,223	\$ 81,599	\$ 84,047	\$ 86,569	\$ 89,166	\$ 91,841
6160 Protective Clothing	2	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 4,637	\$ 4,776	\$ 4,919	\$ 5,067
6170 Repairs & Maintenance	2	\$ 5,400	\$ 5,400	\$ 5,562	\$ 5,729	\$ 5,901	\$ 6,078	\$ 6,260	\$ 6,448	\$ 6,641	\$ 6,841
6180 Repairs & Maintenance - Equipment	2	\$ 10,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747	\$ 31,669
6190 Repairs & Maintenance - Vehicles	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,666
6200 Restoration Services	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,666
6210 Street Sweeping	2	\$ 18,000	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ 21,493	\$ 22,138	\$ 22,802
6220 Tools & Supplies	2	\$ 11,000	\$ 11,000	\$ 11,330	\$ 11,670	\$ 12,020	\$ 12,381	\$ 12,752	\$ 13,135	\$ 13,529	\$ 13,934
6230 Traffic Safety Equipment	2	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615	\$ 633
6240 Training	2	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299	\$ 12,666
6250 Travel & Meetings	2	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534
6260 Utilities - Gas & Electric	7	\$ 700	\$ 700	\$ 728	\$ 757	\$ 787	\$ 819	\$ 852	\$ 886	\$ 921	\$ 958
6270 Utilities - Telephone	2	\$ 4,500	\$ 4,500	\$ 4,635	\$ 4,774	\$ 4,917	\$ 5,065	\$ 5,217	\$ 5,373	\$ 5,534	\$ 5,700
6280 Utilities - Water	2	\$ 2,500	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814	\$ 2,898	\$ 2,985	\$ 3,075	\$ 3,167
Subtotal: E45 Other Operating Expenses		\$ 2,949,800	\$ 3,014,750	\$ 3,195,028	\$ 3,392,697	\$ 3,493,695	\$ 3,597,714	\$ 3,704,845	\$ 3,815,181	\$ 3,928,820	\$ 4,045,859
6900 Interfund Transfers - Expenditures (f	2	\$ 865,000	\$ 865,000	\$ 890,950	\$ 917,679	\$ 945,209	\$ 973,565	\$ 1,002,772	\$ 1,032,855	\$ 1,063,841	\$ 1,095,756
Subtotal: E65 Transfers		\$ 865,000	\$ 865,000	\$ 890,950	\$ 917,679	\$ 945,209	\$ 973,565	\$ 1,002,772	\$ 1,032,855	\$ 1,063,841	\$ 1,095,756
Subtotal: Sewer Fund 15 - Sewer Operations		\$ 3,814,800	\$ 3,879,750	\$ 4,085,978	\$ 4,310,376	\$ 4,438,904	\$ 4,571,279	\$ 4,707,617	\$ 4,848,037	\$ 4,992,661	\$ 5,141,615
Total: Sewer Fund 15 - Sewer Operations		\$ 6,770,016	\$ 6,921,045	\$ 7,180,479	\$ 7,416,515	\$ 7,581,746	\$ 7,749,924	\$ 7,923,199	\$ 8,101,728	\$ 8,285,659	\$ 8,475,189

Attachment A

CITY OF LEMON GROVE
SEWER RATE STUDY
Operating Revenue and Expenses
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 1

TABLE 7
FORECASTING ASSUMPTIONS:

ECONOMIC VARIABLES	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth (6)	1	--	--	0.27%	0.27%	3.17%	0.00%	0.00%	0.00%	0.00%	1.05%
General Cost Inflation	2	--	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Labor Cost Inflation (7)	3	--	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Health Benefits Inflation (7)	4	--	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Retirement Benefits Inflation (7)	5	--	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Chemicals (7)	6	--	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas (7)	7	--	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Electricity (8)	8	--	--	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
% Escalation	9	--	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
San Diego Metro (9)	10	--	6.70%	6.70%	6.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Transportation (10)	11	--	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%

- 1 Revenues for FY 2015/16 & FY 2016/17 are from the District's Budget & updated via staff email. Source files: Sanitation Budgets.xlsx, budgetEmail.4.13.16.pdf
- 2 FY 2015/16 includes a one time settlement from Padre Dam. Source file: budgetEmail.4.13.16.pdf.
- 3 Interest earnings are per the City's Revenue Summary for FY 2015/16 & FY 2016/17, and are calculated in the Financial Plan for all future years
- 4 Expenses for FY 2015/16 & FY 2016/17 are from the District's Budget & updated via staff email. Source files: Sanitation Budgets.xlsx, budgetEmail.4.13.16.pdf
- 5 Inflation factors are applied to these expenses to project costs in FY 2017/18 and beyond
- 6 Expected Interfund Transfers confirmed via email. Source files: Sanitation Budgets.xlsx, budgetEmail.4.13.16.pdf
- 7 Client provided source file: Lemon Grove Sewerage Flow Projections.pdf, and then actual calculations of raw data was completed in source file: Lemon Grove Growth Projections.xlsx
- 8 NBS has assumed conservative inflation factors for labor, health benefits, retirement benefits, chemicals and energy costs (January 26, 2016).
- 9 The source of the electricity inflation factor is the projected nominal escalation rate for 2008-2020, for Southern California Edison customers as referenced in the following study: The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040 by Jonathan Cook, PH D, Energy Efficiency Center, UC Davis.
- 10 San Diego Metro cost inflation for FY 2017/18 & FY 2018/19 from the City of Imperial Beach Sewer Service Charge & Capacity Fee Study, January 2016, page 2. Then 3% annually
- 11 The most current base transportation rate adjusted by the average inflation rate for San Diego per United States Department of Labor Bureau of Labor Statistics Data. Client provided source file: City of San Diego-Transportation Rate Feb 2016.pdf, pg. 2

CITY OF LEMON GROVE
SEWER RATE STUDY
Capital Improvement Plan Expenditures
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EXHIBIT 2

**TABLE 8
CAPITAL FUNDING SUMMARY**

CAPITAL FUNDING FORECAST	Budget		Projected							
	FY 2017/18	FY 2018/19	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fun										
Grant:										
Use of Capacity Fee Reserves										
Use of SRF Loan Funding										
Use of New Revenue Bond Proceeds										
Use of Capital Improvement Reserve	742,500	1,493,500	1,432,215	1,475,181	1,519,437	1,565,020	1,510,974	1,556,303	1,602,992	1,444,354
Rate Revenue										206,427
Total Sources of Capital Funds	\$ 742,500	\$ 1,493,500	\$ 1,432,215	\$ 1,475,181	\$ 1,519,437	\$ 1,565,020	\$ 1,510,974	\$ 1,556,303	\$ 1,602,992	\$ 1,651,082
Uses of Capital Funds:										
Total Project Costs	\$ 742,500	\$ 1,493,500	\$ 1,432,215	\$ 1,475,181	\$ 1,519,437	\$ 1,565,020	\$ 1,510,974	\$ 1,556,303	\$ 1,602,992	\$ 1,651,082
Capital Funding Surplus (Deficiency)										

CAPITAL IMPROVEMENT PROGRAM

**TABLE 9
Capital Improvement Program Costs (in Current-Year Dollars) (1):**

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Federal Blvd Sewer Rehab (Design)	\$ 80,000	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Blvd Sewer Rehab (Construction)	\$ -	\$ 600,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitary Sewer Master Plan Update (including any GP update)	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Main Maintenance Project (Design)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Main Maintenance Project (Construction)	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Sewer Main Rehabilitation (Design)	\$ -	\$ 20,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Sewer Main Rehabilitation Project (Construction)	\$ 662,500	\$ 400,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
Estimated Future CIP Expenditures (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,265,417	\$ 1,365,417	\$ 1,265,417	\$ 1,265,417
Total: Capital Improvement Program Costs (Current-Year Dollars)	\$ 742,500	\$ 1,450,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,265,417	\$ 1,365,417	\$ 1,265,417	\$ 1,265,417

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CITY OF LEMON GROVE
SEWER RATE STUDY
Capital Improvement Plan Expenditures
Preliminary Draft: Do Not Cite or Distribute

EXHIBIT 2

TABLE 10
Capital Improvement Program Costs (in Future-Year Dollars):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Federal Blvd Sewer Rehab (Design)	\$ 80,000	\$ 82,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Blvd Sewer Rehab (Construction)	\$ -	\$ 618,000	\$ 1,060,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitary Sewer Master Plan Update (including any GP update)	\$ -	\$ 103,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Main Maintenance Project (Design)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Main Maintenance Project (Construction)	\$ -	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	\$ 289,819	\$ -	\$ -	\$ -	\$ -
Sewer Main Rehabilitation (Design)	\$ -	\$ 20,600	\$ 106,090	\$ 109,273	\$ 112,551	\$ 115,927	\$ -	\$ -	\$ -	\$ -
Sewer Main Rehabilitation Project (Construction)	\$ 662,500	\$ 412,000	\$ -	\$ 1,092,727	\$ 1,125,509	\$ 1,159,274	\$ -	\$ -	\$ -	\$ -
Estimated Future CIP Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,510,974	\$ 1,566,300	\$ 1,602,662	\$ 1,651,062
Total Capital Improvement Program Costs (Future-Year Dollars)	\$ 742,500	\$ 1,493,900	\$ 1,432,215	\$ 1,475,181	\$ 1,519,437	\$ 1,569,020	\$ 1,510,974	\$ 1,566,300	\$ 1,602,662	\$ 1,651,062

TABLE 11
FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record (3)	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30

1. Budgeted CIP project costs from source for CIP through 2020-21 per.
2. Estimated future CIP set equal to the average annual capital expenditures for FY 2015/16 through FY 2020/21
3. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015. Source: Engineering News Record website (<http://enr.construction.com>)

FISCAL YEAR 2016-2017:

<u>Type</u>	<u>EDU Capacity</u>	<u>Estimated Flow</u>	<u>Annual SSC</u>
Single Family	1	240 gpd	\$553.17
Condominium	1	240 gpd	\$553.17
Multi-Family	1	240 gpd*	\$553.17
Mobile Home	1	240 gpd*	\$553.17

*Note that rates may be adjusted to reflect flow based upon potable water records.

SECTION 30.3 Assignment of sewer capacity for Commercial/ Industrial business units shall be assigned in terms of EDUs. The minimum charge per commercial unit shall be 12 EDUs or \$600.34 per annum during FY 11/12, \$619.88 per annum during FY 12/13, \$641.54 per annum during FY 13/14, \$652.58 per annum during FY 14/15, and \$663.80 per annum during FY 15/16 and FY 16/17. Higher charges will be assessed for commercial/industrial EDU's with sewage strength higher than combined 400 mg/l BOD and SS. Flow based sewer capacity to business units shall be assigned as described in Section 50.3

Comment [M31]: Clerical Amendment

SECTION 50.3 COMMERCIAL/INDUSTRIAL FACILITIES

Sewer capacity for Commercial/Industrial business units shall be assigned in terms of Equivalent Dwelling Units as follows:

a	Food Service Establishments	<u>EDUs</u>
	1) Take-out Restaurants with disposable Utensils, no dishwasher, and no public rest rooms.	3.0
	2) Miscellaneous food establishments- ice-cream/yogurt shops, bakeries (sales on premises only).	3.0
	3) (I) Take-out/eat in restaurants with disposable utensils, but with seating and public rest rooms.	3.0 minimum
	(II) Restaurants with re-usable utensils, seating and public rest rooms.	3.0 minimum
	One EDU is assigned for each 6-seat unit as follows:	
	0 – 18 seats=	3.0 minimum
	Each additional 6-seat unit will be assigned	1.0
b	Hotels and Motels	
	1) Per living unit without kitchen	0.38
	2) Per living unit with kitchen	0.60
c	Commercial, Professional, Industrial Buildings, Establishments not specifically listed herein.	

ORDINANCE NO. 27

**AN ORDINANCE AMENDING ORDINANCE NO. 26 OF THE
LEMON GROVE SANITATION DISTRICT
DESCRIBING METHODS FOR CALCULATING SEWER
USE CHARGES**

The Board of Directors of the Lemon Grove Sanitation District does ordain as follows:

SECTION 1. Ordinance No. 26, Article III shall be amended to read as follows:

ARTICLE III

SEWER SERVICE CHARGES

SECTION 30. ESTABLISHMENT OF SEWER SERVICE CHARGE. There is hereby levied and assessed upon each premise within the district that discharges sewage into the sewer lines of the District and upon each person owning, letting or occupying such premises an annual sewer service charge.

The annual sewer service charge is made up of two components. The first component is generally based on the District's annual cost to collect and transport wastewater, and is equally divided among the number of equivalent dwelling units (EDUs) connected to the District's system. The second component is generally the District's cost for wastewater treatment and disposal as fees paid to the City of San Diego for capacity and use of the San Diego Metropolitan Sewer System, and is allocated to users of the District's system based on the users generation of annual wastewater flow, biochemical oxygen demand, and suspended solids discharged to the District's system.

For the purpose of this ordinance, the discharge characteristics of an average single family user is one EDU and shall be composed of wastewater flow of 240 gallons per day for 365 days per year and constituent levels of sewage strength of 200 milligrams per liter (mg/l) biochemical oxygen demand (BOD) and 200 milligrams per liter (mg/l) suspended solids (SS).

For the purpose of this ordinance, the discharge characteristics of commercial/industrial users is a minimum sewer capacity of 1.2 EDU for each business unit with flow quantity and strength as measured by BOD and SS as set forth in the current edition of the California State Water Resources Control Board (State) publication "*Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities*", or comparable industry standards acceptable to the State and approved by the District's Engineer. Minimum sewage strength capacity per commercial/industrial EDU is 200 mg/l BOD and mg/l SS.

The flow and strength rate EDUs are determined for individual business units as set forth herein in Section 30.3 and are applicable to each of the various District's users under the jurisdiction of this Ordinance. The District's Engineer shall assign flow rates, BOD, and SS based upon the estimated amount of and strength of wastewater that is typically generated for each business unit. The EDUs, flow rates, BOD, and SS so assigned shall be used in computing the sewer service charges.

If potable water delivered through the water meter is used by the District to estimate the volume of wastewater discharged over a period of time, then 90% of water meter flow is estimated to be discharged into the sewer unless the discharger or legal owner presents evidence to the contrary and this evidence is satisfactory to the District's Engineer. The District's Engineer may adjust the charges for wastewater treatment and disposal in proportion to the estimated volume of wastewater discharged to the sewer.

SECTION 30.1 Annual Sewer Service charges shall be determined by the following formula (rounded to the nearest dollar):

Attachment C

$$SSC = (n/N \times D) + (f/F \times M_F) + (s/S \times M_S) + (b/B \times M_b)$$

In the above formula, the following terms have the meanings and definitions as shown:

n = Number of EDUs assigned to a particular user. EDUs are assigned as follows: 1.0 EDU each for single family dwellings, condominiums, each living unit of a multi-family dwelling, and each space for a mobile home park. Commercial/Industrial users are assigned a minimum of 1.2 EDUs, and additional EDUs may be assigned based upon Section 30.3 of this ordinance.

f = Flow of a particular user in million gallons per year, based either upon assigned EDUs or water meter records.

s = Suspended Solids of a particular user in pounds per year, based either upon State standards or comparable industry standards approved by the State.

b = Biochemical Oxygen Demand of a particular user in pounds per year, based either upon State standards or comparable industry standards approved by the State.

N = Total number of EDUs in the District. This is a summation of the EDUs assigned to all users.

D = District budgeted costs for the fiscal year in dollars, to collect and transport wastewater. This is a net cost for District customers after non-operating revenues have been subtracted from the total District budget costs. Such budgeted costs shall include, but not be limited to operation and maintenance costs of pipelines, pump stations, and meter stations; design and construction cost of replacement facilities; and administration costs including fee collection, accounting, record maintenance, planning and code enforcement.

M = Total District budgeted cost for the fiscal year in dollars, for treatment and disposal of wastewater. Such cost shall include, but not necessarily be limited to, fees paid to the City of San Diego for capacity in and use of the Metro System. The Metro treatment and disposal costs are further divided into cost categories as determined by the City of San Diego and allocated as follows: Flow Cost = M_F (43.7% costs); BOD Cost = M_b (30.1% of costs) and SS Cost = M_S (26.2% of costs).

F = Total flow in the District in million gallons per year from a summation of users' flows, based either upon assigned EDUs or potable water meter records.

S = Total Suspended Solids in the District impounds per year, from a summation of users' SS loading, based either upon State standards, or comparable industry standards approved by the State.

B = Total Biochemical Oxygen Demand in the District impounds per year from a summation of users' BOD loading, based either upon State standards, or comparable industry standards approved by the State.

SECTION 30.2

The SSC for the Lemon Grove Sanitation District for residential units are as follows:

FISCAL YEAR 2016-2017:

<u>Type</u>	<u>EDU Capacity</u>	<u>Estimated Flow</u>	<u>Annual SSC</u>
Single Family	1	240 gpd	\$553.17
Condominium	1	240 gpd	\$553.17
Multi-Family	1	240 gpd*	\$553.17
Mobile Home	1	240 gpd*	\$553.17

*Note that rates may be adjusted to reflect flow based upon potable water records.

SECTION 30.3 Assignment of sewer capacity for Commercial/ Industrial business units shall be assigned in terms of EDUs. The minimum charge per commercial unit shall be 1.2 EDUs or \$600.34 per annum during FY 11/12, \$619.88 per annum during FY 12/13, \$641.54 per annum during FY 13/14, \$652.58 per annum during FY 14/15, and \$663.80 per annum during FY 15/16 and FY 16/17. Higher charges will be assessed for commercial/industrial EDU's with sewage strength higher than combined 400 mg/l BOD and SS. Flow based sewer capacity to business units shall be assigned as described in Section 50.3.

SECTION 50.3 COMMERCIAL/INDUSTRIAL FACILITIES

Sewer capacity for Commercial/Industrial business units shall be assigned in terms of Equivalent Dwelling Units as follows:

a. Food Service Establishments	<u>EDUs</u>
1) Take-out Restaurants with disposable Utensils, no dishwasher, and no public rest rooms.	3.0
2) Miscellaneous food establishments- ice-cream/yogurt shops, bakeries (sales on premises only).	3.0
3) (I) Take-out/eat in restaurants with disposable utensils, but with seating and public rest rooms.	3.0 minimum
(II) Restaurants with re-usable utensils, seating and public rest rooms.	3.0 minimum

One EDU is assigned for each 6-seat unit as follows:

0 – 18 seats=	3.0 minimum
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Each additional 6-seat unit will be assigned	1.0
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b. Hotels and Motels	
1) Per living unit without kitchen	0.38
2) Per living unit with kitchen	0.60
c. Commercial, Professional, Industrial Buildings, Establishments not specifically listed herein.	

Attachment C

1)	Any office, store, or industrial condominium or establishment. First 1,000 sq. ft.	1.20
	Each additional 1,000 sq. ft. or portion thereof	0.70
2)	Where occupancy type or usage is unknown at the time of application for service, the following EDUs shall apply. This shall include but not be limited to shopping centers, industrial parks, and professional office buildings.	
	First 1,000 square feet of gross building floor area.	1.20
	Each additional 1,000 square feet of gross Building floor area. Portions less than 1,000 square feet will be prorated.	0.70
d.	Self-service laundry per washer	1.00
e.	Churches, theaters and auditoriums per each 150 person seating capacity, or any fraction thereof. (Does not include office spaces school rooms, day care facilities, food preparation areas, etc. Additional EDUs will be assigned for these supplementary uses.)	1.50
f.	Schools	
	Elementary schools for 50 pupils or fewer	1.00
	Junior High Schools for 40 pupils or fewer values	1.00
	High School for 24 pupils or fewer	1.00

Additional EDUs will be prorated based upon the above values.

The number of pupils shall be based on the average daily attendance of pupils at the school during the preceding fiscal year, computed in accordance with the education code of the State of California. However, where the school has had no attendance during the preceding fiscal year, the Director shall estimate the average daily attendance for the fiscal year for which the fee is to be paid and compute the fee based on such estimate.

SECTION 2. DATE OF LEVY OF NEW CHARGES. The Charges referenced above shall take effect on June 1, 2016 in the manner allowed by law.